



National Roundtable

Financing energy efficiency in Malta

06 June 2019

Organised by the European Commission in partnership with the UN Environment Finance Initiative and the Ministry of Transport, Infrastructure and Capital Projects of Malta

Venue: Westin Dragonara Resort, St Julians

Background: As part of the "Smart Finance for Smart Buildings" initiative, the European Commission is organising a series of Sustainable Energy Investment Forums to enhance the capacity of and co-operation between public and private stakeholders to develop large-scale investment programmes and financing schemes. The SEI Forums will consist of more than 30 events in up to 15 Member States in 2016-2019; information on past and upcoming events can be found on the SEI Forums [webpage](#).

An initial [public conference](#) on Financing Energy Efficiency in Malta and Italy took place in St Julian's on 22 November 2018 and gathered 60 participants working on energy efficiency from the financial sector, project developers, the renovation supply chain and energy agencies.

This Roundtable follows up on this previous event and will devote a significant amount of time to discussion in breakout sessions and interaction between participants.

The event will be conducted in English.

This event is organised by the Executive Agency for Small and Medium-sized Enterprises (EASME) in the frame of the Sustainable Energy Investment Forums contract, funded under the EU Horizon 2020 programme.

AGENDA

8:30 Registration and welcome coffee/tea

9:30 Welcome speech

Christopher Cutajar, Permanent Secretary, Ministry of Transport, Infrastructure and Capital Projects, Malta

9:45 Opening Plenary session: European and national policy update

Chair: Professor Luciano Mule' Stagno, Institute for Sustainable Energy, University of Malta

European policy in support of energy efficiency investments

Dimitrios Athanasiou, Directorate-General for Energy, European Commission

Outcomes from the Public Conference on Financing Energy Efficiency in Malta and Italy

Oronzo Daloso, Executive Agency for Small and Medium Enterprises (EASME), European Commission

Questions and answers

Malta's draft National Energy and Climate Plan

Sandro Lauri, Chief Strategy Officer, The Energy & Water Agency

Support available from the European Investment Bank

Christoph Lassenberger, Fund and Structuring for Italy, Malta, Western Balkans, European Investment Bank

Financing Sustainable Energy Investment in Malta

Jonathan Vassallo, Director General, Planning & Priorities Coordination Division, Ministry for European Affairs and Equality

Questions and answers

11:15 Coffee break

11:45 Topic Groups session 1

A. De-risking energy efficiency investment

Chair: Karol Gabarretta, Secretary General, Malta Bankers' Association

Structuring Investor Ready Energy Efficiency Projects (Investor Confidence Project)

Quitterie de Rivoyre, Europe Project Manage, The Investor Confidence Project

A Financial Sector Perspective

Edward Grech, Consumer Finance, Bank of Valletta

B. Building Renovation

Chair: Roberta Vella, Ministry of Transport, Infrastructure and Capital Projects, Malta

Energy Renovation of Buildings – Experience across the EU

Domenico Palladino, ENEA, Italy

Energy efficiency improvements in the Maltese building stock

Erika Massa, Malta Intelligent Energy Management Agency (MIEMA)

13:15 Lunch

14:30 Topic Groups (continued)

Discussions continue in the same parallel groups

16:00 Coffee Break

16.30 Closing plenary session

Key messages from parallel sessions by Chairs

Reaction from a discussion panel (all tbc):

- *Ministry of Transport, Infrastructure and Capital Projects*
- *Malta Bankers' Association*
- *Directorate-General for Energy, European Commission*
- *Malta Water and Energy Agency*
- *Malta Business Bureau*
- *European Investment Bank*

Conclusions of the day by European Commission and Maltese Government

17:30 Networking Cocktail

Findings from the 2018 Public Conference

Four parallel sessions took place during the public conference and their main findings are below. Presentations from each of the sessions can be accessed [here](#).

1A. Making Energy Efficiency Attractive for the Financial Sector

Chair: Oronzo Daloiso, EASME, European Commission

- Energy Efficiency has so far not been a priority for banks because savings don't always pay back the loans, but the potential is there.
- Blending of different funds can be complex and State Aid implications are not always readily understood and can be a barrier
- Financial incentives to create demand could be linked with those for renewable energy generation
- Awareness raising and capacity building in the financial sector has an important role to play

1B. Renovation of Public Buildings

Chair: Andrew Deacon, Climate Alliance

- There is an important distinction to draw between public buildings and public authority buildings in terms of ownership and occupation
- There is a need to build knowledge and capacity among building owners, occupiers and managers in order to drive demand for energy efficiency improvements
- While overall renovation has a high profile, all public funds should include energy renovation as a key area to be addressed
- There is a lack of standardized procedures, this is a key barrier to action for Malta
- Renewable energy generation can be integrated into energy renovation projects on public buildings in order to improve the business case for action
- Building performance benchmarking has an important role to play, and could be a first step towards target setting for renovation performance improvements

2A. Home Renovation

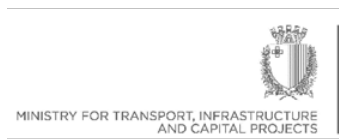
Chair: Roberta Vella, Ministry of Transport, Infrastructure and Capital Projects, Malta

- There is potential to improve energy consumption in social housing by educating tenants in alternative methods to achieve thermal comfort. A multitude of measures can be integrated (such as double glazing, roof insulation and ventilation to keep humidity levels in check).
- In Malta, the EPC rating is not given any weight in the price of property. Banks cannot distinguish between one measure and the next in terms of energy saving in renovations. Thus if there was technical input, banks would be more willing to provide higher loans with respect to energy efficiency measures
- The ESCO concept is interesting and a useful example from Italy (PadovaFIT) was shared.

2B. Energy Efficiency in Industry and SMEs

Chair: Charles Buttigieg, Malta Water and Energy Agency

- While energy may not be the topmost issue for industry and SMEs, support schemes exist and there are further opportunities for energy efficiency improvements in the sector in Malta
- The timing of introduction of schemes is important as businesses may have a limited time to decide to take forward energy improvements
- Schemes to build knowledge and awareness are also important, these can be linked to energy management systems.
- SMEs should also get support for the development of energy improvement applications/schemes.



Background paper

During the National Roundtable, participants will be split into 2 working groups on the topics described below. These sessions will draw on the conclusions from the public conference and work to identify concrete solutions on each topic. This paper aims to summarise the key questions that are relevant for each working group, in order for participants to come prepared and to have an effective working session.

Topic group sessions will include introductory presentations to set the context on the current situation and will include invited speakers from other European Member States. We will ask the Chair of each topic group to report on key issues arising from the discussion and to provide the 5 (or more) recommendations from the group, which can be addressed to public or private stakeholders.

Topic Group A

De-risking Energy Efficiency Investment

Under current market conditions, investors are not attracted by energy efficiency. Banks often make loan agreements based on the credit status of their clients or the property value whereas the benefits arising from the energy efficiency improvements may not be taken into account. [The EEFIG 2015 report](#) (the Energy Efficiency Financial Institutions Group) highlighted among others the following problems:

- 1) Lack of evidence on the performance of energy efficiency investments makes the benefits and the financial risk harder to assess.
- 2) Lack of commonly agreed procedures and standards for energy efficiency investment underwriting increase transaction costs.

In this regard, the Public Conference included presentations on the [Energy Efficiency Risk Valuation and Underwriting Toolkit](#) for financial institutions published recently by [EEFIG](#). The EEFIG Toolkit is helping financial institutions to evaluate and understand risks, bringing a shared language in evaluating investments and is helping to create projects that are better aligned to need of financial institutions. The Roundtable should explore how the Toolkit could be adopted by relevant institutions in Malta.

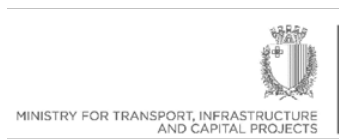
Many EU Member States, including Malta are also looking at how to further mobilise and unlock private investment. With this in mind, the European Commission launched the [Smart Finance for Smart Buildings facility](#), which aims at unlocking an additional € 10 billion of public and private funds until 2020 by:

- encouraging more effective use of public funds including through the development of flexible energy efficiency and renewable financing platforms to boost the combination of the European Fund for Strategic Investment and other public funds, including European Structural Investment Funds;
- helping project developers bring good project ideas to maturity with more project development assistance and aggregation mechanisms;
- making energy efficiency investments more trusted and attractive for project promoters, financiers and investors.

The public conference identified issues related to each of these topics, including awareness raising within financial institutions, blending of funds and improving risk perception of energy efficiency lending. The Roundtable should explore these issues further.

Key Questions

- 1.1. How can a continued dialogue between banks and the energy efficiency sector be maintained? Is there a need for additional support mechanisms to enable this?



- 1.2. Which bodies can help in setting standards and benchmarks to minimise performance risk? What other mechanisms can help to build confidence that energy efficiency measures will pay back?
- 1.3. Now that the Energy Efficiency Financial Institutions Group [risk and underwriting toolkit](#) has been launched, how can this best be used within Malta? What support might be needed to encourage its dissemination and adoption? Which institutions and individuals could be key advocates?

Topic Group B Building Renovation

Malta has published its draft National and Energy Climate Plan (NECP). The online version is available [here](#).

This notes a number of relevant policies and measures that are planned, including a first long-term renovation strategy by 10 March 2020.

The NECP notes that Malta has one of the lowest energy intensity figures for households within the EU. The Government will continue incentives for the uptake of new technologies, as well as fostering behavioural change where necessary. Information campaigns will be run by the Government and these will be coupled by the free service offered by the Energy and Water Agency whereby technical personnel visit households, hold discussions in order to understand energy usage and, as a result, provide tailored energy conservation tips. Special focus will be given to vulnerable households. Malta already has in place a support scheme for vulnerable households under which old appliances are replaced by new efficient units. Action in this sector will continue in the new period addressing similar or new energy needs of this sector.

A public consultation on Energy Performance Contracting was also held in February 2017. Respondents highlighted that take up is restricted due to limited savings. ESCO providers find it difficult to accumulate a sufficiently large portfolio of interventions to build a suitable business case. Malta is currently analysing whether the development of a financial Special Purpose Vehicle, which would provide off-balance sheet financing for ESCOs and their customers, offer attractive repayment options through low interest rates and have a higher risk tolerance than traditional financing instruments, would achieve the required effectiveness and leverage in the local scenario.

The main consumer of fuel-based spatial heating technologies is the hotel sector. As an effort to incentivise the uptake of high efficient CHP units, in 2016 the government released a scheme whereby enterprises are eligible for aid through tax credits. To date, the uptake was nil, mainly due to the regulatory barriers related to storage of fuel (mainly LPG) and the limited space available for on-site storage facilities.

Key Questions

- 2.1 Where and how might awareness raising programmes best start in order to reach building owners, occupiers and managers and to raise the profile of energy improvements?
- 2.2 What tools, processes and practices are needed in order to make closer links between energy saving and renewable energy installation?
- 2.3 How can work with the property industry/sector be taken forward in order to highlight the lifetime running costs of buildings and the value of energy saving and renewable energy generation in property valuations? Can performance benchmarking play a role?

About Sustainable Energy Investment Forums

Sustainable Energy Investment Forums is an initiative launched by the European Commission – Executive Agency for Small and Medium-sized Enterprises (EASME) in 2015 and funded through the Horizon 2020 initiative. Its aim is to work with national stakeholders in order to boost large-scale investment and financing for sustainable energy.

Through a series of national and EU-level public conferences and national roundtable discussions, SEI Forums engages representatives of the financial sector, public authorities, and other stakeholders involved in delivering investments in sustainable energy. SEI Forums also provides also open access to in-depth information on specific topics through a series of interactive webinars, featuring top experts in the field of sustainable energy finance.

You can learn more about the activities from:

- The [website](#)
- Social media – follow on Twitter with #SEIforums
- LinkedIn - join the “Sustainable Energy Investment Forums” group