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## Regional Conference on Financing Energy Efficiency in the Baltic States

# EU Energy Efficiency Policy and support to EE investments

Riga, 11 November 2016

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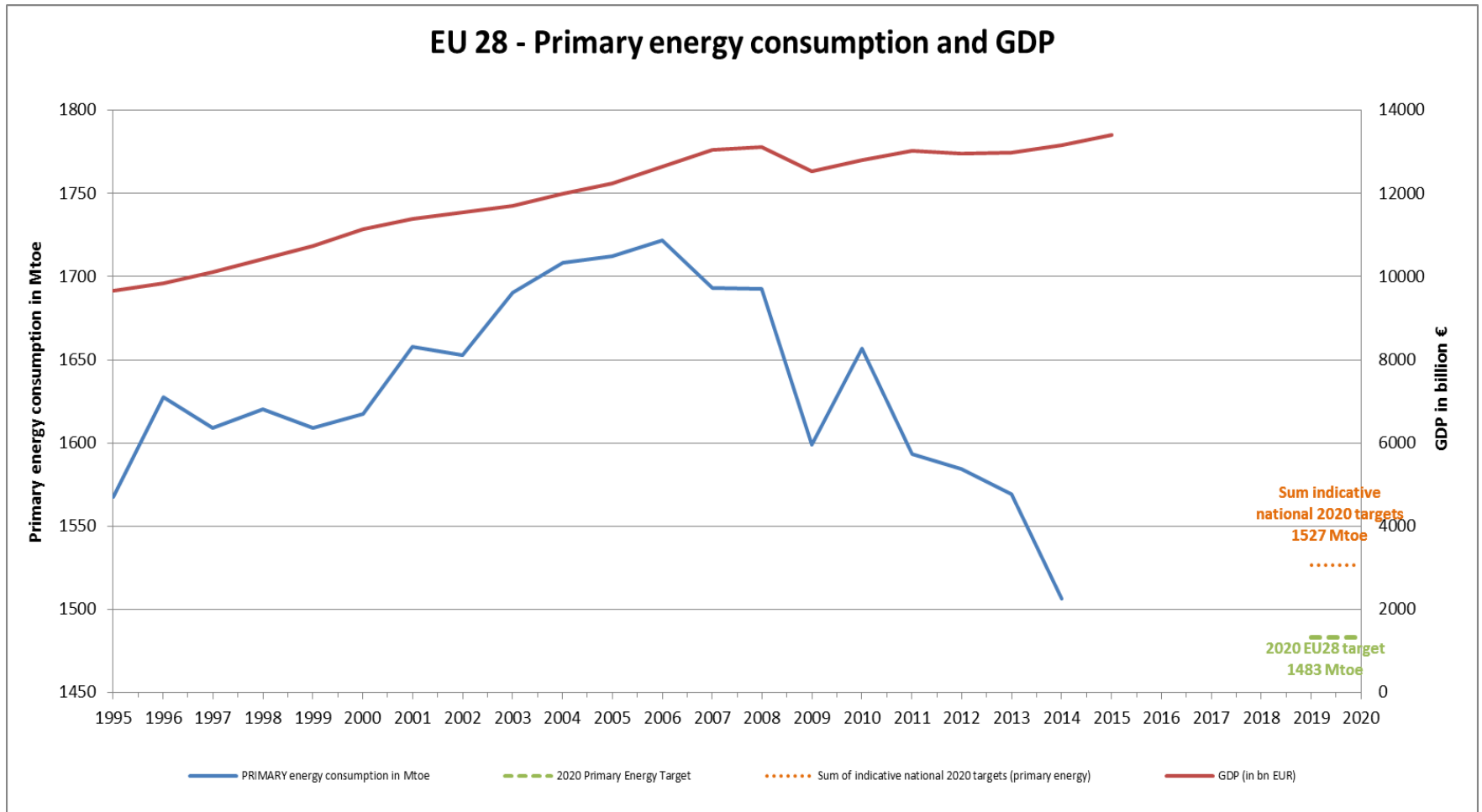
# Energy efficiency myths

- It's only a dream
- It's only the economy



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# It's not a dream...

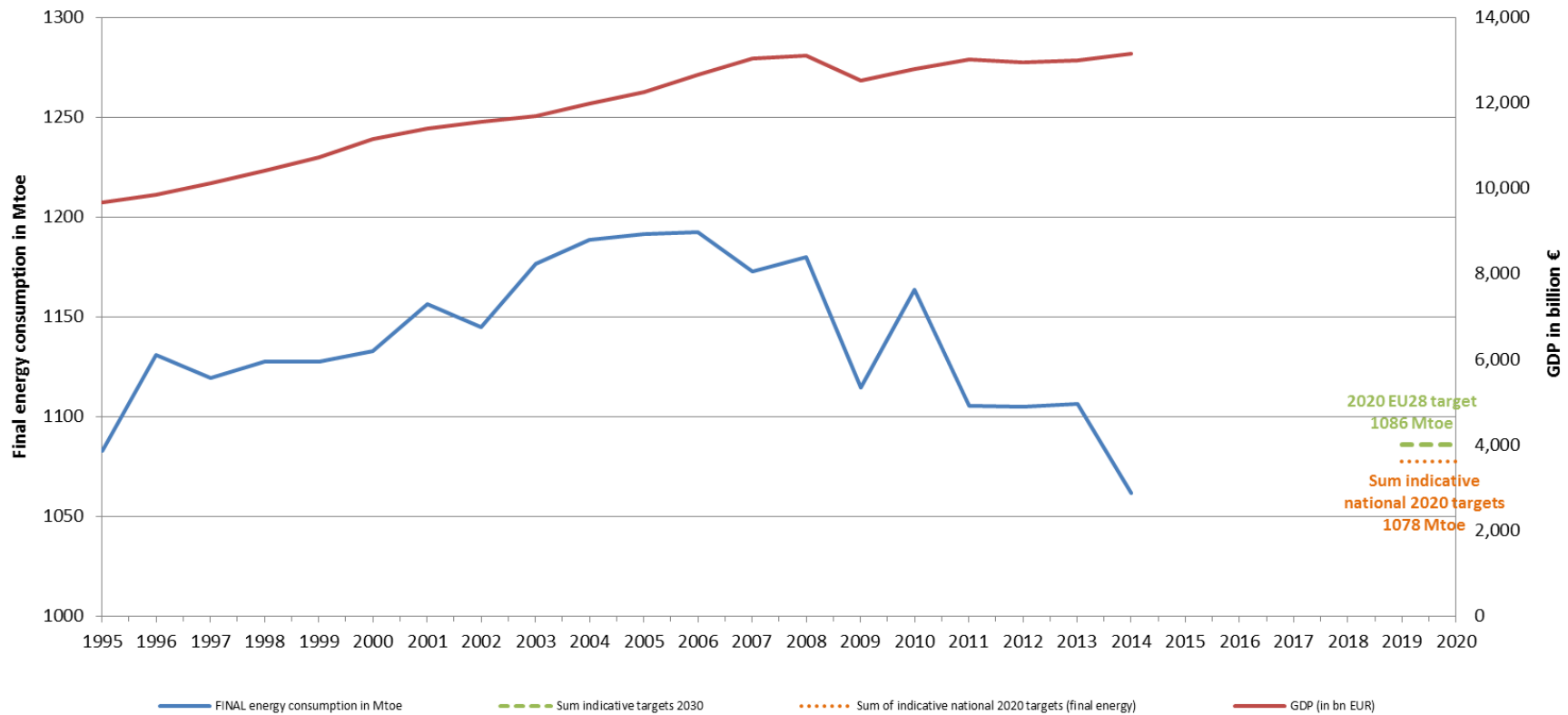




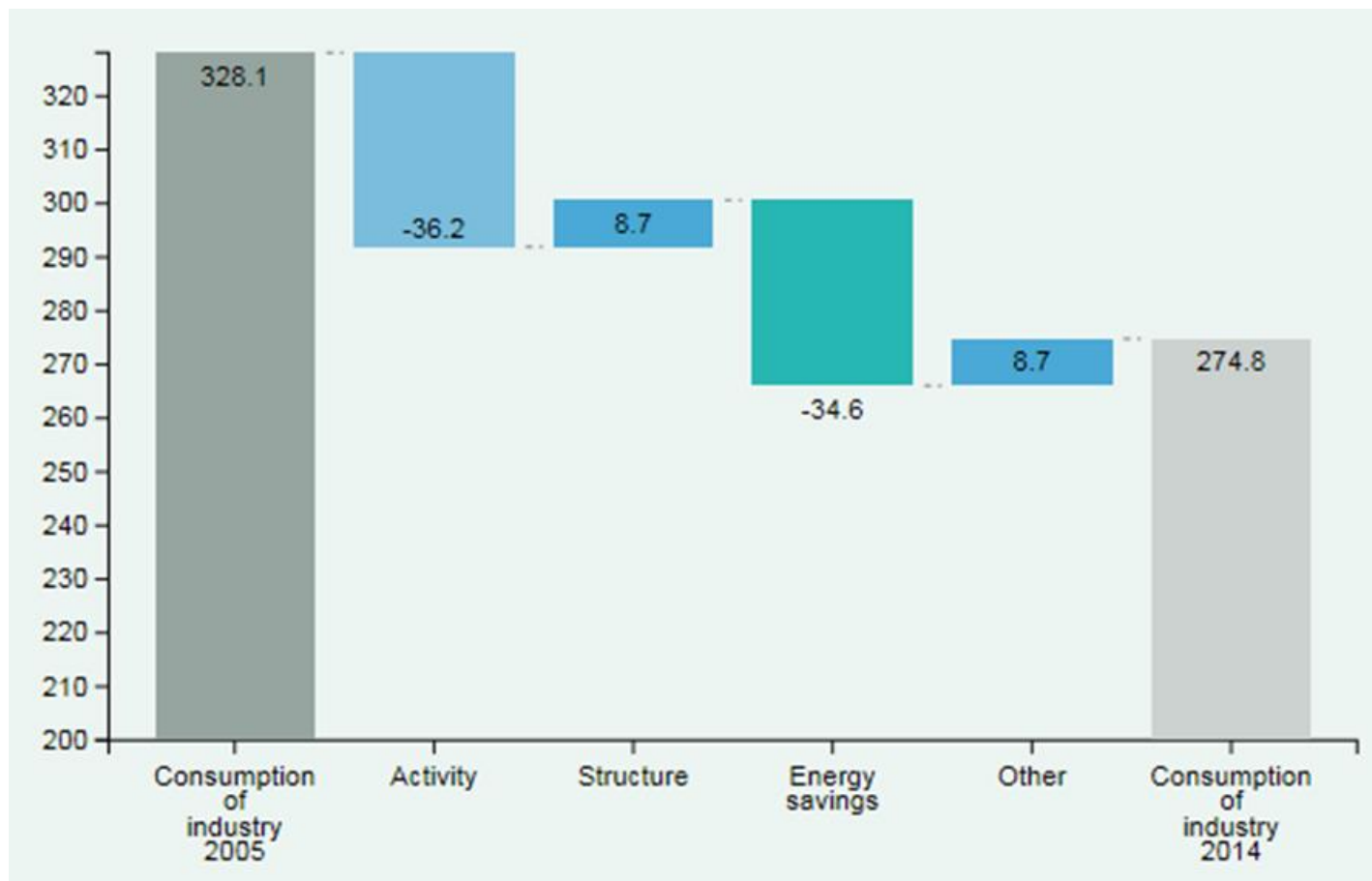
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# Energy efficiency happens

## EU 28 - Final energy consumption and GDP



## Variation industry energy consumption - European Union - Mtoe (2005-2014)

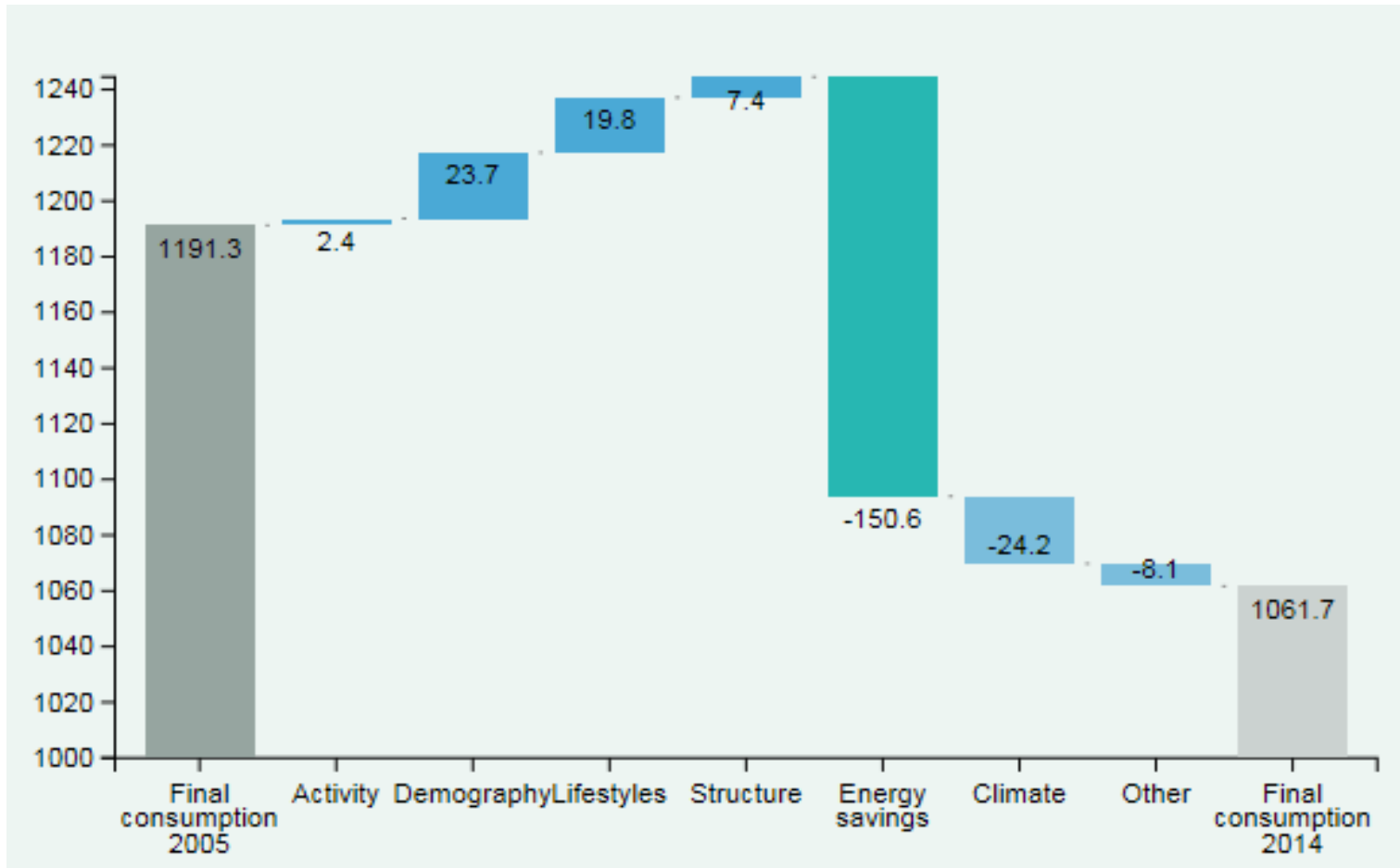




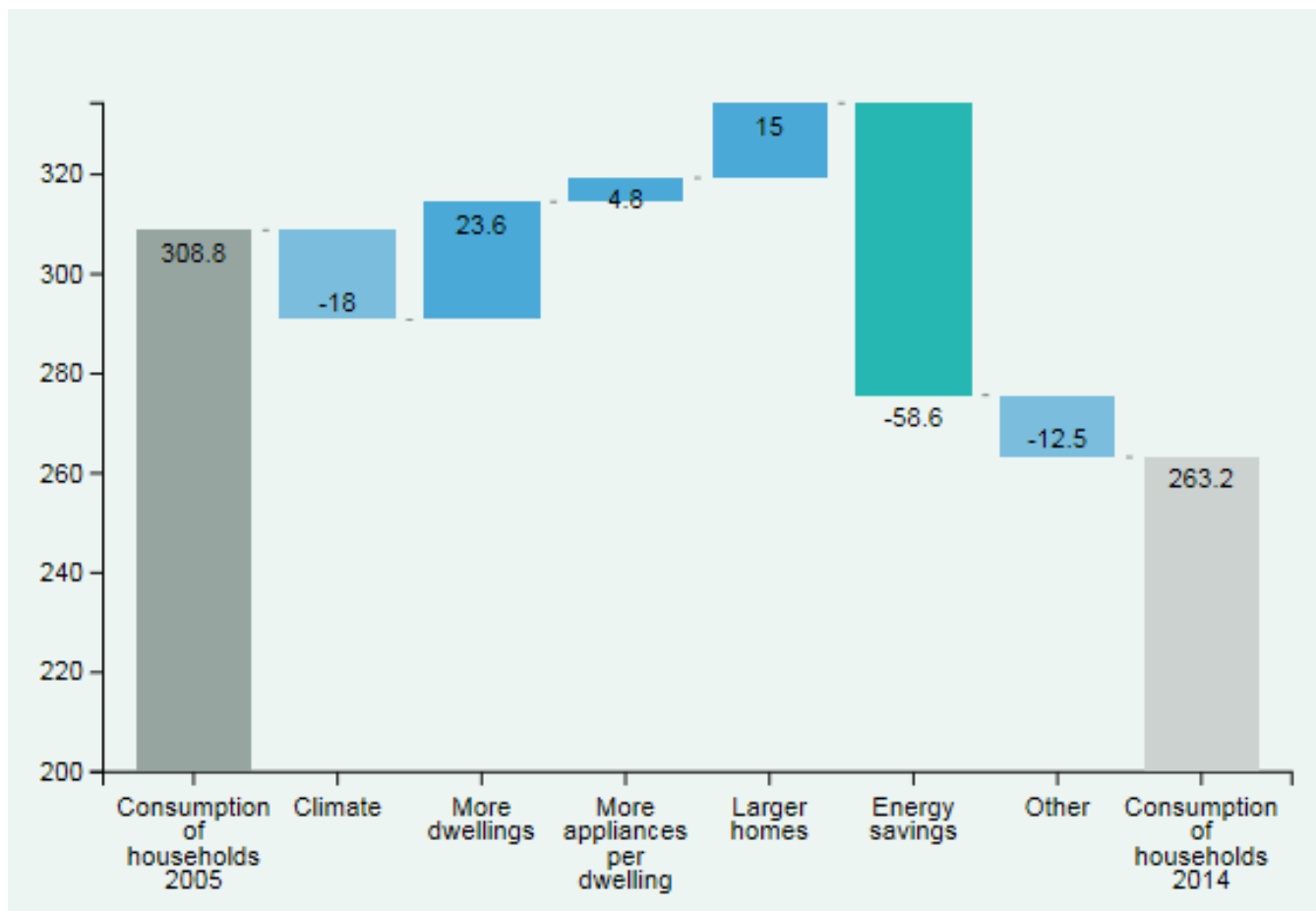
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# It's not only the economy...

## Variation final energy consumption - European Union - Mtoe (2005-2014)



## Variation residential energy consumption - European Union - Mtoe (2005-2014)



## What is it about?

**What is the cause of the progress** that Europe is making in energy efficiency?

- Behavioural change?
- Voluntary upgrades?
- "Natural" turnover of capital assets?





The share of refrigerators meeting the highest energy efficiency labelling classes (A+ and above) increased from less than 5% in 1995 to 98% in 2014.



European industry is less energy intensive than American industry

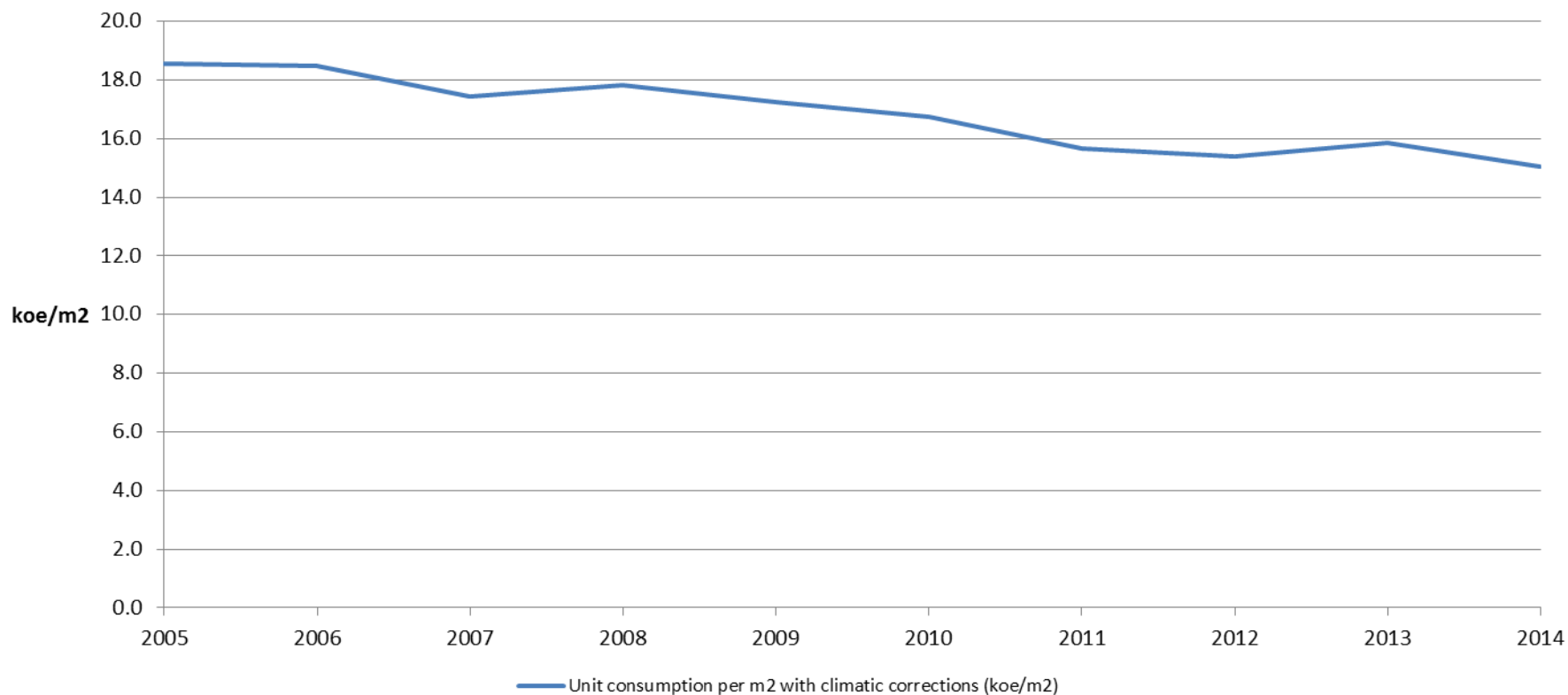


Between 1995 and 2014 the average consumption of new cars in the EU decreased by 34%.

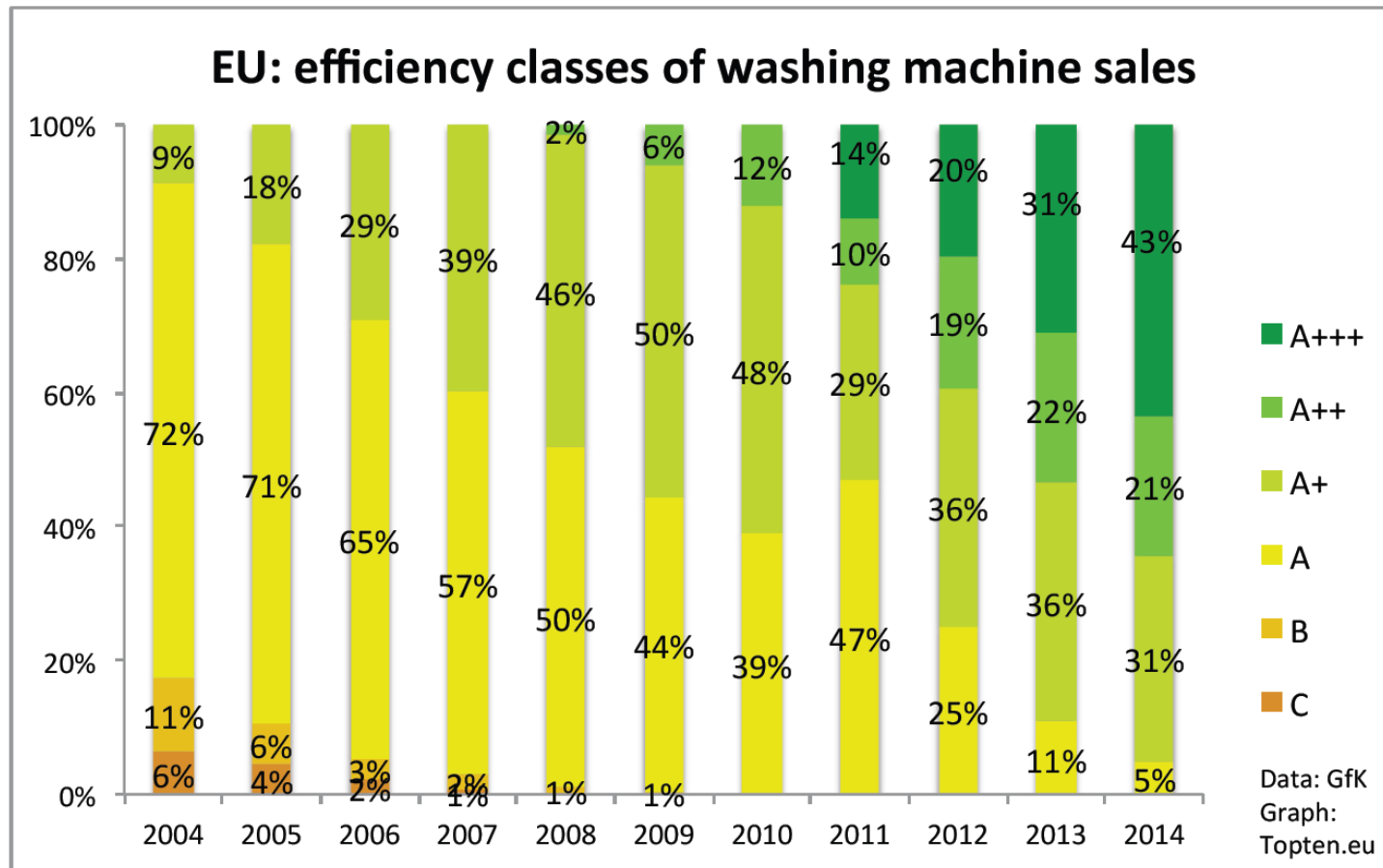


New dwellings built today consume on average 40% less than dwellings built 20 years ago.

## Final consumption of residential with climatic corrections per m2 with (koe/m2)



# Market transformation



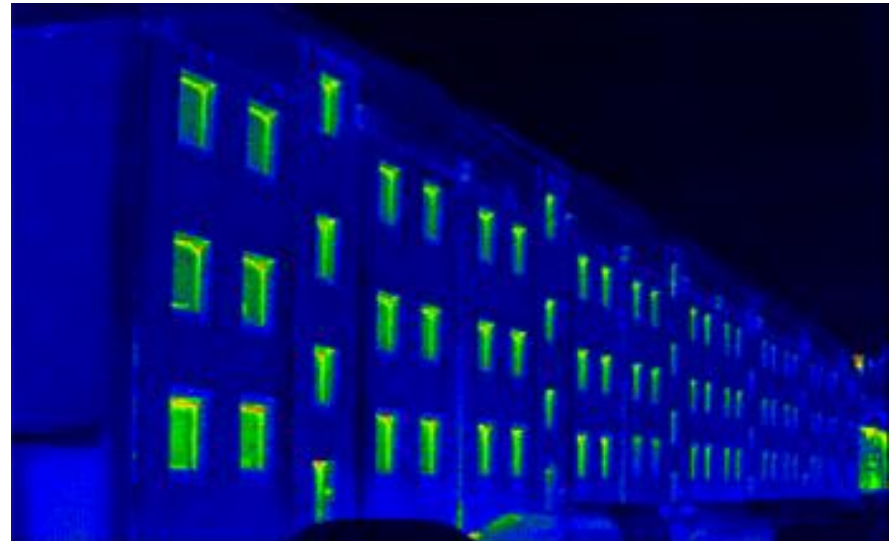
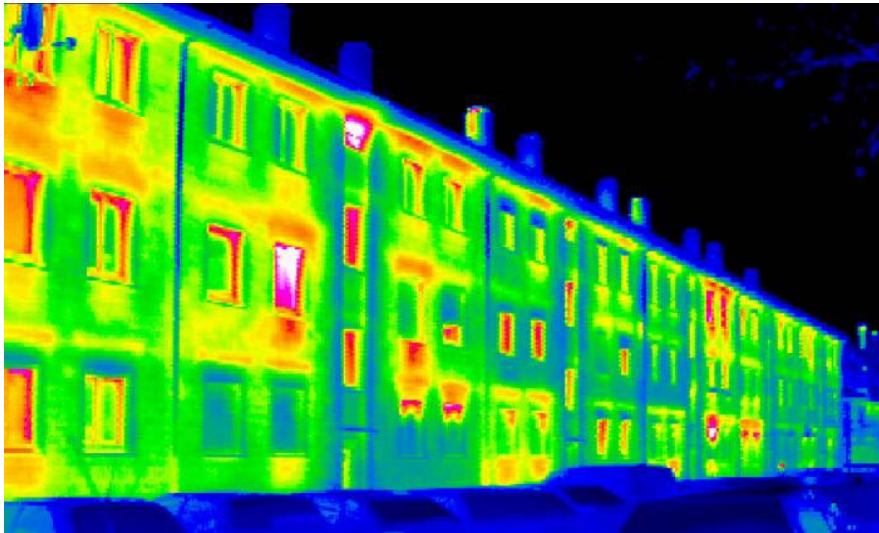
## Where lies the potential after 2020?

- **low hanging fruits are already picked** (large efficiency gains in energy intensive products and industrial processes)
- **buildings renovation rates stay low** due to high upfront capital investment and long payback periods and other barriers (split incentives)



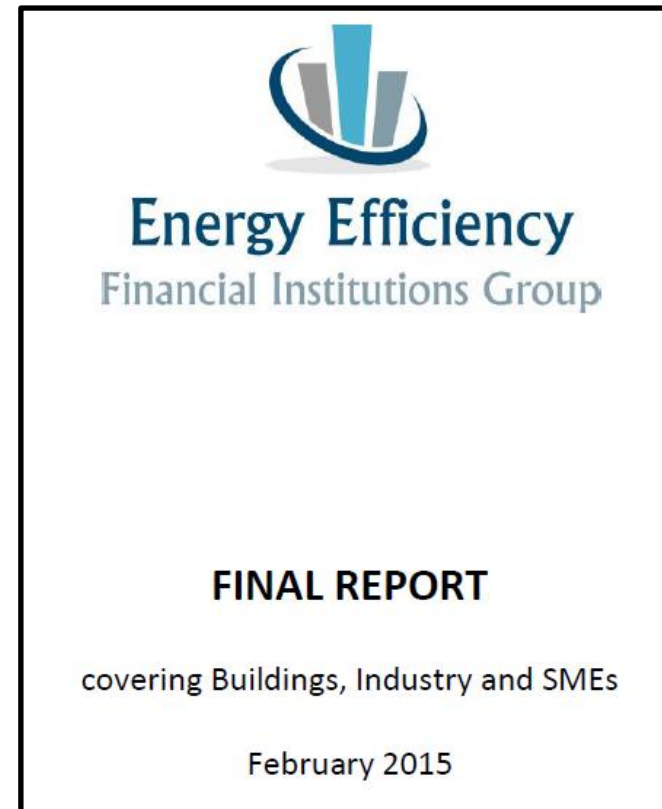
## Buildings renovation, a key sector

Buildings are responsible for 40% of the EU energy consumption  
40% of our building stock was built before the 1970s, when no energy performance standards were used  
low demolition rates (0.1% p.a.), low refurbishment rates (1% p.a.)



## Barriers to Energy Efficiency financing

- High **upfront investments** and sometimes long payback periods
- **Lack of evidence** on performance data
- Fragmentation/ **transaction costs**/ lack of standardisation
- Complexity of financing and preparing projects
- The market is **not "readable"** for financiers, **not "visible"** for investors
- Financing products do not reflect the EE fundamentals



<http://www.eefig.eu/index.php/the-eefig-report>

## **EEFIG recommendations, the most imminent challenges to overcome:**

- 1** Driving Demand
- 2** Managing Uncertainty
- 3** Distribution and Aggregation
- 4** Blending Grants and Loans
- 5** Accounting Treatment

# Smart Finance for Smart Buildings : 3 Pillars

## More effective use of public funds

*Deploying Financial  
Instruments and  
innovative business  
models to attract  
private finance*



## Assistance and aggregation

*Supporting  
the project  
pipeline at EU  
and local level*



## De-risking

*Understanding  
the risks and  
benefits for  
financiers and  
investors*



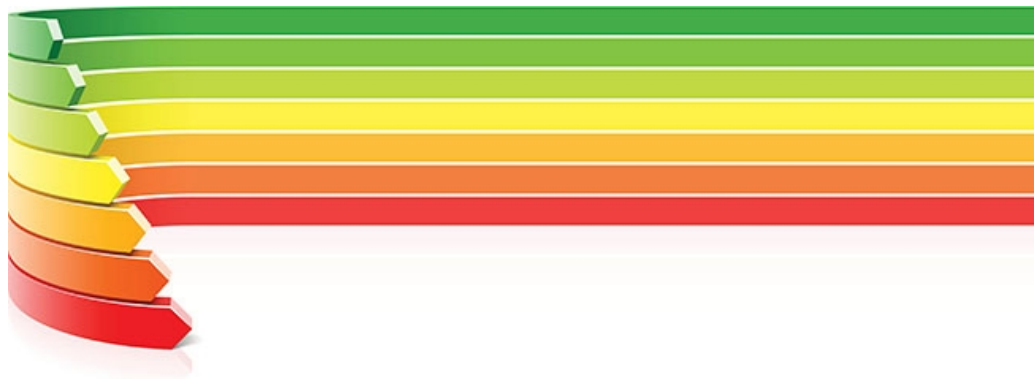


# Sustainable Energy Investment Forums

**A series of regional and national events to:**

1. Create momentum on sustainable energy finance
2. Building capacity on developing and sustainable energy investments
3. Create an EU networking on sustainable energy investments and financing





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**Website: [http://ec.europa.eu/energy/efficiency/index\\_en.htm](http://ec.europa.eu/energy/efficiency/index_en.htm)**