



THE EU'S NEW LEGAL FRAMEWORK AND FUTURE BUDGET FOR THE ENERGY TRANSITION

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2nd Sustainable Energy Investment Roundtable
Copenhagen, 14 May 2019

Content

1. EU Policy framework

2. Funding for Energy in the
2021-2027 EU Budget

3. H2020 funding
opportunities this/next year



THE CHALLENGE

The EU committed to **three ambitious climate and energy targets for 2030** in line with the Paris Agreement.

Commission proposes in its **long-term strategy** that the EU achieves **net-zero GHG emissions by 2050**.



Minimum **40%** cut in greenhouse gas emissions compared to 1990 levels



At least a **32%** share of renewables in final energy consumption



At least **32,5%** energy savings compared with the business-as-usual scenario

Public money
MFF

The yearly investment gap to meet these targets is estimated to be **between € 150 to 200 billion**.

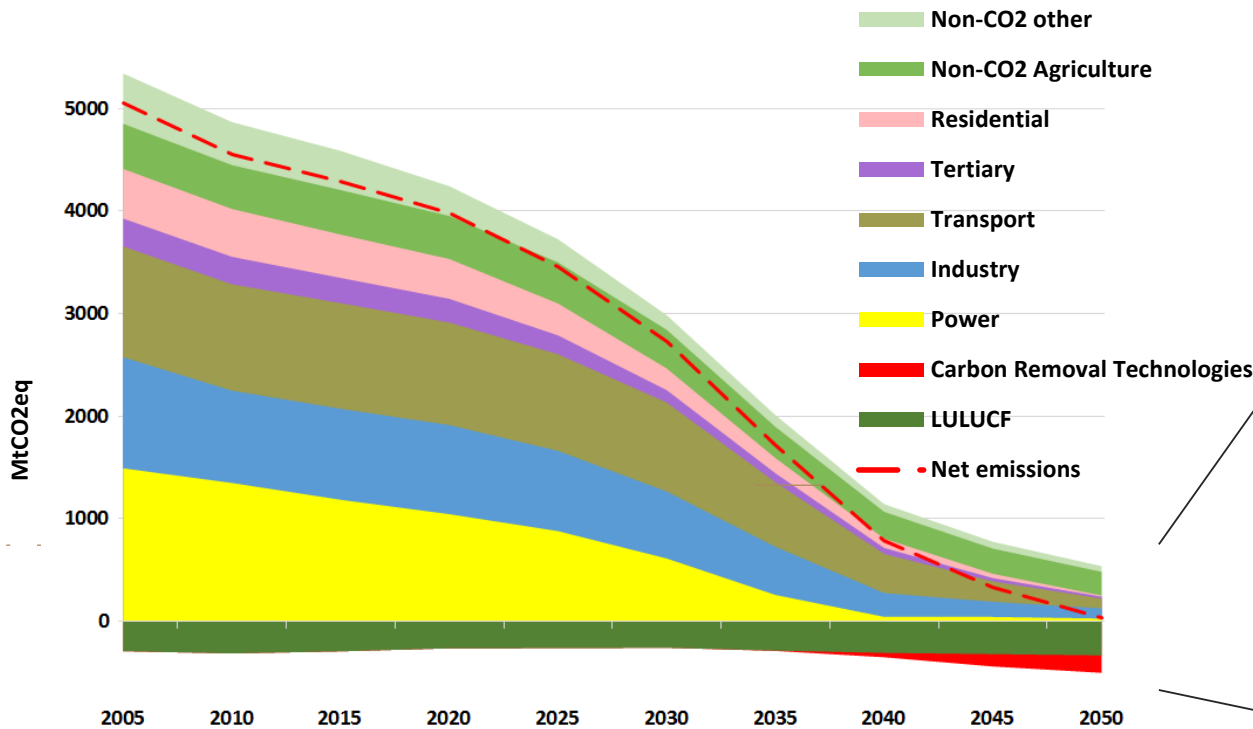
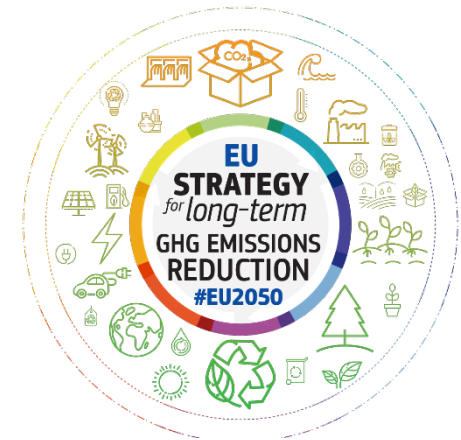
Private capital

Public support alone will not be sufficient to meet those investment needs. The private sector will have to play a huge role and a smart policy framework is needed to incentivise private investment.

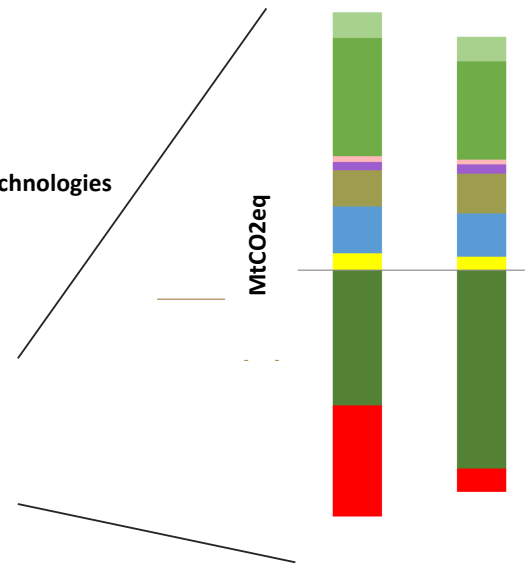




THE LONG-TERM VISION

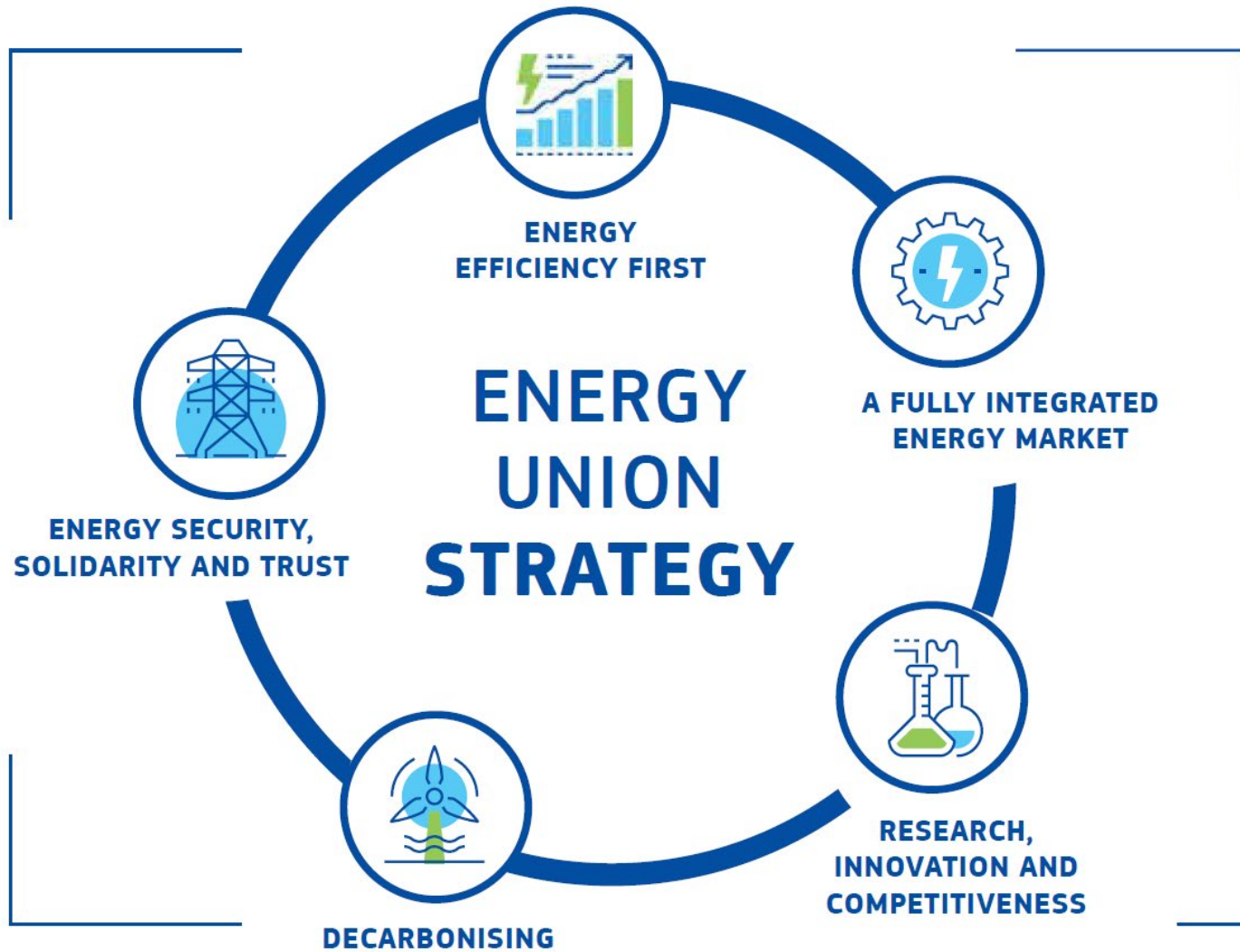


Different zero GHG pathways lead to different levels of remaining emissions and absorption of GHG emissions





THE STRATEGY





KEY MEASURES ALREADY ADOPTED

KEY ELEMENTS OF THE AGREED LEGISLATIVE FRAMEWORK





NATIONAL ENERGY AND CLIMATE PLANS (NECP)

- Drafts plans were due by end 2018 – have been submitted by all 28 MS (available on COM website)
- COM to assess draft plans and issue recommendations by end June 2019
- Final plans to be notified to COM before end of 2019
- Involvement/consultation of public and stakeholders a legal requirement



NEW DRAFT LEGISLATION ON SUSTAINABLE FINANCE

1

A UNIFIED EU GREEN CLASSIFICATION SYSTEM - 'TAXONOMY'

To determine if an economic activity is environmentally sustainable based on harmonised EU criteria. It will identify areas where sustainable investment can make the biggest impact. The ENVI/ECON Joint Committee of the European Parliament adopted their report in March 2019.

2

INVESTORS' DUTIES AND DISCLOSURES

Clarify the duty of asset managers and institutional investors to take sustainability into account in the investment process and enhance disclosure requirements. Political agreement reached by European Parliament and Council in March 2019.

3

LOW-CARBON BENCHMARKS

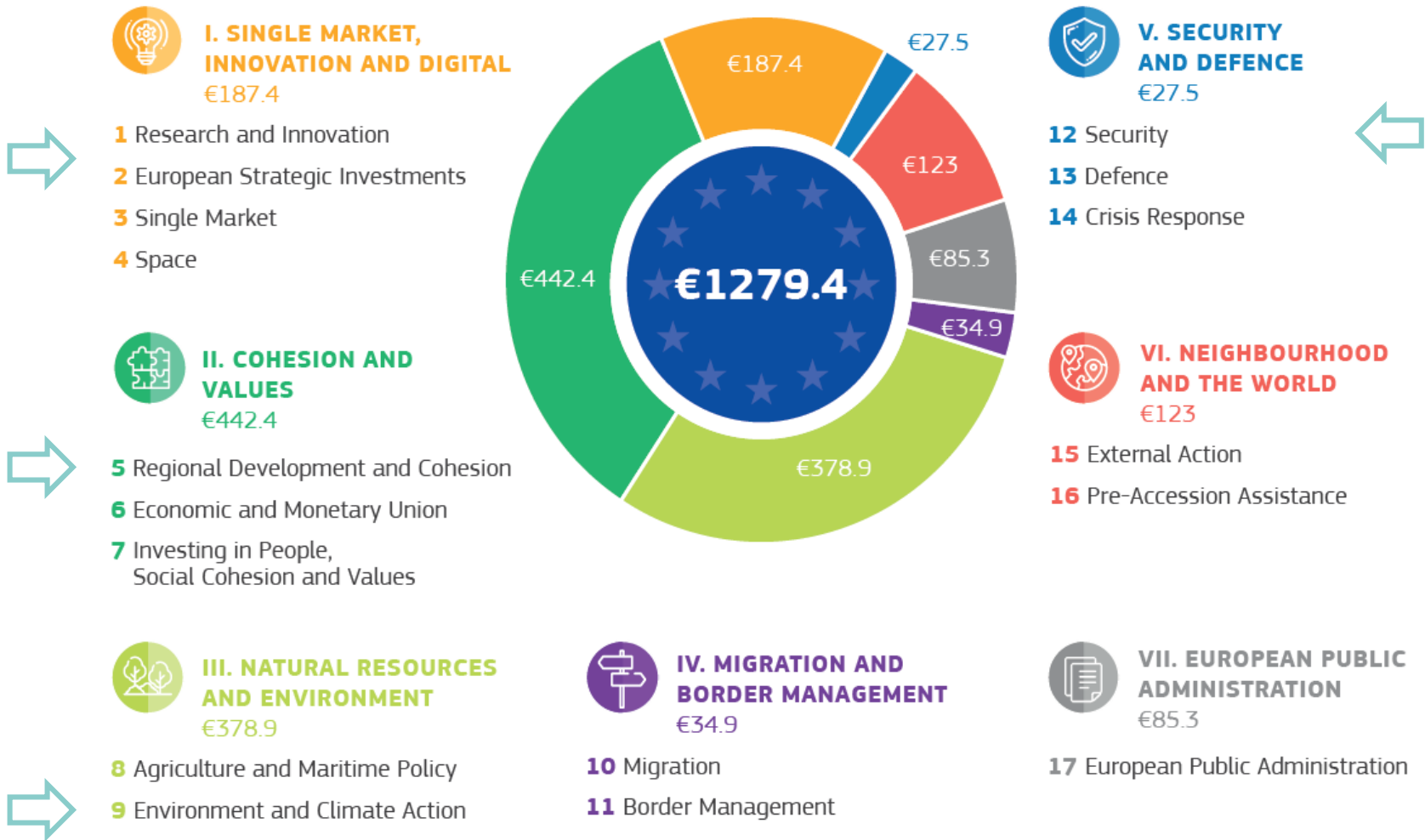
Two new categories of benchmarks: climate transition benchmark or “decarbonised” version of standard indices, and the Paris-aligned benchmark (only comprising companies that are aligned with a 1.5° target). Political agreement reached by European Parliament and Council in February 2019.





2021-2027 MFF*: ALIGNMENT WITH POLITICAL PRIORITIES /EC PROPOSAL/

In billion euro, current prices



*MFF: Multi-Annual Financial Framework



SUPPORT TO CLEAN ENERGY – MFF PROGRAMMES



I SINGLE MARKET, INNOVATION & DIGITAL

1 Research & Innovation

- Horizon Europe
- International Thermonuclear Experimental Reactor (ITER)
- Euratom Research & Training Programme

2 European Strategic Investments

- InvestEU Fund
- Connecting Europe Facility

25% climate mainstreaming across the EU Budget



III NATURAL RESOURCES & ENVIRONMENT

9 Environment & Climate Action

- Programme for Environment & Climate Action (LIFE)



II COHESION & VALUES

5 Regional Development & Cohesion

- European Regional Development Fund
- Cohesion Fund



V SECURITY & DEFENCE

12 Security

- Nuclear Decommissioning (Lithuania)
- Nuclear Safety and Decommissioning (incl. for Bulgaria and Slovakia)



VI NEIGHBOURHOOD & THE WORLD

15 External Action

- Neighbourhood, Development and International Cooperation Instrument (incl. external aspects of migration)
- **16 Pre-Accession Assistance**
- Pre-Accession Assistance

Programmes outside the MFF

- Innovation Fund
- Modernisation Fund



SUPPORT TO CLEAN ENERGY – THE FIGURES

Energy in the MFF (<i>current prices, EUR million</i>)	2021-2027 (EC proposal)	2014-2020 (EU27+EDF)
Main energy-relevant programmes		
Connecting Europe Facility - Energy	8.650	4.163
ITER	6.070	2.910
Nuclear Decommissioning (Lithuania)	552	451
Nuclear safety and decommissioning (incl Bulgaria and Slovakia)	626	883
LIFE Programme	5.450	3170
of which Clean Energy sub-programme	1.000	-
InvestEU	14.725	
Horizon Europe	97.600	66.034
ERDF	226.308	193.398
Cohesion Fund	46.692	74.589
Other programmes that might benefit energy		
Euratom Research and Training Programme	2.400	2.085
Neighbourhood, Development and International Cooperation Instrument	89.500	70.428
Instrument for pre-accession Assistance	14.500	12.799
non-MFF programmes*		
Innovation Fund	10.000	
Modernisation Fund	6.000	
TOTAL MFF	1.279.408	1.063.101



ERDF AND COHESION FUND *(as in EC proposal)*

- Proposed budget 2021-2027: EUR 273 billion
- A strengthened link with the European Semester and NECPs
- A simplified framework and less red tape for the beneficiaries of the funds
- Policy Objective 2: “*a greener, low-carbon Europe*”
- Reinforced, streamlined enabling conditions linking policy implementation and funding
- Climate mainstreaming: ERDF – 30%; CF – 37%

- Energy efficiency
- Renewable energy
- Smart energy systems, grids and storage

- Decommissioning/construction of nuclear power stations
- Production, processing, distribution, storage, combustion of fossil fuels

No trilogues planned. EP will not start trilogues before October.



HORIZON EUROPE

- Proposed budget 2021-2027: EUR 97.6 billion
- GLOBAL CHALLENGES & INDUSTRIAL COMPETITIVENESS - Cluster 5:
Climate, Energy and Mobility, ca. EUR 15bn
 - Climate science and solutions
 - Energy supply
 - Energy systems, grids
 - Buildings and industrial facilities in energy
 - Communities and cities in transition
 - Energy storage
 - Clean transport and mobility

Partial agreement reached on 19 March 2019*

**to be validated by EP and Council*



INVESTEU PROGRAMME

- The Union's new investment instrument: single budgetary guarantee
- Guarantee: EUR 38 billion (40% provisioning rate) to mobilize over EUR 650 billion
 - Main implementing partner: EIB Group (75%)
- 4 policy windows:
 - **Sustainable Infrastructure Window (EUR 11,5 of the 38 bn.)**
 - Research & Innovation Window
 - SME Window
 - Social Window
- InvestEU Advisory Hub (central TA facility)
- InvestEU Portal
- Climate mainstreaming: 40%
 - SIW: 55% to climate and environment

Partial agreement reached on 20 March 2019



LIFE PROGRAMME

- Proposed budget for 2021-2027: EUR 5.45 billion
- Sub-programmes:
 - Nature & biodiversity
 - Circular economy and quality of life
 - Climate change mitigation and adaptation
 - **Clean energy transition – EUR 1 billion**
 - *Enabling framework for energy efficient and renewable energy policy implementation through capacity building*
- Climate mainstreaming: 61%

Partial agreement reached on 11 March 2019



IN SUMMARY

New EU legal framework for Energy Union in place:

- Ambitious targets for GHG, EE, RES for 2030 in force
- National Energy and Climate Plans to provide forward visibility, coherence, delivery and stakeholder involvement – to be finalised in 2019 (COM recommendations on drafts expected in June)

Sustainable Finance framework under development

Future EU funding for Energy Efficiency – key sources:

- Capacity building and policy support - LIFE/Clean Energy
- Direct support towards clean energy investments - ERDF/CF, CEF
- Mobilising private investments through de-risking – InvestEU
- R&I and technology development - Horizon Europe



..but: no need to wait until 2021!



**€112 MILLION AVAILABLE
APPLY BY 3 SEPTEMBER!**

Call for proposals 2019

Buildings

Innovative approaches for buildings renovation (EE1)

Integrated home renovation services (EE2)

Stimulating demand for sustainable energy skills in the construction sector (EE3)

Increase building smartness through legacy equipment (EE-4)

Next-generation of Energy Performance Assessment and Certification (EE5)

Bioclimatic approaches for improving energy performance in buildings in Africa and Europe (EE18)

Industry

Business case for industrial waste heat/cold recovery (EE6)

Capacity building programmes to support energy audits (EE8)

Finance

Innovative financing for energy efficiency investments (EE9)

Mainstreaming energy efficiency finance (EE10)

Aggregation – Project Development Assistance (EE11)

Public authorities & Policy Support

Socio-economic research on energy efficiency and demand (EE14)

Supporting public authorities to implement the Energy Union (EE16)

Consumer & Services

The role of consumers in changing the market (EC1)

Mitigating household energy poverty (EC2)

Next-generation of smart energy services (EE13)



Integrated Home Renovation Services

(Call H2020-LC-SC3-EE-2-2018-2019)

*Create, expand or replicate
“one-stop-shops”*

*Single entry point to cover the
whole “customer journey”*

- *Incl. structuring and provision of finance*

*Facilitate the access of local
professionals to final customers
through strong and trustworthy
partnerships*

Deadline: 3 sept. 2019



Innovative financing for energy efficiency investments

(Call H2020-LC-SC3-EE-9-2018-2019)

Set-up new innovative, operational financing schemes

- *e.g. dedicated credit lines, guarantee facilities, on-bill or on-tax financing, etc.*

Replicate previously successful solutions

- *e.g. developed/implemented under various PDA facilities*

Establish regional/national aggregators able to develop large (standardized) project pipelines

Create EU or regional/national energy efficiency investment roundtables/platforms

Deadline: 3 sept. 2019



Mainstreaming energy efficiency finance

(Call H2020-LC-SC3-EE-10-2018-2019-2020)

*Frameworks for the standardisation
and benchmarking of energy efficiency
investments*

*Capacity building for banks and
investors*

*Gathering, processing and disclosing
large-scale data on actual financial
performance of energy efficiency
investments*

*Further integration of non-energy
benefits in project valuation and
adapted financial offer*

*Increase share of EE investments in
institutional investors' portfolios*

*Explore the impact of revised risk
ratings and requirements for EE on
financial regulations*

Deadline: 3 sept. 2019



Aggregation / Project Development Assistance (PDA)

Call H2020-LC-SC3-EE-11-2018-2019-2020

Build technical, economic and legal **expertise** needed for project development

Develop organisational **innovations** and minimise transaction costs

High degree of **replicability**

Remove legal, administrative and other market **barriers**

Aggregate (pooling, bundling) **projects** to reach critical size

Mobilize private finance

H2020 PDA: main features

Sectors targeted:

- Public and private buildings
- Industry and services
- Urban transport
- Existing infrastructures
(street lighting, water/wastewater)

*Investments launched before end
of the action!*

1:15 leverage ratio

*Proposals from 1 single entity are
eligible*

EU contribution 100%

Budget 2018: EUR 7 million

Budget 2019: EUR 6 million

Deadline: 3 sept. 2019

ELENA in the H2020 work programme

Project promoters
(ex: regions, municipalities, fleet operators)



Bankable projects in:

- Energy efficiency and distributed renewable energy
- Urban transport

Budget in 2019-2020? EUR 30-40 million pr. year

**Size of investments?
> EUR 30 million**

**Leverage ratio?
1:20 for energy projects**

**EU contribution?
Max 90% of eligible costs**

**How to apply?
Manage by the EIB. No calls.
Contact: elena@eib.org**

FURTHER INFORMATION

<https://ec.europa.eu/easme/en/horizon-2020-energy-efficiency/112-million-energy-efficiency-2019#inline-nav-6>

<https://ec.europa.eu/easme/en/news/financing-energy-efficiency-what-you-need-know>

(where you will find e.g. links to the calls, and to recorded webinars for potential applicants and on

[Financing Home Renovation](#)

[Deployment of Energy Efficient Mortgages and The role of Standardisation & Benchmarking](#))

H2020 energy calls for 2020?

Learn all about it on

#H2020Energy Info Days

25 - 27 June 2019
BRUSSELS



All sessions will be **webstreamed** and recordings will be made available after the event.

More info: <https://ec.europa.eu/inea/en/news-events/events/horizon-2020-energy-info-days>

One final message:
we can all make a difference...this month!



European elections
23-26 MAY 2019

thistimeimvoting.eu
what-europe-does-for-me.eu



***Thank you for
your attention!***



DG ENER – Energy Efficiency:
<https://ec.europa.eu/energy/en/topics/energy-efficiency>

State of the Energy Union:
https://ec.europa.eu/commission/publications/4th-state-energy-union_en

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