



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



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21-CMP11

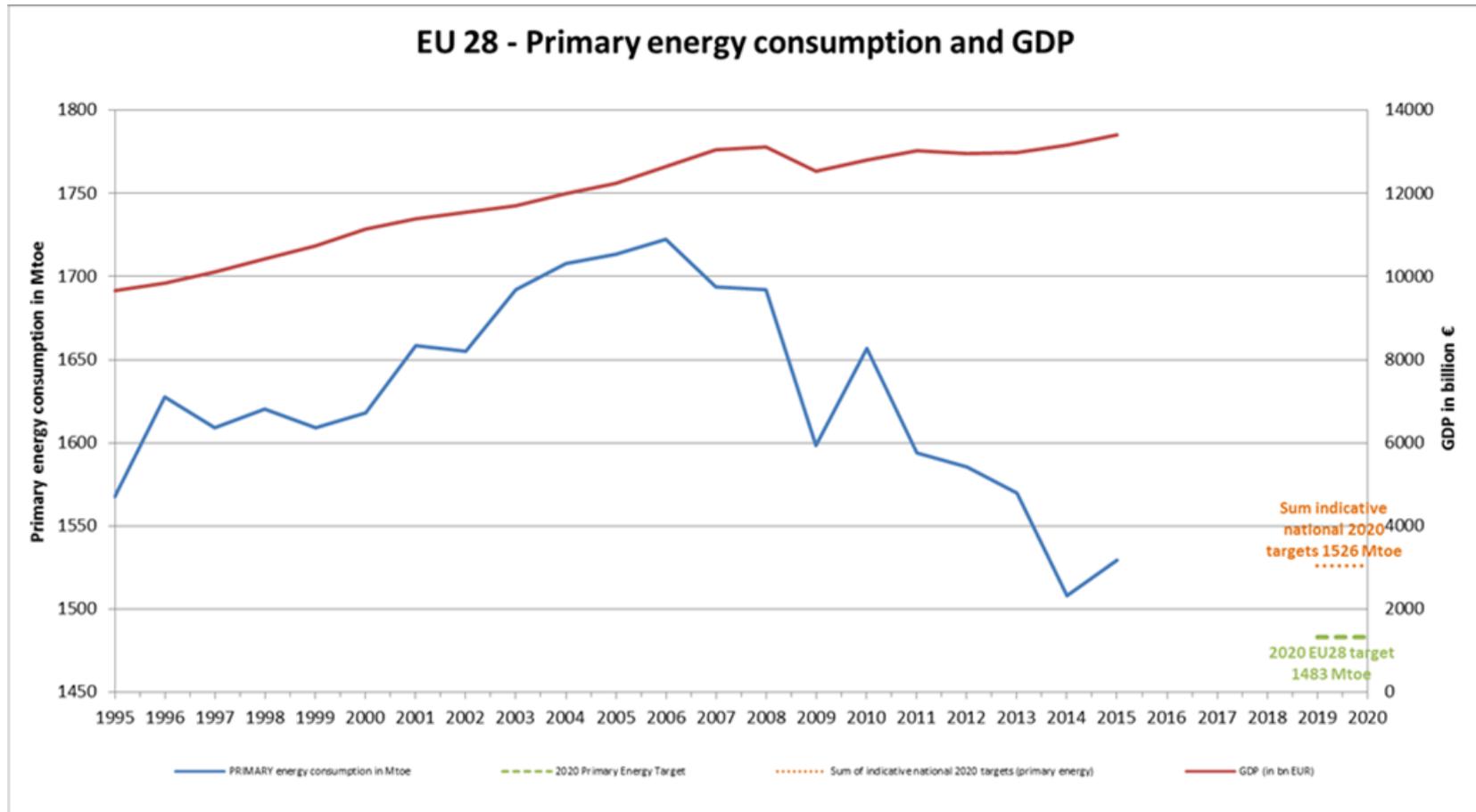
Decarbonization (Paris Agreement)



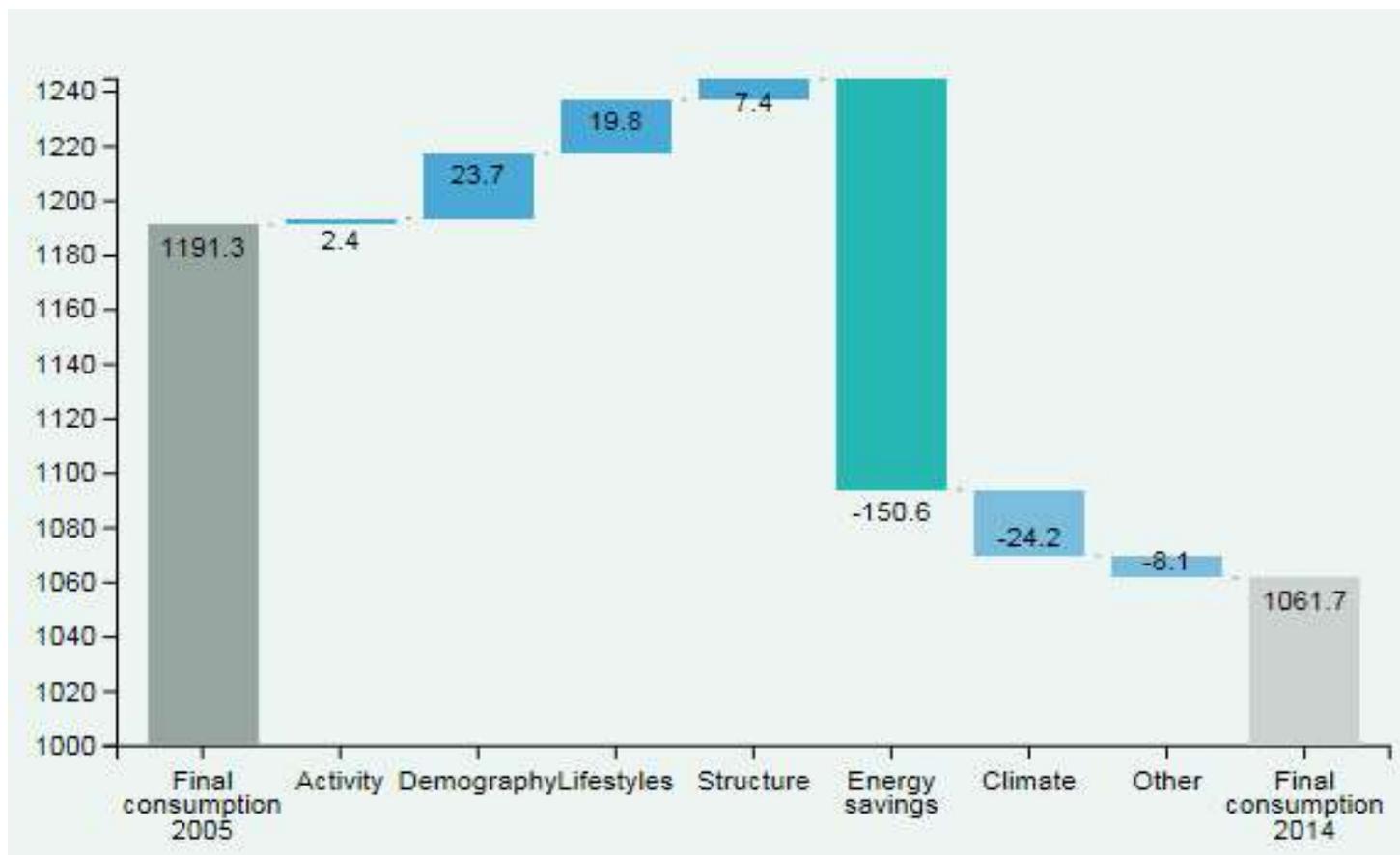
**SUSTAINABLE
GROWTH**

Promoting growth, jobs and investments

It's not a dream...

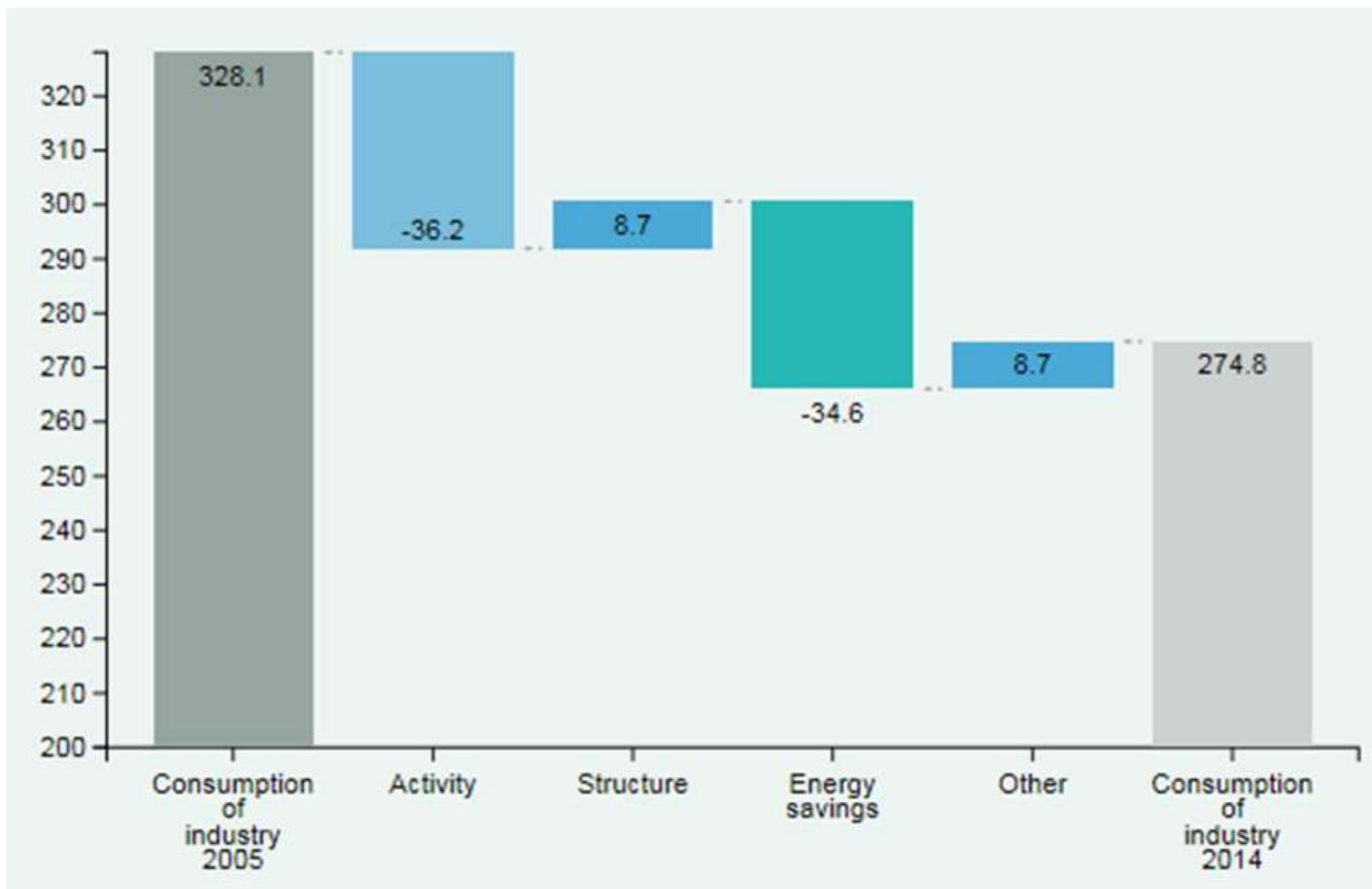


It's not only the economy...



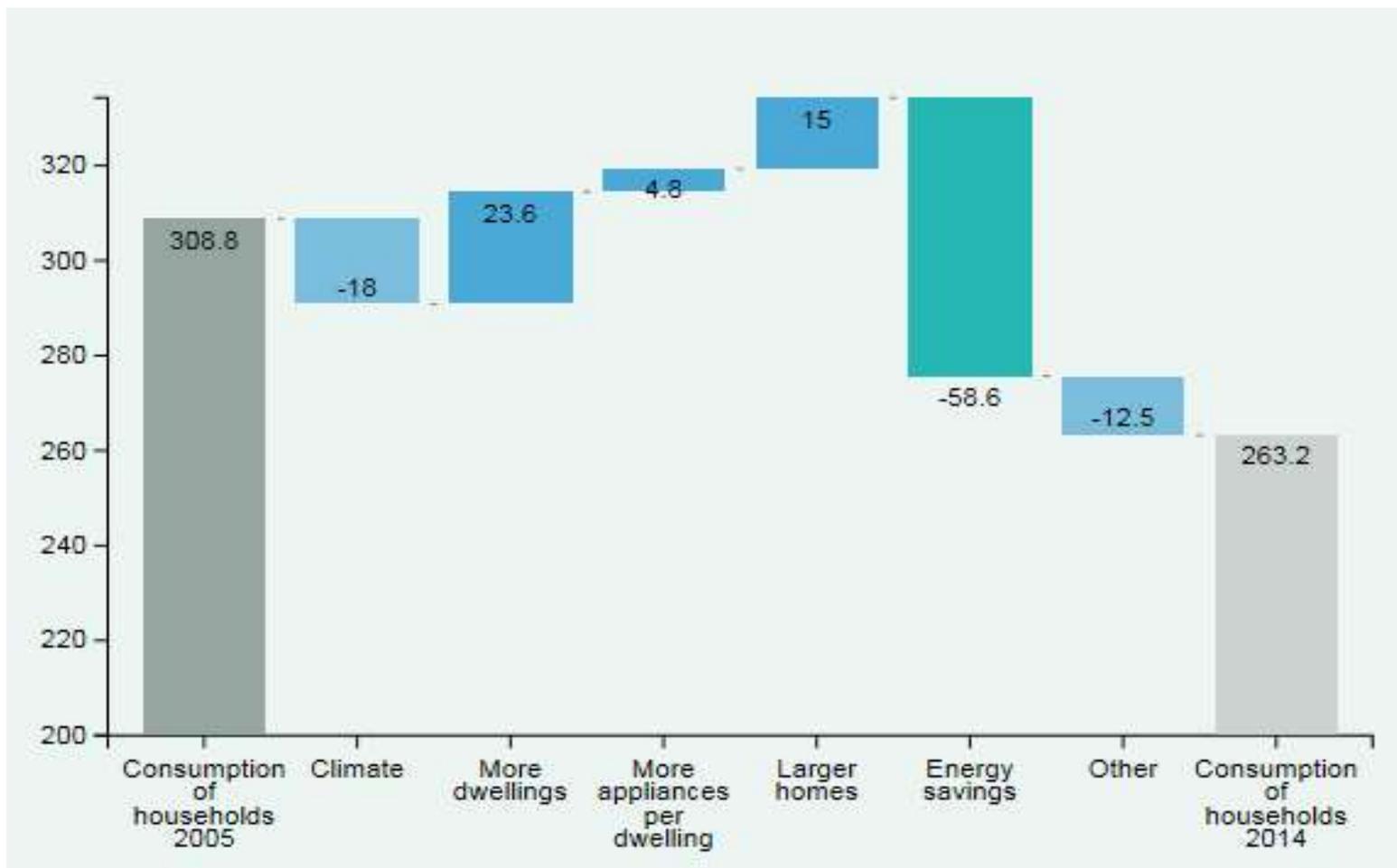
Variation final energy consumption - European Union - Mtoe (2005-2014), Odyssee-Mure

CLEAN ENERGY FOR ALL EUROPEANS



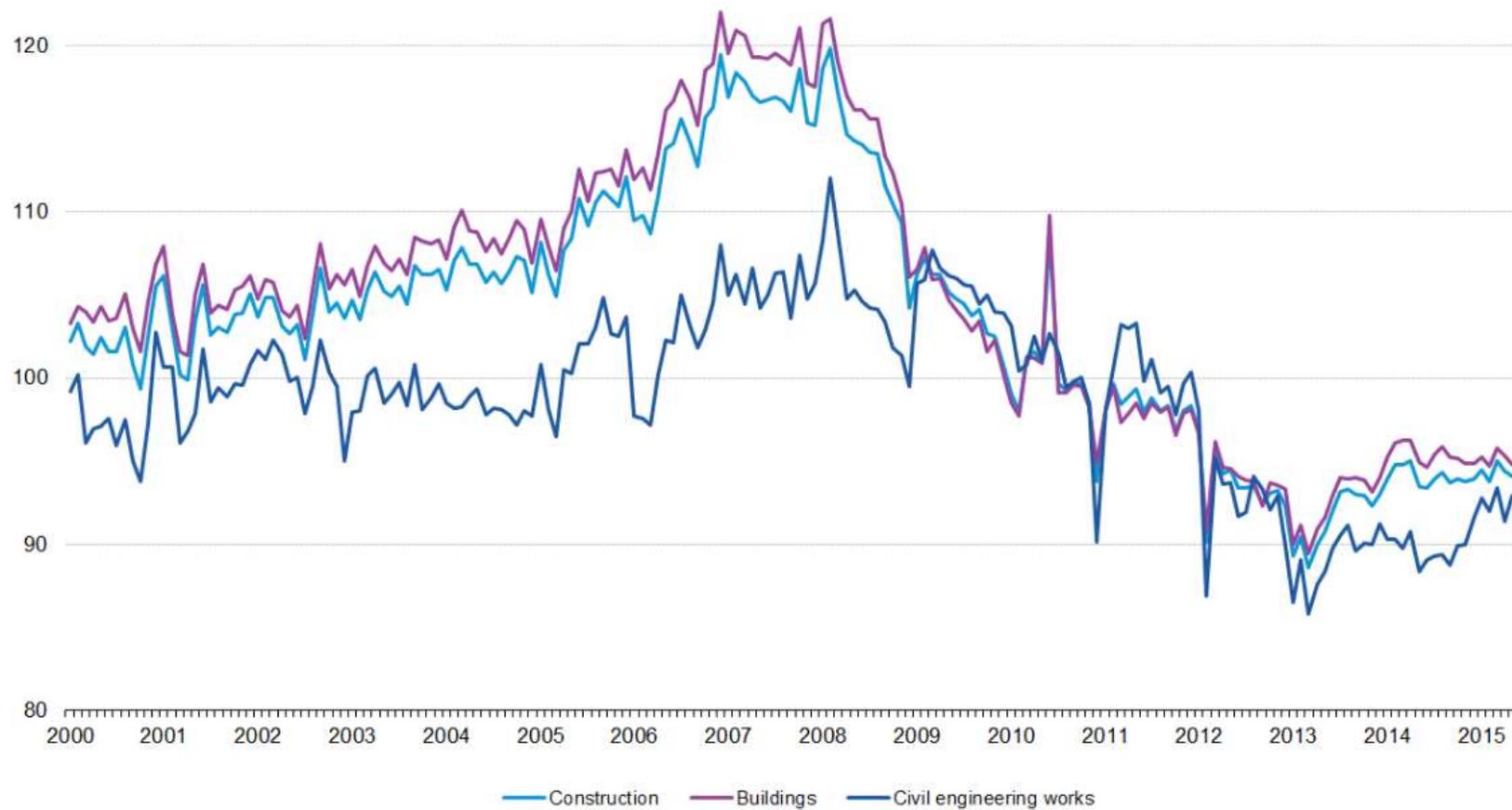
Variation industry energy consumption - European Union - Mtoe (2005-2014), Odyssee-Mure

CLEAN ENERGY FOR ALL EUROPEANS



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

Total construction, buildings and civil engineering activity index (2010=100)



Source: Eurostat, data table "sts_copr_a", 2000-2015, monthly data, seasonally and working day adjusted

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.

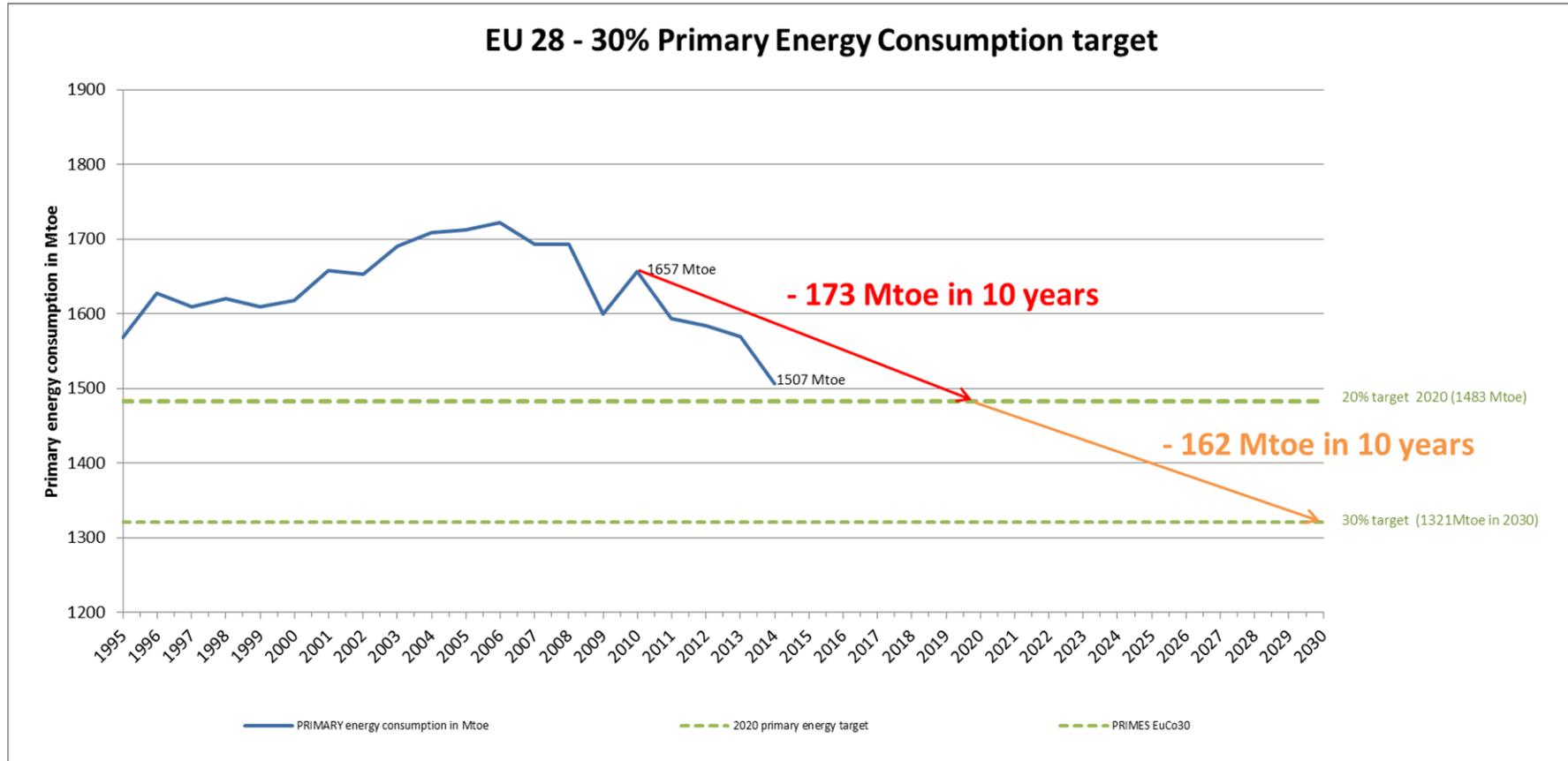


New dwellings built today consume on average 40% less than dwellings built 20 years ago.

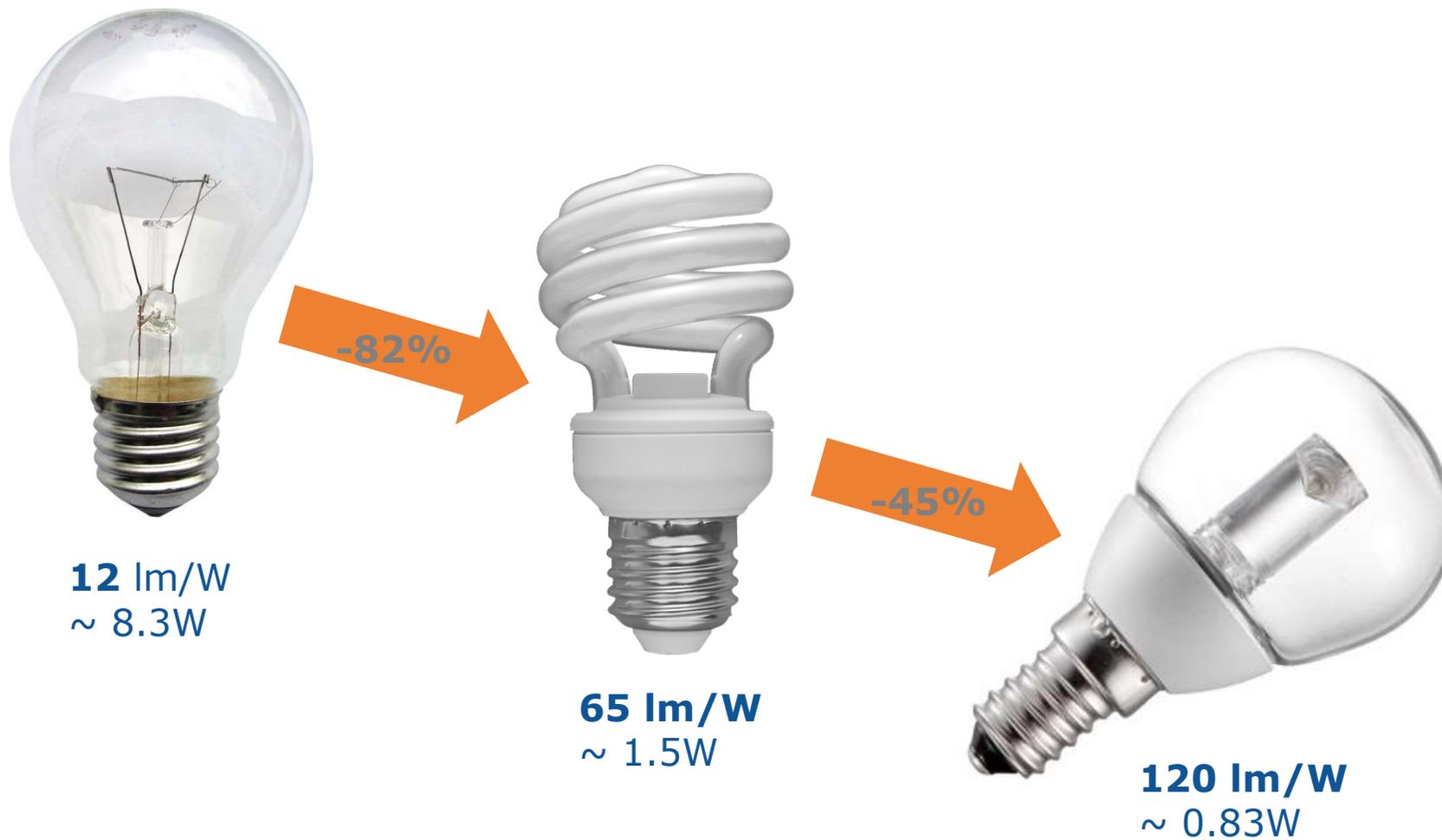


Between 1995 and 2014 the average consumption of new cars in the EU decreased by 34%.

CLEAN ENERGY FOR ALL EUROPEANS



Why do we need new policy then?



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

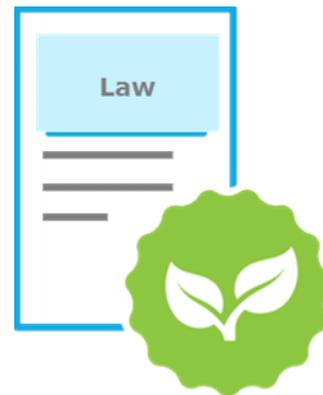
- Smart Finance for Smart Buildings

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



...and of course, **the right policy framework**



European
Commission

ENERGY UNION

EnergyUnion #EnergyUnion

European Commission
Commission européenne

Commission européenne
European Commission

Thank you!

**Paul Hodson
Head of Unit – Energy Efficiency Unit
DG ENER, European Commission**

#EnergyUnion

