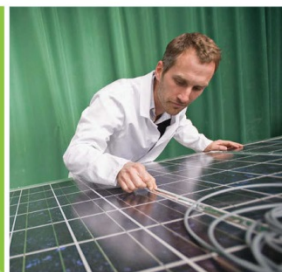




European
Commission



Policy development on energy efficiency and the importance of financing

Financing Energy Efficiency in Central Europe

27 April 2017

Paul Hodson, DG ENER

ENERGY EFFICIENCY FIRST PRINCIPLE

WHY?



- The cheapest energy is the one that we do not consume
- Energy efficiency should be considered as a source of energy in itself:
 - It is endless
 - It is available everywhere

Energy Efficiency is the most cost-effective way of achieving Energy Union objectives...



Security of supply



Global leadership in renewables



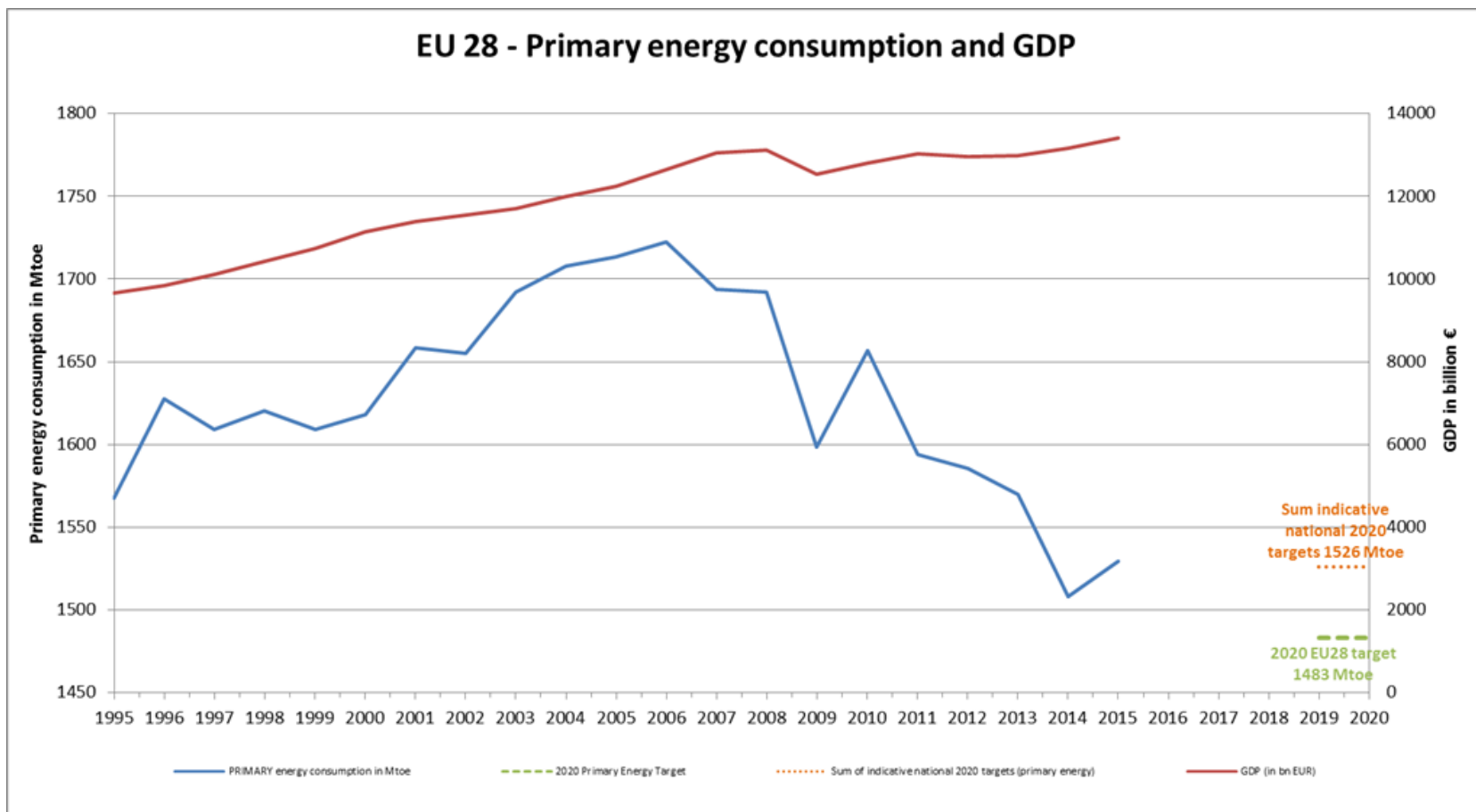
Decarbonization (Paris Agreement)



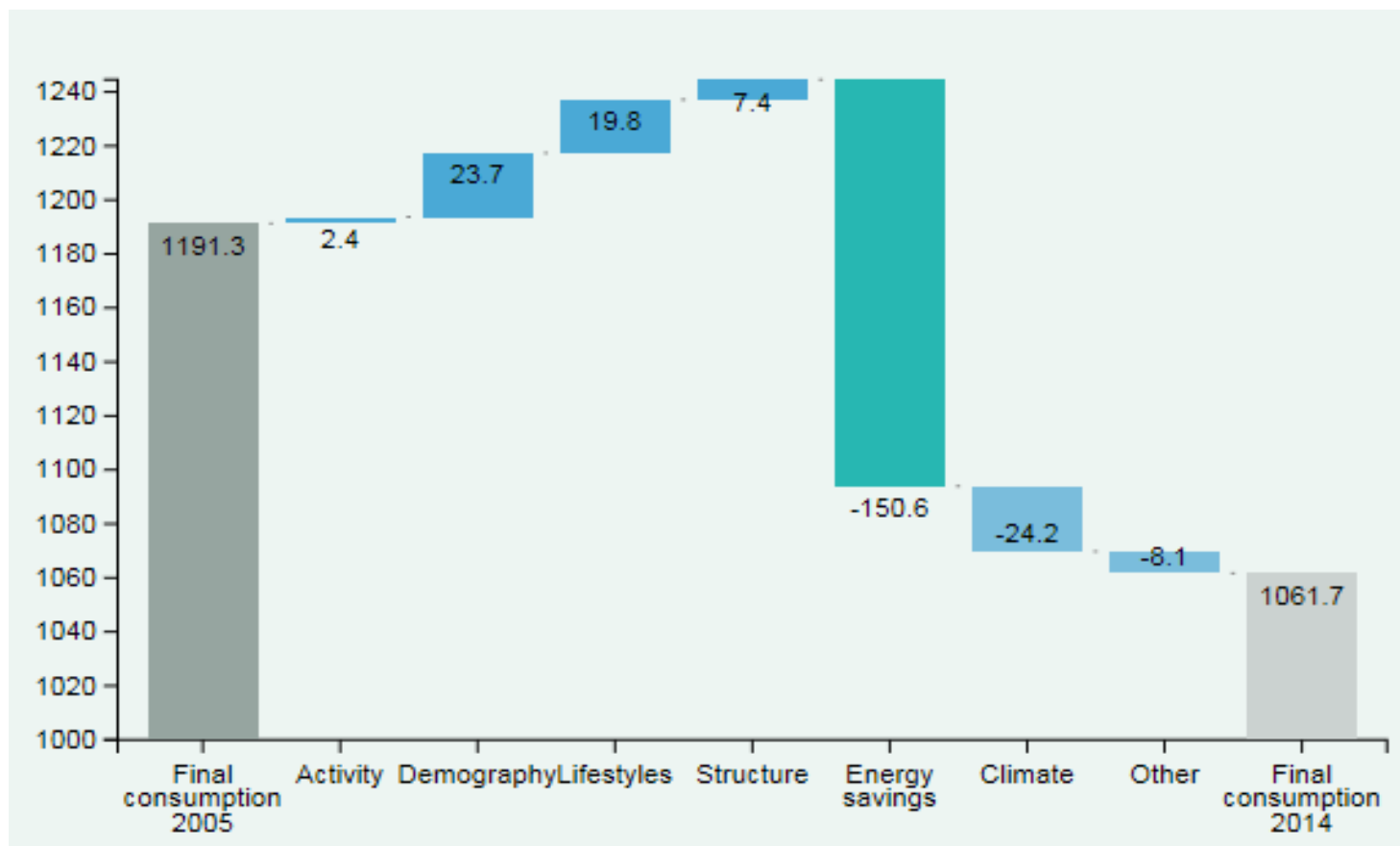
**SUSTAINABLE
GROWTH**

Promoting growth, jobs and investments

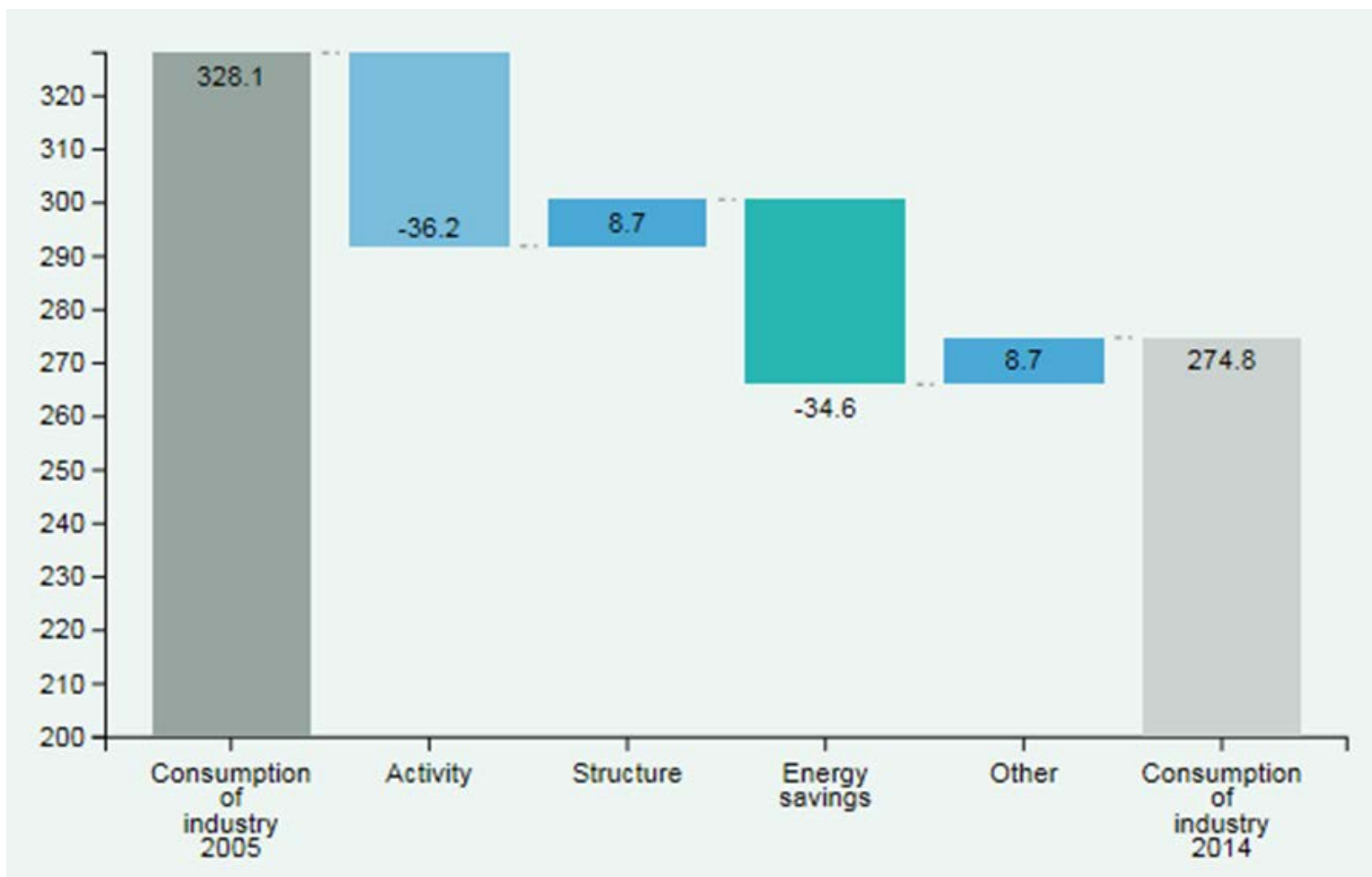
It's not a dream...



It's not only the economy...



Variation final energy consumption - European Union - Mtoe (2005-2014), Odyssee-Mure



Variation industry energy consumption - European Union - Mtoe (2005-2014), Odyssee-Mure

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?



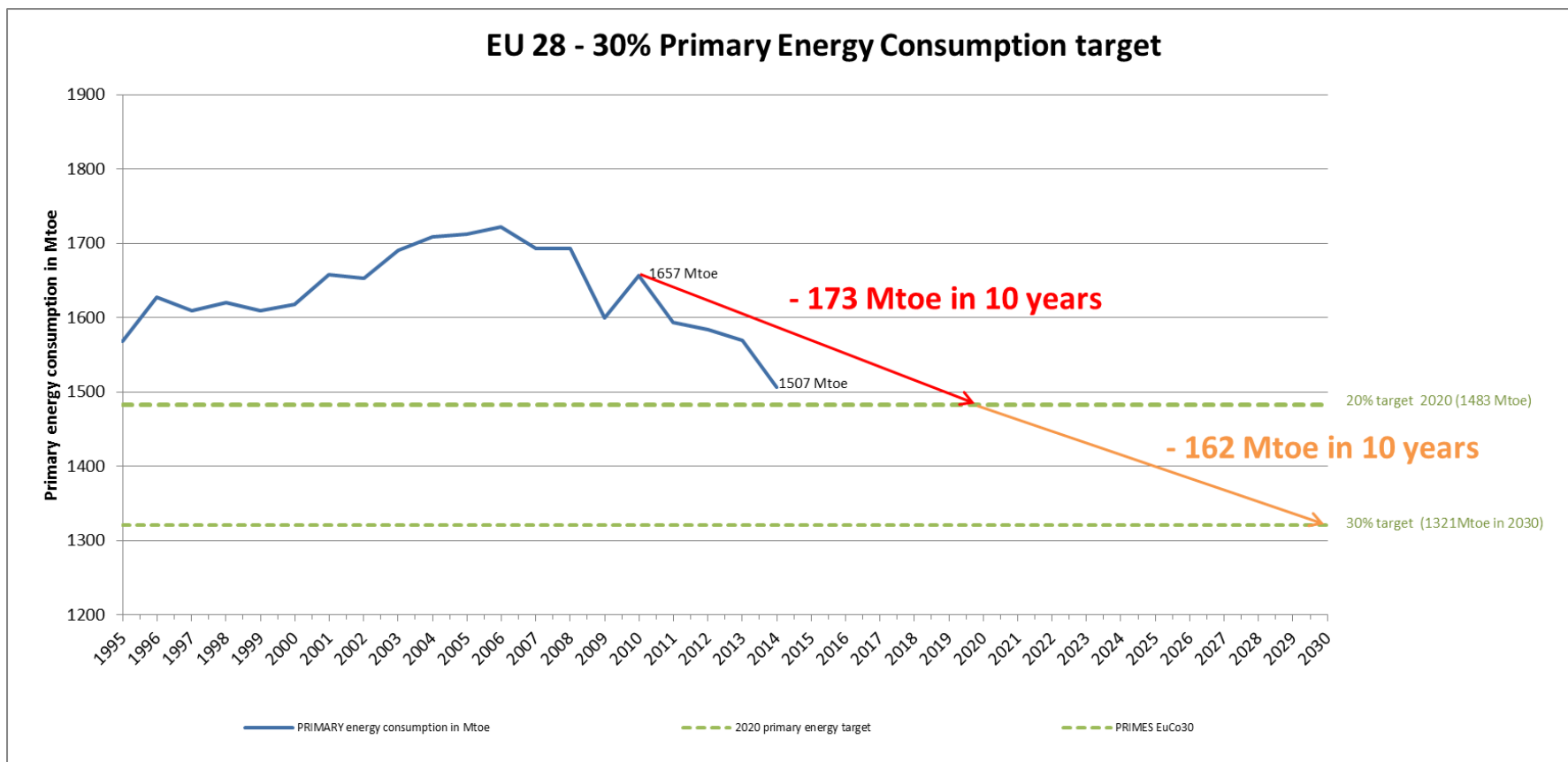
The share of refrigerators meeting the highest energy efficiency labelling classes (A+ and above) increased from less than 5% in 1995 to 98% in 2014.



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



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



Why do we need new policy then?



12 lm/W
~ 8.3W



65 lm/W
~ 1.5W



120 lm/W
~ 0.83W

POLICY CONCLUSIONS FOR 2030

Building renovation has to do more

- Review of EPBD
- Review of Art. 7 EED

Financing has a more important role to play

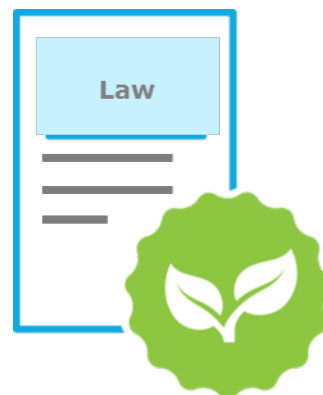
- Smart Finance for Smart Buildings

Digital/ICT has a big potential to contribute

- a) Capture behavioral change potentials
 - b) Contractually guaranteed energy savings as business model
 - c) Capture demand response potentials
- Development of a 'Smartness indicator for buildings'
 - Review of Art. 9-11 EED

WHAT PIECES OF LEGISLATION?

- ❖ **Amending Directive 2012/27/EU on Energy Efficiency**
- ❖ **Amending Directive 2010/31/EU on Energy Performance of Buildings**
- ❖ **Ecodesign Working Plan 2016-2019**



THE "SMART FINANCE FOR SMART BUILDINGS" INITIATIVE

MAJOR GOALS

More effective use of public funds

- Deploying **Financial Instruments** and flexible energy efficiency and renewable financing platforms
- Building on EFSI blending with ESIF funds



Assistance and aggregation

- Supporting the project pipeline at EU and local level
- **Project Development Assistance** facilities
- "One-stop-shops"



De-risking

- Understanding the risks and benefits for financiers and investors
- The De-risking Energy Efficiency Platform
- Commonly accepted underwriting framework



Pillar I: More effective use of public funds deploying financial instruments

- *Making more use of financial instruments, to achieve high leverage ratios.*
- *Flexible financing platforms at national level, mixing different strands of public financing (i.e. **ESIF**, **EFSI**).*
- *On-line **EU mapping tool** to understand how public funds can be used to support energy efficiency in Europe.*
- *An initiative to make **the use of Energy Performance Contracting** more accessible to the public sector (Eurostat recently updated its guidance on the accounting treatment of Energy Performance Contracts).*
- ***Sustainable Energy Investment Forums** Riga, Prague, Copenhagen, Madrid, Dublin, ...*



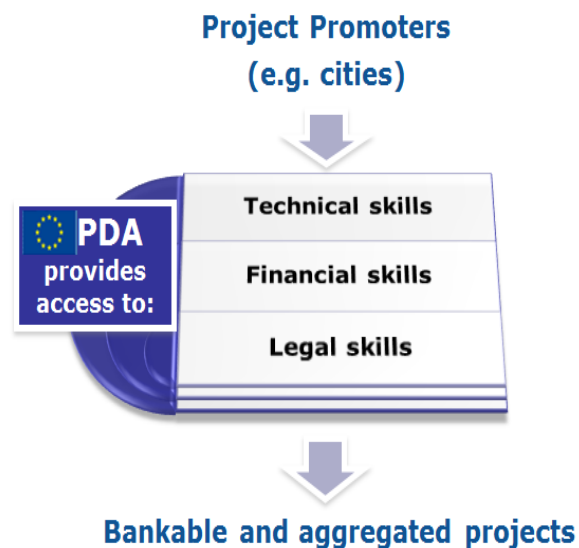
Pillar II: Providing aggregation and assistance for project development

Reinforce Project Development Assistance (PDA) facilities at the EU level to help project promoters bring their ideas to maturity.

- **ELENA**, via EIB (PDA facility funded through the European Commission's Horizon 2020 programme)
- PDA calls launched by EASME for smaller projects

*Development of **dedicated local or regional one-stop-shops** for project developers.*

➤ EU Project Development Assistance (PDA)



Pillar III: De-risking energy efficiency investments

*Change the risks perception related to energy efficiency investments - in collaboration with the **Energy Efficiency Financial Institutions Group (EEFIG)**:*

- **The De-risking Energy Efficiency Platform (DEEP)**, an open source database containing real performance data of energy efficiency projects (over 10.000 energy efficiency projects already).
- **An Underwriting toolkit on the value and risk appraisal of energy efficiency investments** (released on 22 June 2017).



DEEP
DE-RISKING ENERGY
EFFICIENCY PLATFORM

EEFIG UNDERWRITING TOOLKIT

Value and risk appraisal for
energy efficiency financing

June 2017



European Commission

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Thank you!

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