

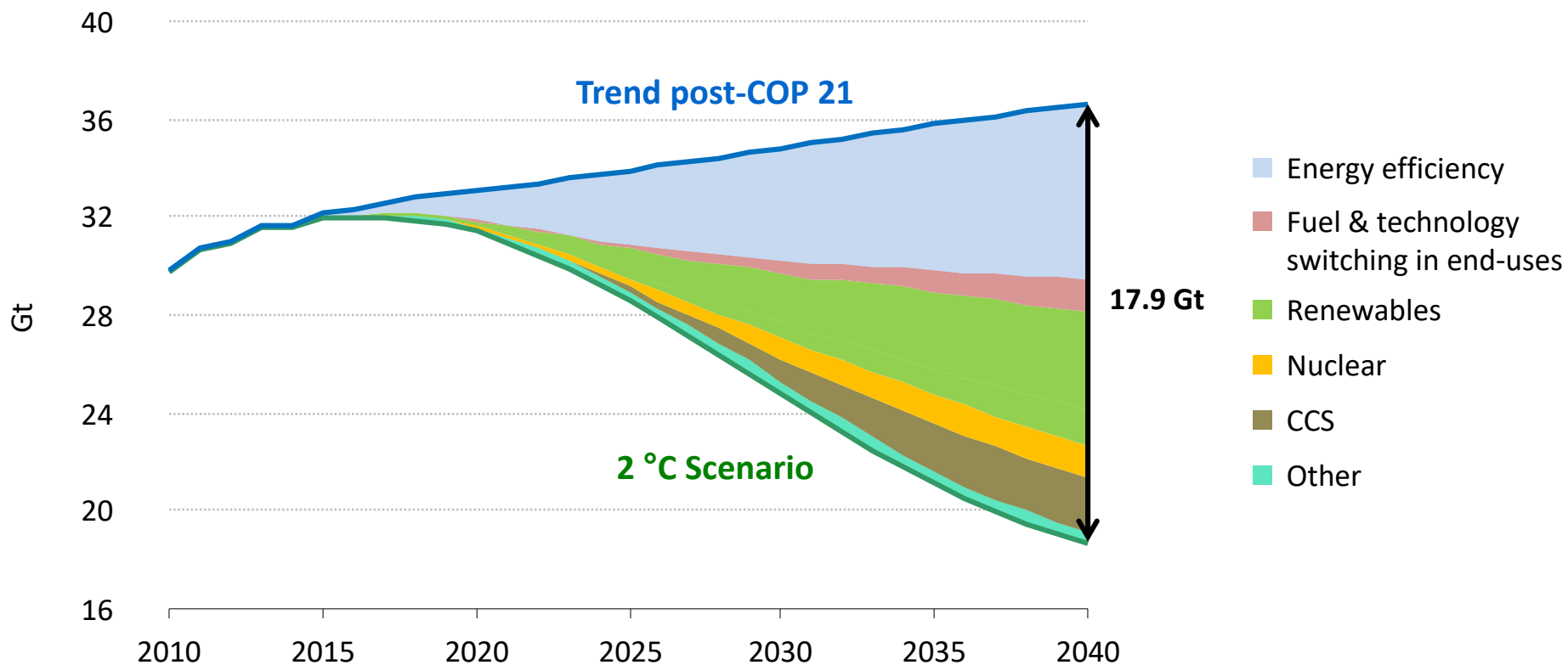
Energy efficiency in buildings: how to accelerate investments?

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EUROPEAN INVESTMENT BANK

Paris, Dec 11 2017

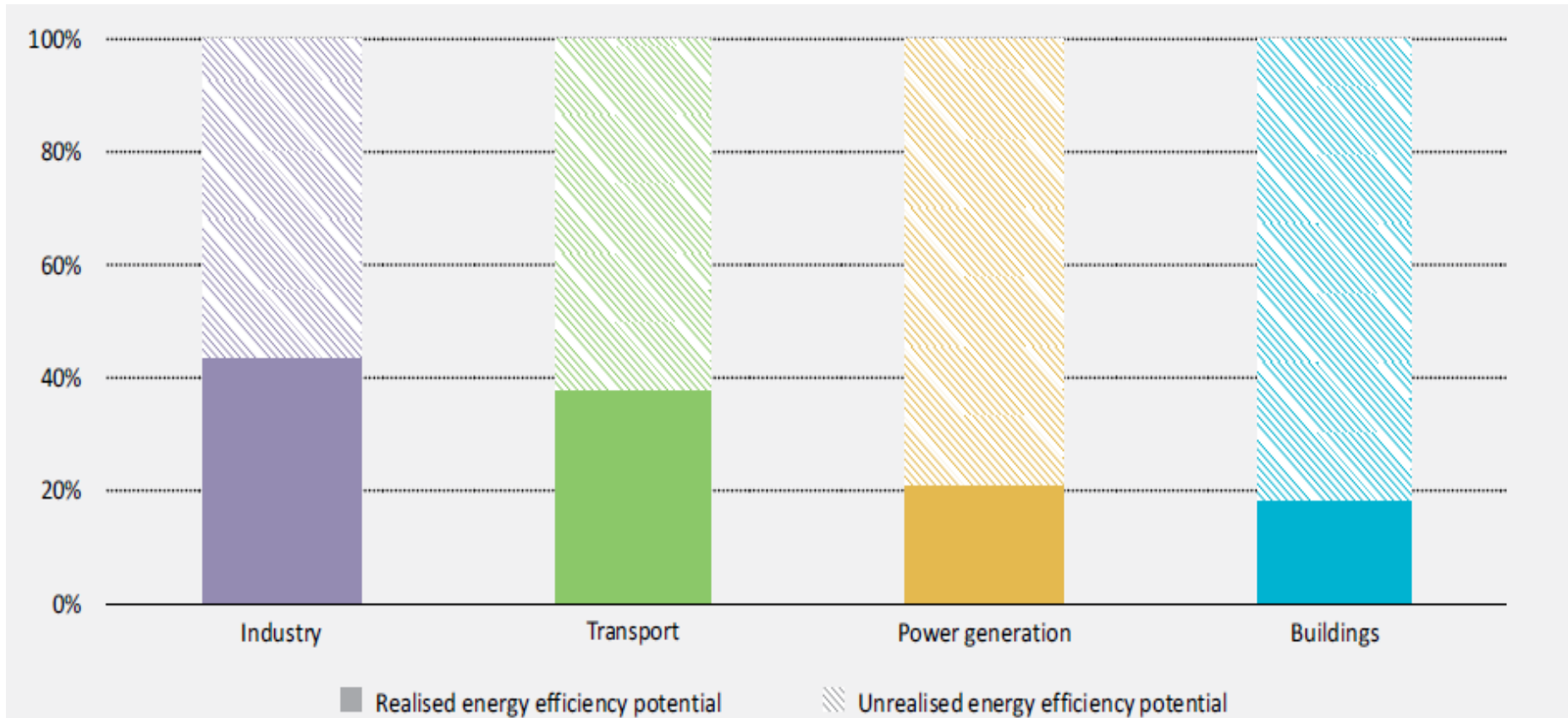
A 2 °C pathway requires more technological innovation, investment & policy ambition

CO₂ emissions in a post COP 21 world



Source: IEA, World Energy Outlook

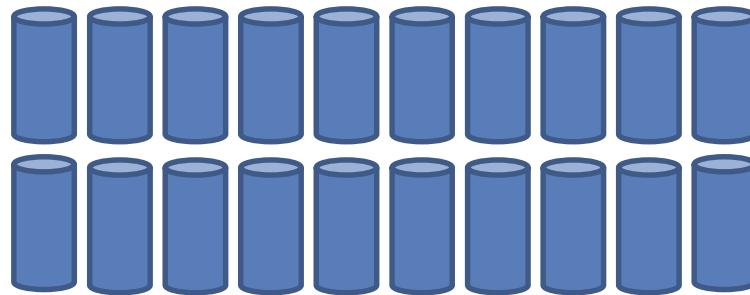
Investments in buildings are crucial in EU decarbonisation scenarios



Buildings is the largest untapped sector

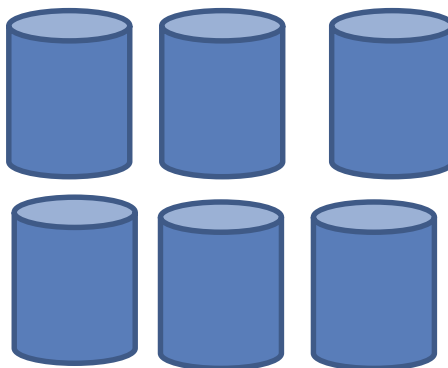
Building energy performance standards: what has changed?

1970s



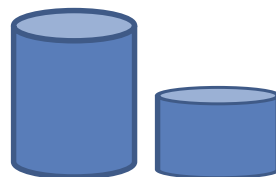
20 barrels / year

Current



6 barrels / year

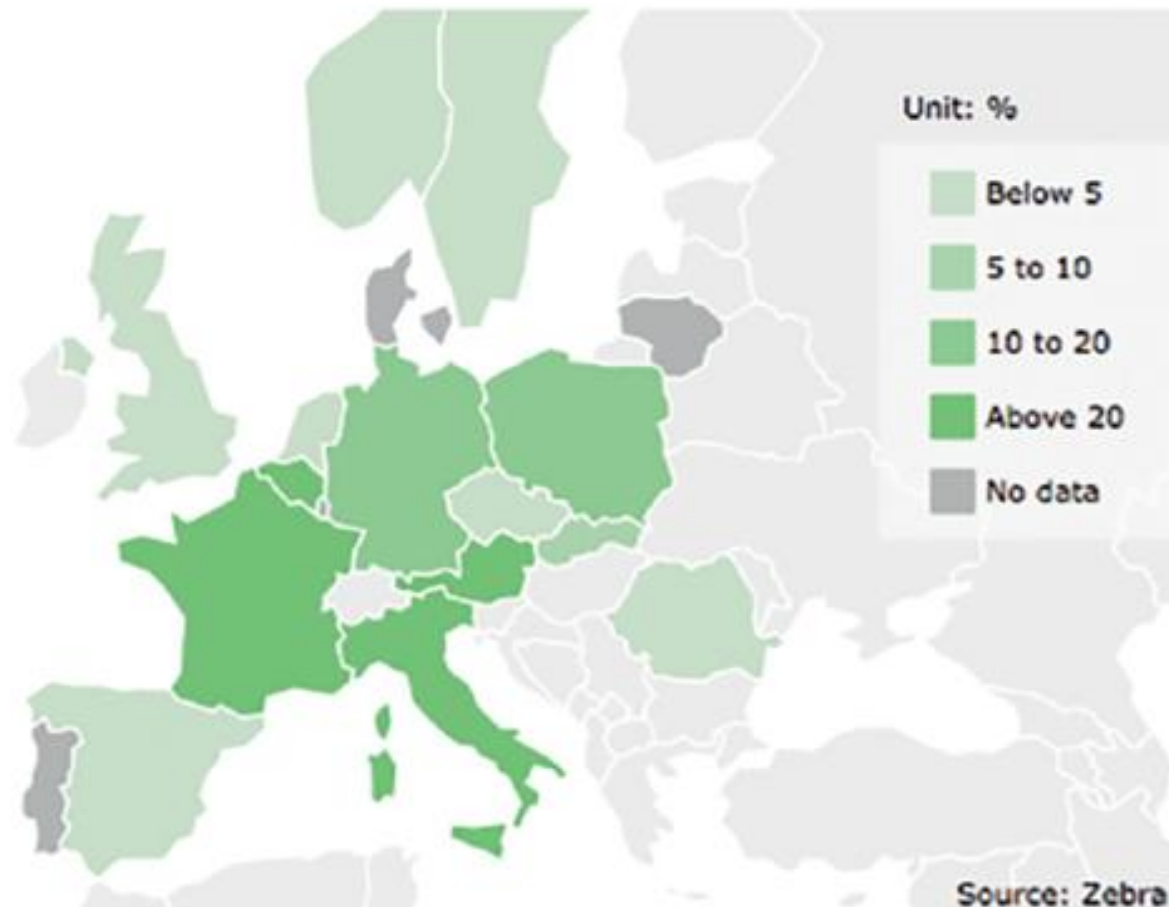
NZEB



1.5 barrels / year

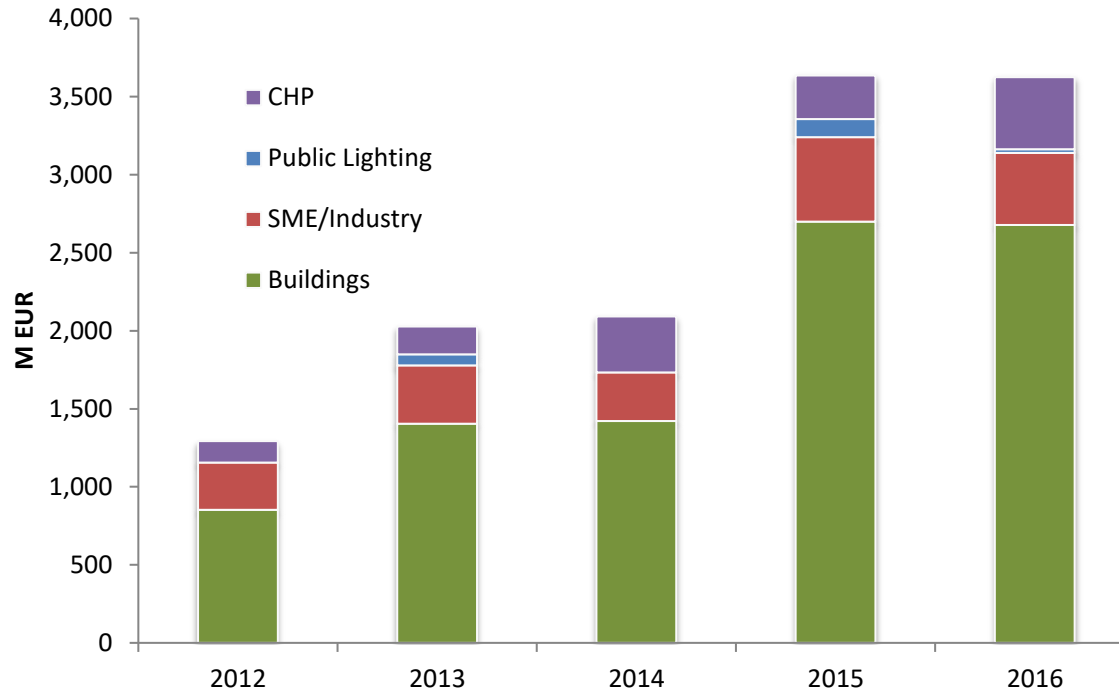
Slow progress....

Share of new dwellings built according to national NZEB definition



Overview of EE lending in EU and France

EE Lending Breakdown per year



- Overall EE-lending increased by 3x since 2012
- 75% for Buildings
- 25% in France

Typical EIB products for EE projects

- **Investment loans (direct)** – barriers tackled plus possible blending
- **Framework loans (intermediated)** – to promote aggregation and crowding in of commercial lending
- **Investment funds (equity)** – to catalyse private investors
- **Advisory services** – typically upstream, with or without link to EIB loans

Case study

- **SPEE in Picardie (France)**
- Framework loan – signed 2015

Promoter

- Regional Division of the Environment and Energy Efficiency Agency (ADEME) and the Picardie Region

Investments

- Objective: EE renovations of private houses (as of mid 2017, 1 480 ongoing, investment cost of EUR 31.5m) to generate 50-75% energy savings

Final Recipients

- Natural persons, home-owner associations,

EE Loans

- Estimated investment programme cost: EUR 52m
- EIB loan: EUR 43.5m

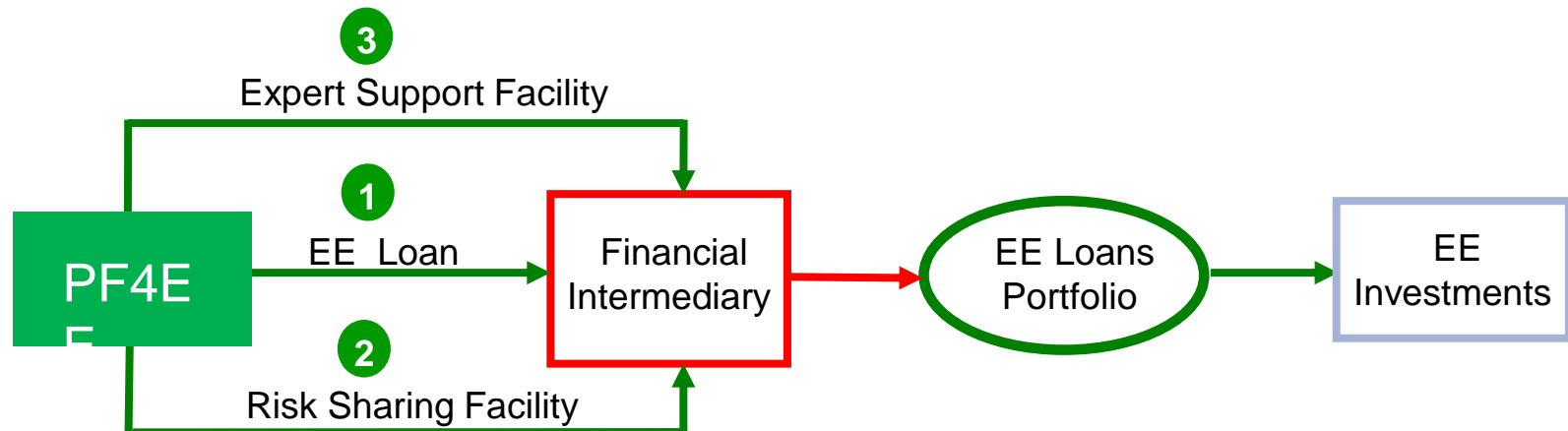
Elena

- Development of a one-stop shop
- ELENA grant budget. EUR 1.8m (Set up of the SPEE operational team, external assistance to support each homeowner in the implementation phase, marketing)

(joint instrument of the EIB and the EC)

PF4EE
comprises
three
components

- A loan to the financial intermediary to be on-lent for financing of energy efficiency investments (“**EE Loan**”)
- A FLP risk mitigation mechanism (sponsored by the EC), which covers losses incurred in the portfolio of EE loans granted by the financial intermediary to on-lend the EE Loan (“**Risk Sharing Facility**”)
- Consultancy services aiming at supporting the financial intermediary to create the abovementioned EE loans portfolio (“**Expert Support Facility**”)



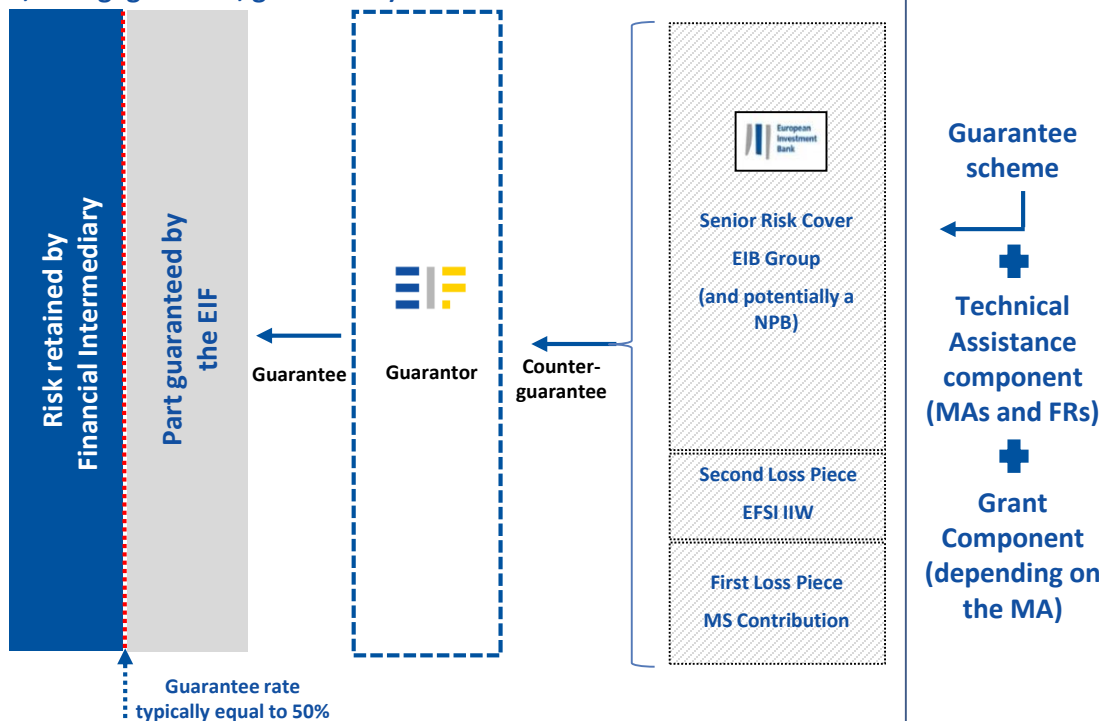
Operation	Country	Status	EIB loan (EUR m)	Energy savings (MWh/year)	CO2 (tons/year)
Belfius	Belgium	Signed	75.0	75,900	3,031
BPER	Italy	Signed	50.0	n.a.	n.a.
BPI	Portugal	Signed	50.0	35,571	14,174
CC	France	Signed	75.0	94,750	7,837
Kormercni	Czech Republic	Signed	75.0	126,000	68,531
Santander	Spain	Signed	50.0	24,600	8,017
Zaba	Croatia	Signed	40.0	26,300	8,979
CCB	Cyprus	Approved	25.0	35,665	27,058
Piraeus	Greece	Approved	100.0	35,215	25,750
Total (signed)			415.0	383,121	110,569

The ‘Smart Finance for Smart Buildings’ initiative – SFSB initiative

A single financial instrument combining up to 3 components

Background information

Eligible Debt Financing (consumer loans, mortgages loans, guarantees)



- Launched on **Nov. 30th, 2016** by the **European Commission**;
- Developed in **cooperation with EIB Group (EIB/EIF)**;
- Part of the “**Clean Energy for all Europeans**” package”;
- Aims to unlock **EUR 10bn of public and private funds by 2020** for energy efficiency (“EE”) in buildings ;
- Consists mainly in an **unfunded credit risk protection** fronted by **EIB Group (EIF)**;
- Relies heavily on **MS Contribution to the First Loss Piece** (most likely ESIF – ERDF);
- Contains reasonable **eligibility criteria** to ensure consistency with **policy objectives**
- May be combined with an EIB Global Loan

A comprehensive financial instrument providing SFSB stakeholders with a holistic solution

ELENA: TA required to deliver investment needs

ELENA

ELENA Technical Assistance

Support for
Project developers (public or
private) for e.g.:

- Additional personnel
- Technical studies
- Preparation, evaluation
of calls for tender
- Financial structuring

INVESTMENT PROGRAMME

Energy efficiency and distributed renewable energy

in public and private buildings,
public lighting and traffic light network
roof top photovoltaics,
heating/cooling systems (e.g. biomass);

Efficient urban transport and mobility

clean and energy - efficient road transport vehicles,
trams, trolleybuses, metros, and trains;
investments to improve public transport;

Local energy facilities that support EE/RE
smart grids, district heating and cooling
infrastructure for recharging electrically powered vehicles,
information and communications technologies,

Unlocking EE investments in buildings

Challenges and EIB's response

Fragmentation
(small projects
and high
transaction costs)

Aggregation
(FIs, Funds, IT
tools)

**Lack of
technical
expertise**

Blending
(provision of TA
and first loss
funding)

**Horizontal
role (industry,
SMEs, social
housing)**

**Strategic
decision and
bottom-up (EE
first)**

**Financial and
capital
constraints**

**Linking EE
assets and
liabilities
(EEMAP and
green
bonds)**

THANK YOU!

Any questions?

