



European
Commission



National Roundtable Financing energy efficiency in Malta

European policy in support of energy efficiency investments

Malta, 6 June 2019

Clean Energy for All Europeans: THE RIGHT REGULATORY FRAMEWORK FOR POST – 2020



Energy Union Governance



Energy Efficiency
(Energy Efficiency
Directive, European
Performance of
Buildings Directive)



Renewables
(Revised Renewable
Energy Directive)



**New Electricity
Market Design**
(including Risk
Preparedness)



**Energy prices
and costs
report**



Energy Efficiency Directive

- Binding 30% energy efficiency target for 2030;



Ecodesign Working Plan 2016-2019

- List of new product groups;
- Contribution to circular economy objectives;



Energy Performance of Buildings

- Supportive of renovation;
- Smarter – ICT, smart buildings;
- Simpler;

Clean Energy for All Europeans: 8 different legislative proposals

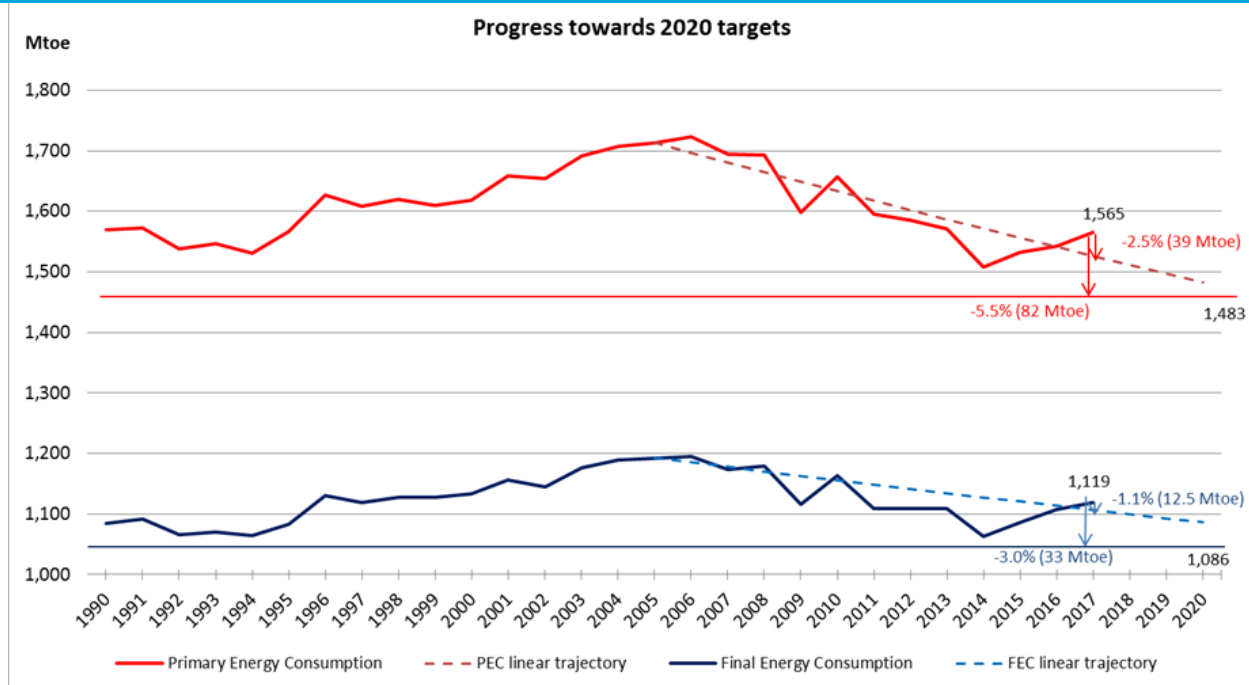
Political negotiations on the Clean Energy for All Europeans package have been concluded

- Energy Performance of Buildings
- Energy Efficiency → 32,5%
- Renewable Energy → 32%
- Governance Regulation → NECPs
- Electricity Market Design
 - Electricity Regulation,
 - Electricity Directive,
 - Risk-Preparedness Regulation
- Rules for the regulator ACER

A major step towards completing the Energy Union and combatting climate change

- **Keeping the momentum:** We need approximately the same energy efficiency effort from 2020 to 2030 as from 2010 to 2020
- **Union's commitment** towards its international climate and energy goals in 2030 and beyond
- Endorse the Union's commitment under the Energy Union Framework to put '**energy efficiency first**'
- Give **investors** the security that it is worth investing in energy efficiency, with positive impact on the technology costs and payback periods

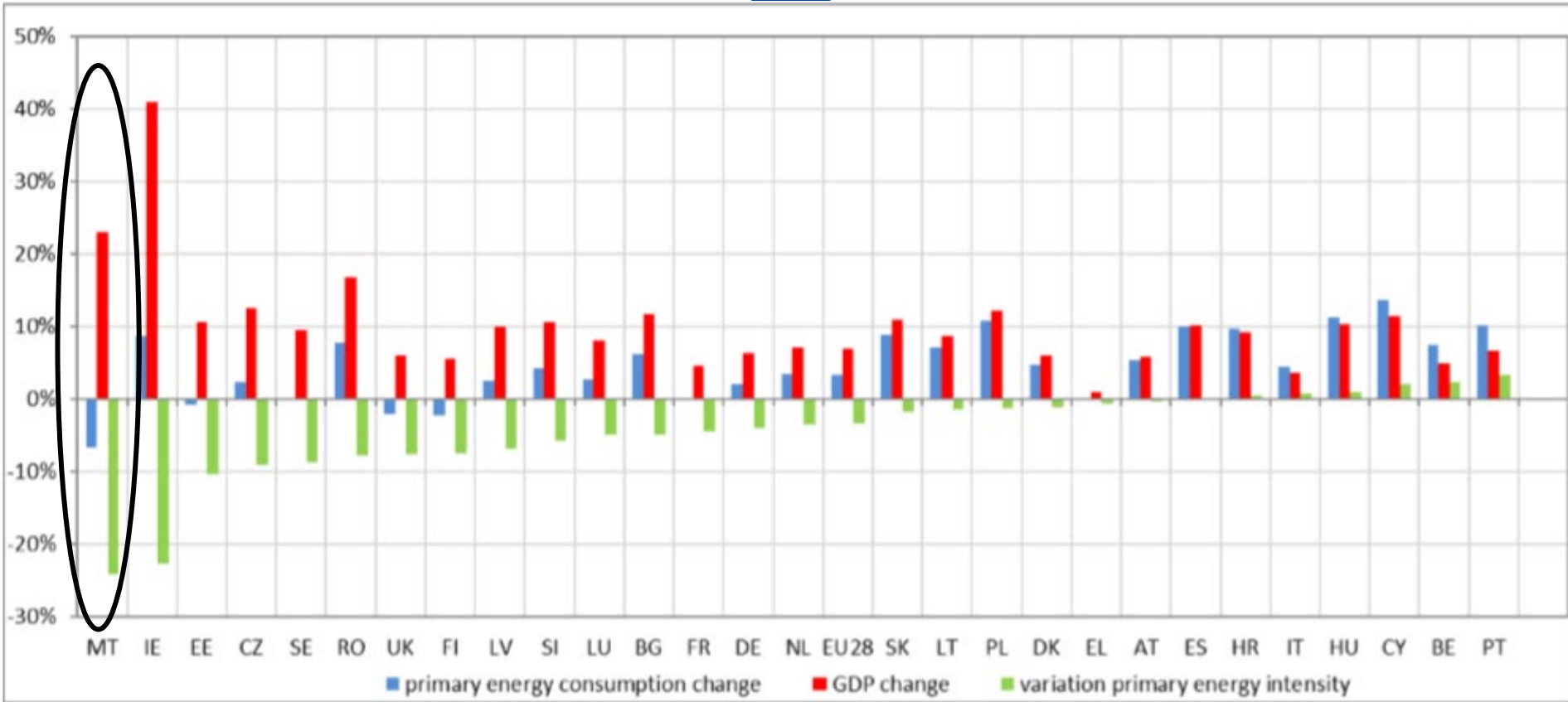
The energy efficiency challenge for 2020



Energy consumption is **rising since 2014**, following an extended period of declining or flat consumption.

The distance to the **EU 2020 energy efficiency target** has been increasing.

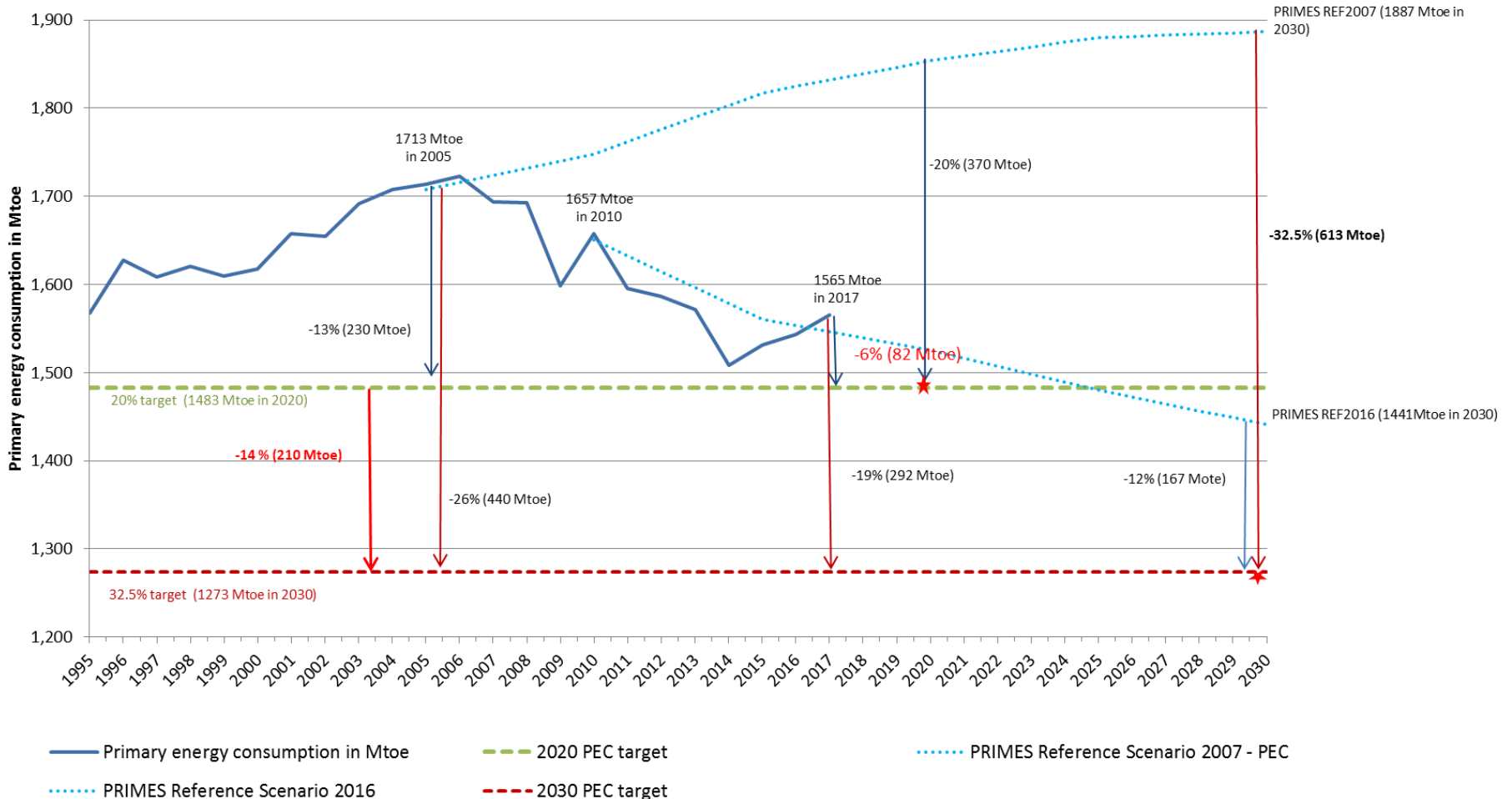
Source: DG ENER based on Eurostat data



Source: Eurostat

Relative change in primary energy consumption, primary energy intensity and GDP, 2014-2017

The energy efficiency challenge for 2030





Energy Efficiency Directive

Main outcomes of the revision

The way to 2030

- A **new energy efficiency target** for the EU for 2030 of **32.5%**, with an upwards revision clause by 2023
- Extended **energy savings obligation** to achieve new annual energy savings of at least 0.8% (of final energy consumption) for the next period 2021-2030 and beyond, coming from new energy efficiency renovations or other measures in end-use sectors (11% more ambitious than in the current period).
 - **Exception for MT and CY: 0.24%**
- Strengthened rules on individual **metering and billing** of thermal energy (better information for consumers)



Regulation on the Governance of the Energy Union and Climate Action

- The governance mechanism is based on **integrated national energy and climate plans** (NECPs) covering
 - the five dimensions of the Energy Union
 - ten-year periods starting from 2021 to 2030
 - EU and national long-term strategies
 - integrated reporting, monitoring and data publication.
 - Wide public consultation

<https://ec.europa.eu/energy/en/topics/energy-strategy-and-energy-union/governance-energy-union/national-energy-climate-plans>

Some interesting facts for the EU building sector

Buildings responsible for **40% of energy consumption and 36% of GHG emissions** in EU

Buildings to contribute significantly to **GHG emission reductions** of around 90% compared to 1990 by 2050

75% of the housing stock is energy inefficient

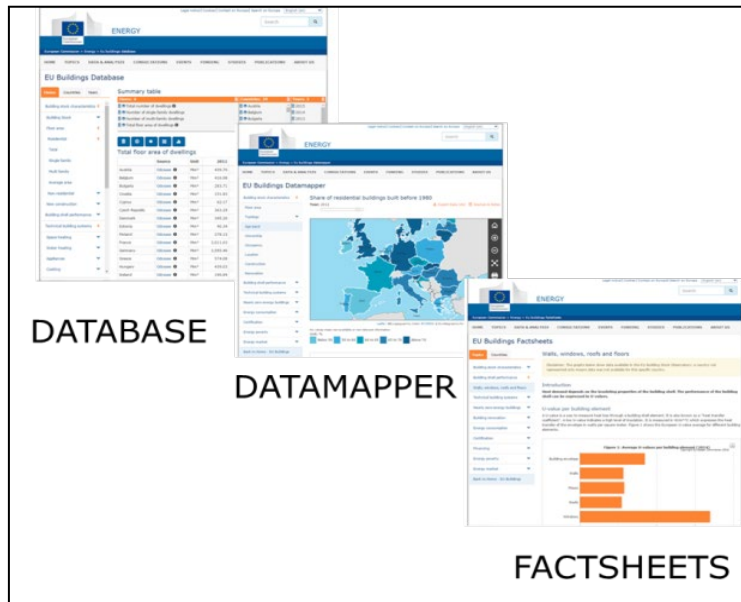
Construction rates / worse economic conditions

- low demolition rates (0.1-0.2% per year)
- limited new construction activities (0.4-1.1% per year)
- very low refurbishment rates (0.4-1.2% per year)

Problems and drivers

- structural
- market failures
- regulatory failures

EU BUILDINGS STOCK OBSERVATORY



Topics covered

- Building stock
- Building shell
- Technical building systems
- NZEB
- Building renovation
- Certification
- Financing
- Energy poverty

Provide a
**snapshot of the
energy
performance** of
the EU building
stock

Set a **framework
/ methodology**
for the
**continuous
monitoring** of the
building stock

<https://ec.europa.eu/energy/en/eubuildings>

Energy Performance of Buildings Directive

Main outcomes of the revision

A strengthened Directive

- Stronger **long term renovation strategies** for Member States, aiming at decarbonisation by 2050 and with a solid financial component
- An optional **Smart Readiness Indicator** for buildings
- Targeted support to **electromobility** infrastructure deployment in buildings' car parks
- Enhanced transparency of national building **energy performance calculation methodologies**
- Reinforcement of **building automation**: additional requirements on room temperature level controls, building automation and controls and enhanced consideration of typical operating conditions

Long-term renovation strategies (Article 2a)



Requirement for Member States to establish comprehensive strategies aiming at a highly efficient and **decarbonised building stock** by **2050** and at a cost-effective transformation of existing buildings into **nearly zero-energy buildings**

- ✓ More elements to be considered: **energy poverty**, market failures and barriers, split incentives, necessary skills, health and safety issues, wider benefits
- ✓ Set up a **roadmap** with measures, **measurable** progress indicators and indicative milestones for **2030, 2040** and **2050**
- ✓ Carry out a **public consultation**
- ✓ **Financial component: facilitate access to appropriate mechanisms** (effective use of public funding; aggregation; de-risking)

<https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/long-term-renovation-strategies>

REGULATION laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument

| Policy objective | Specific Objective | Name of enabling condition | Fulfilment criteria for the enabling condition |
|--|---|--|--|
| <p>2. A greener, low carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management</p> | <p>ERDF and Cohesion Fund: 2.1 Promoting energy efficiency measures</p> | <p>Strategic policy framework to support energy efficiency renovation of residential and non-residential buildings</p> | <p>1. A national long term renovation strategy to support renovation of the national stock of residential and non-residential buildings is adopted, in line with the requirements of the Directive 2010/31/ EU on energy performance of buildings, which:</p> <ul style="list-style-type: none"> a) Entails indicative milestones for 2030, 2040 and targets for 2050 b) Provides an indicative outline of budgetary resources to support the implementation of the strategy c) Defines effective mechanisms for promoting investments in building renovation <p>2. Energy efficiency improvement measures to achieve required energy savings</p> |

The "Smart Finance for Smart building" Initiative



Smart Finance for Smart Building Initiative aims at unlocking investments and private financing through:



Technical Assistance and Aggregation of projects



De-risking



Effective use of public funding



Pilot phase in 5 EU Markets: Malta, France, Spain, Netherlands and Portugal (and preliminary discussions in Poland and Ireland)

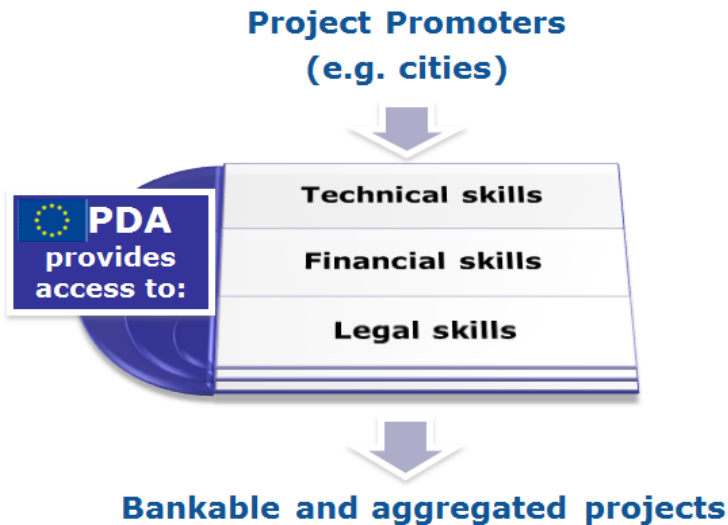
More effective use of public funds

- **Making more use of financial instruments** (to achieve higher leverage)
- **Flexible financing platforms at national level**, mixing different strands of public financing (i.e. **ESIF, EFSI**).
- Facilitate the **use of Energy Performance Contracting** for the public sector
- Database of **energy efficiency financing schemes** in Europe.
- **Sustainable Energy Investment Forums**

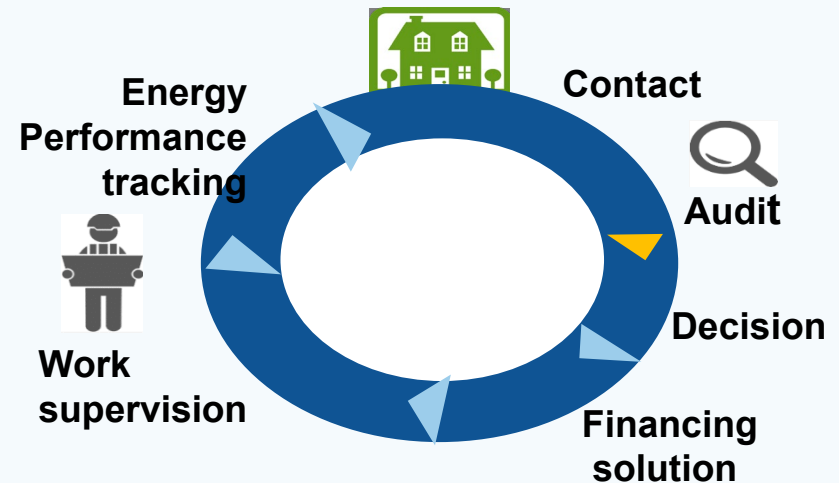


Aggregation services, Technical Assistance

➤ EU Project Development Assistance (PDA)



➤ Encourage local/ regional one-stop-shops



European Local Energy Assistance (ELENA) - Technical assistance to develop large-scale projects

De-risking energy efficiency investments


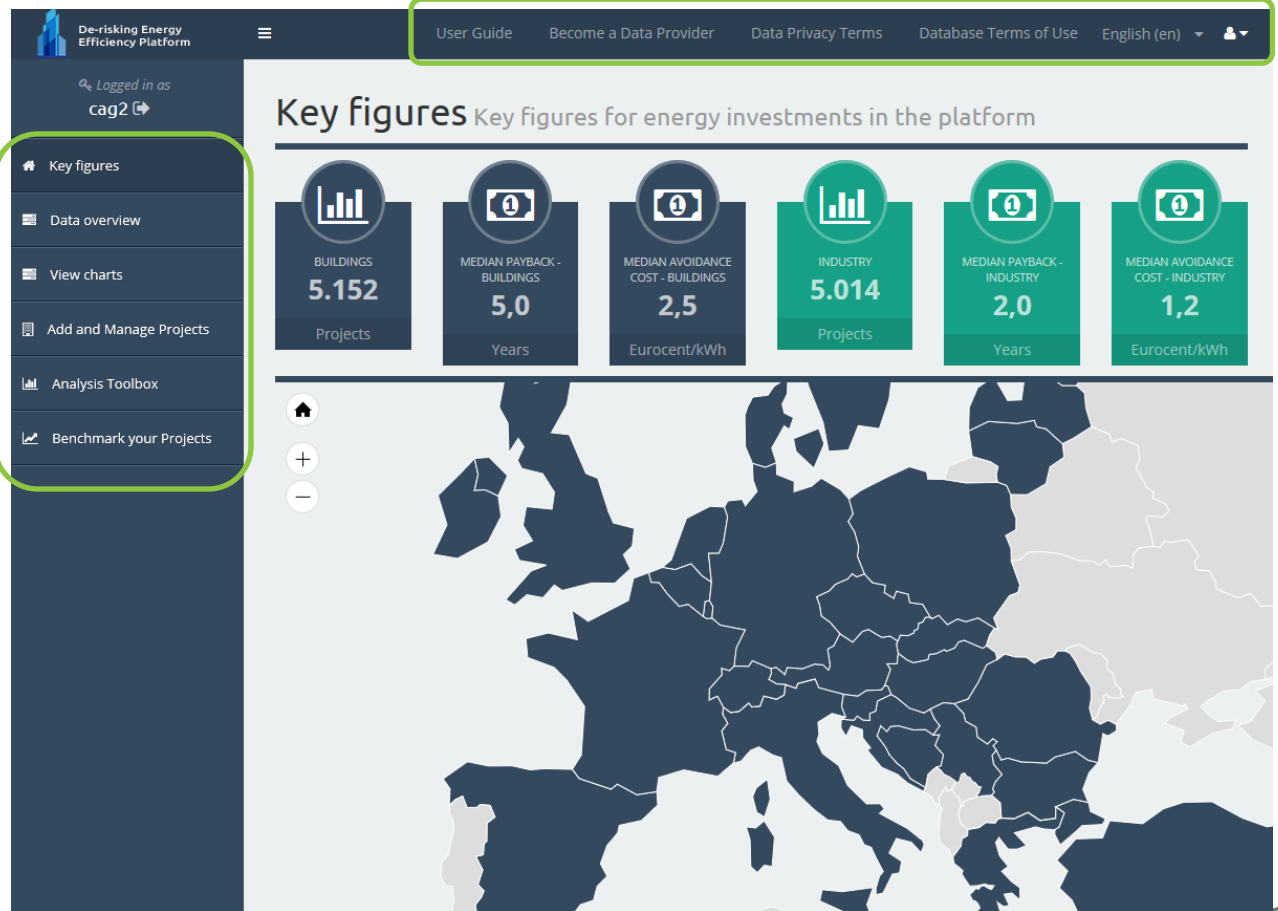
- **Change the risks perception** related to energy efficiency investments - in collaboration with the **Energy Efficiency Financial Institutions Group (EEFIG)**:
- The **De-risking Energy Efficiency Platform (DEEP)**, an open source database containing real performance data of energy efficiency projects (> 10.000 energy efficiency projects).
<http://deep.eefig.eu>
- An Underwriting toolkit on the value and risk appraisal of energy efficiency investments (released on 22 June 2017).
<http://valueandrisk.eefig.eu>



EEFIG UNDERWRITING TOOLKIT

Value and risk appraisal for
energy efficiency financing

June 2017

 [Key figures](#) [Data overview](#) [View charts](#) [Add and Manage Projects](#) [Analysis Toolbox](#) [Benchmark your Projects](#)

De-risking Energy Efficiency Platform

Logged in as **cag2**

Key figures

Key figures for energy investments in the platform

| Category | Value | Unit |
|-----------------------------------|-------|--------------|
| BUILDINGS | 5.152 | Projects |
| MEDIAN PAYBACK - BUILDINGS | 5,0 | Years |
| MEDIAN AVOIDANCE COST - BUILDINGS | 2,5 | Eurocent/kWh |
| INDUSTRY | 5.014 | Projects |
| MEDIAN PAYBACK - INDUSTRY | 2,0 | Years |
| MEDIAN AVOIDANCE COST - INDUSTRY | 1,2 | Eurocent/kWh |

Map of Europe showing project distribution.

Commission

ADVANTAGES of flexible energy efficiency financing platforms

FOR PUBLIC AUTHORITIES:

- ❖ trigger much **more investments** for the same amount of public funding than under traditional grant schemes (similar existing pilot schemes have achieved up to 10 € invested for every euro of public money);
- ❖ **low administrative burden** for authorities.
- ❖ **no need for national co-financing** if ESIF financing is used as a first loss piece in combination with EFSI for the **guarantee**.

FOR THE BANKS INVOLVED:

- ✓ **reduce the risk** faced by the banks and allow them to reduce the associated capital requirements;
- ✓ the involvement of EIB and the EFSI financing would **increase the attractiveness** of the products;
- ✓ market a **well-designed product**, and access to technical assistance.

FOR FINAL BENEFICIARIES:

- more **attractive loan conditions** (e.g. lower interest rate, longer maturity);
- **better access to loans** thanks to the risk sharing facility and access to technical assistance
- **minimal administrative burden** for final beneficiaries, able to work with their own bank as the main (and possible sole) intermediary.

The EU Islands Initiative

2011



Introduces iSEAPs

2017



14 Member States
sign the Malta
Declaration

2011



Calls for a Strategic
Framework

2018



2014



Now



2016



Clean Energy Package



ENERGY UNION

EnergyUnion #EnergyUnion

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Thank you!

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<https://audiovisual.ec.europa.eu/lv/video/I-170870>

<https://audiovisual.ec.europa.eu/en/video/I-170870>