



REPUBLIC OF ESTONIA
MINISTRY OF ECONOMIC AFFAIRS
AND COMMUNICATIONS

Energy efficiency finance in the Baltic region: state of play in Estonia

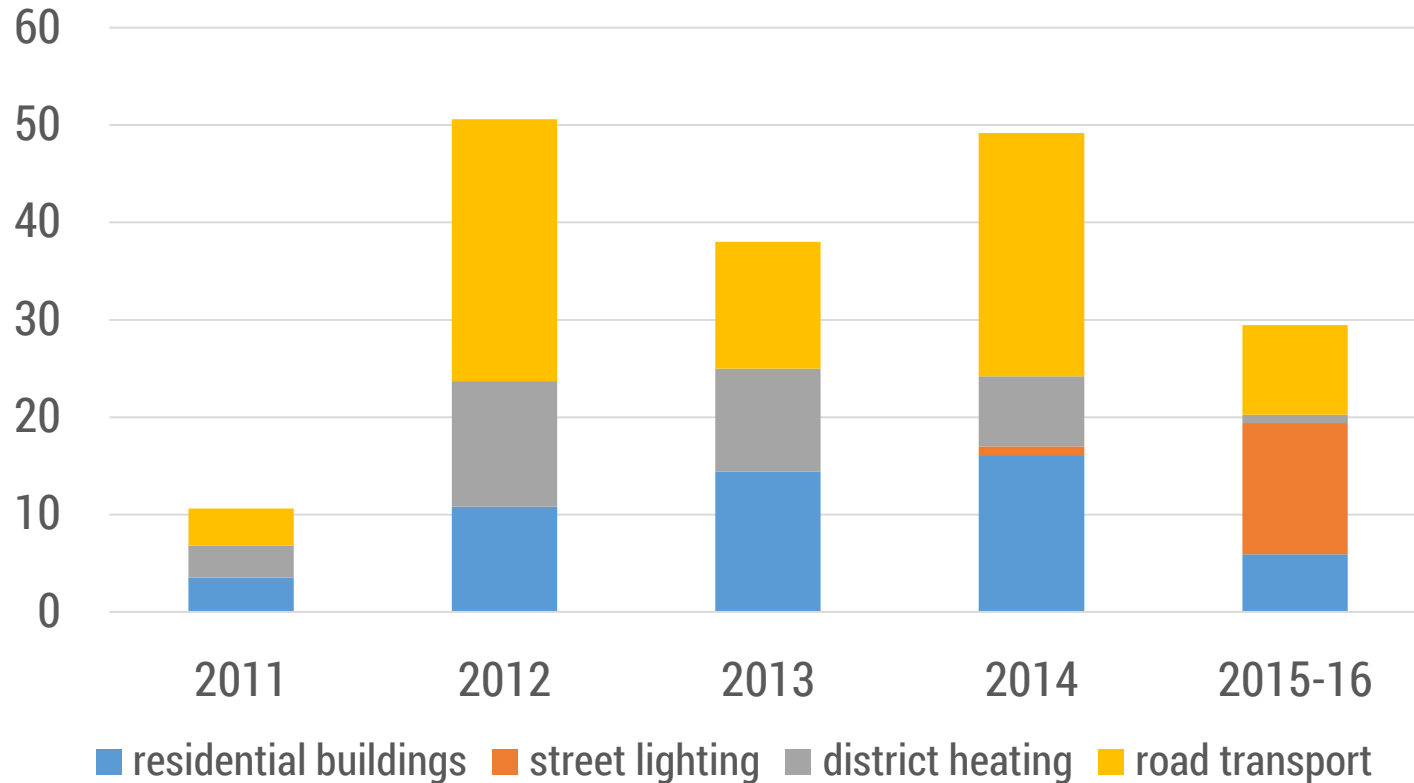
Madis Laaniste
Energy Department

11.11.2016

Main measures for promotion of energy efficiency investments in Estonia

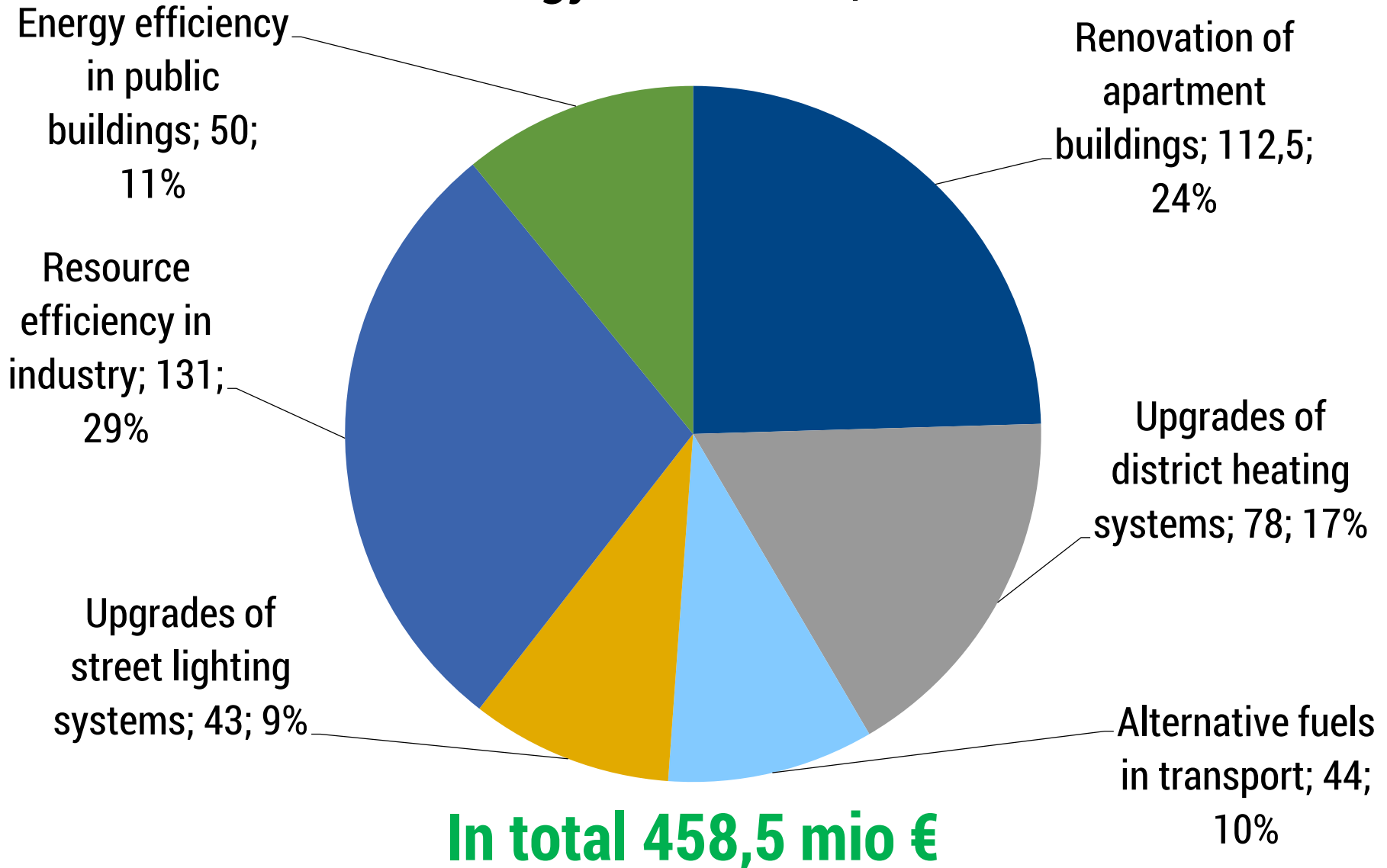
- Investment grants
- Profit tax exemptions:
 - physical persons may deduct interests of their home renovation loans from taxed income
 - legal persons are not paying profit tax for reinvested income
- Loan guarantees
- Taxation policy

Annual disbursements from investment support schemes



- total disbursements from investment support schemes 2011-2016:
178 mio €

Planned funding of energy efficiency and renewable energy 2014-2020, M€



Ex-ante assessment on the use of financial instruments (FI)

- PwC study completed in January 2015
- Scope:
 - all the measures funded from the cohesion policy funds that may be replaced with FIs
- Proposals (linked with energy efficiency):
 - FIs are appropriate for measure “Resource efficiency in industry”
 - FIs may be appropriate for measure “Renovation of apartment buildings” (currently they are not)

Ex-ante assessment on the use of financial instruments

- Upgrades of street lighting systems
 - no market failures in the loan market
 - high investment costs because the need to replace full infrastructure
 - systems having age more than 20 years: 60 M€ (needed inv.)



Postimees/Scanpix

- long pay-back time: without a grant ca 35 years
- with 75% investment grant ca 10 years

National energy strategy until 2030

- Key messages related to energy efficiency
 - Final energy consumption in 2030 shouldn't be higher than in 2010
 - Building stock deteriorates unless there are investments
 - Investments will be not done without renovation grants
 - Investment aid to renovate are almost cost-neutral for the state budget
 - Transport sector is essential, further challenges can be addressed with taxation and planning policy



REPUBLIC OF ESTONIA
MINISTRY OF ECONOMIC AFFAIRS
AND COMMUNICATIONS

Thank you!

Madis Laaniste
madis.laaniste@mkm.ee