



European
Commission



European energy efficiency policy and financing

Sustainable Energy Investment Forums
2nd National Round Table on Financing Energy Efficiency in Romania
Bucharest , 6 June 2019

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Clean Energy for All Europeans: 8 different legislative proposals

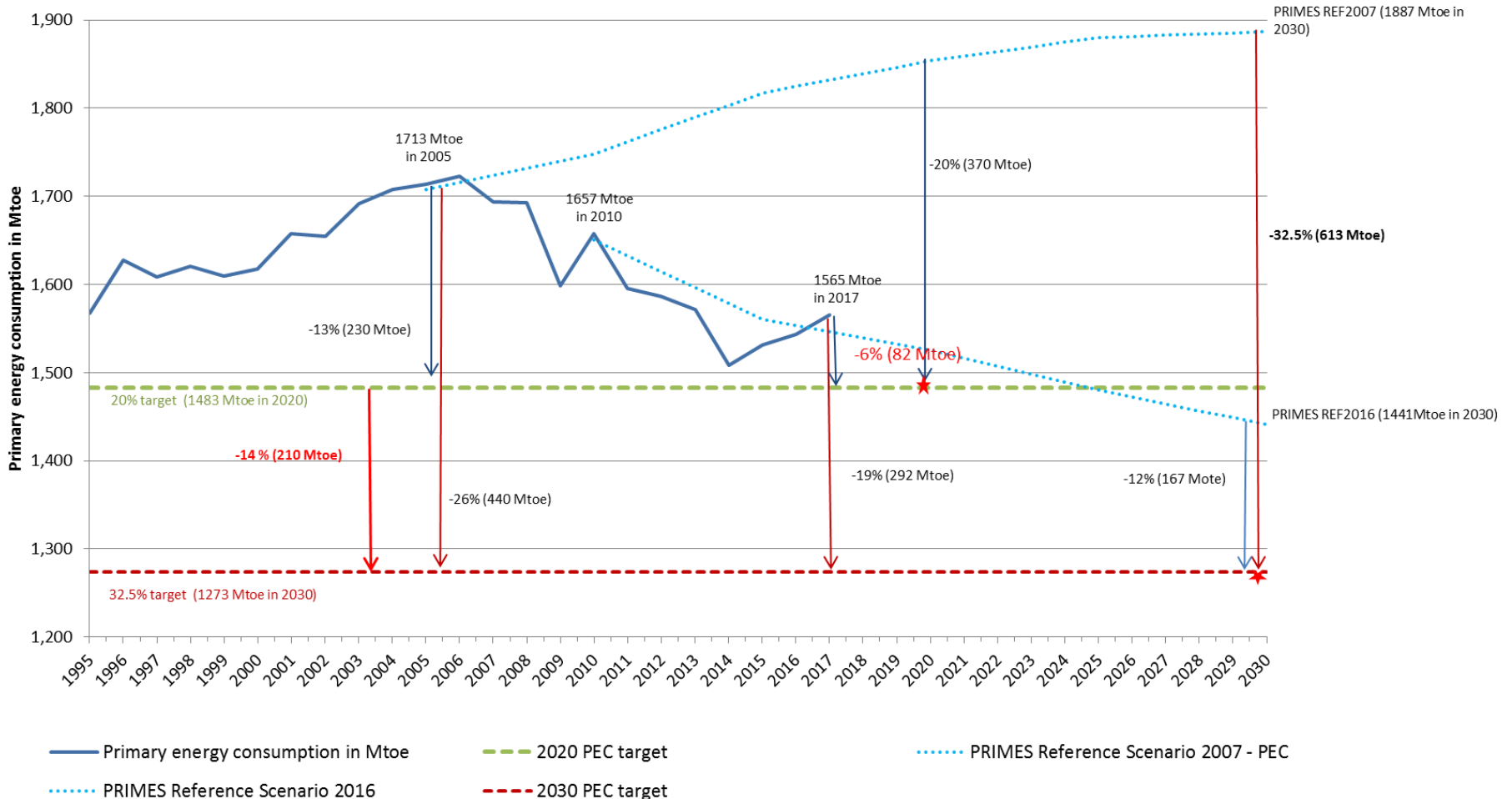
Political negotiations on the Clean Energy for All Europeans package have been concluded

- Energy Performance of Buildings
- Energy Efficiency → 32,5%
- Renewable Energy → 32%
- Governance Regulation
- 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 2030



Some interesting facts for the 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

Evaluation of the EPBD

EPBD is effective (will deliver the 60-80 Mtoe energy savings by 2020)

The overall architecture is working (especially for new buildings)

The NZEB sets a 'future-proof' vision for the sector and mobilise stakeholders accordingly

Cost-optimality is an efficient approach to set energy performance requirements

EPCs is a useful demand-driven market tool

Relatively limited regulatory failures

Opportunities for simplification

Decarbonisation of buildings in the long-term strategy

Modernisation in terms of technological progress towards 'smarter' buildings

Better linking them with financial support systems

Databases can be a key instrument for reinforced compliance

Overview - main outcomes of the EED revision

MAIN CHANGES

- ✓ 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).
Strengthened rules on **individual metering and billing of thermal energy** (better information for consumers)
- ✓ The updated Directive will tackle existing market, behavioural and regulatory barriers in order to increase security of supply, competitiveness of EU industries, reduce energy bills of consumers and health costs for society, thereby also **addressing energy poverty** and **exploiting the positive impacts on economic growth and employment**
- Publication in the Official Journal of the Union on **21 December 2018**
- Entry into force **24 December 2018**

Member States will then have 18 months to transpose the new elements of the Directive into national law and 22 months for provisions on metering and billing



Main outcomes of the EPBD 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>

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



Financing Initiatives

- **European Local Energy Assistance (ELENA)** - Technical assistance to develop large-scale projects
- **De-risking Energy Platform (DEEP)** - database aiming at de-risking energy efficiency investments
- **EFFIG Underwriting toolkit** - guide which aims to assist financial institutions to scale up their deployment of capital into energy efficiency
- **Sustainable Energy Investment Forums**
- Facilitate the **use of Energy Performance Contracting** for the public sector

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

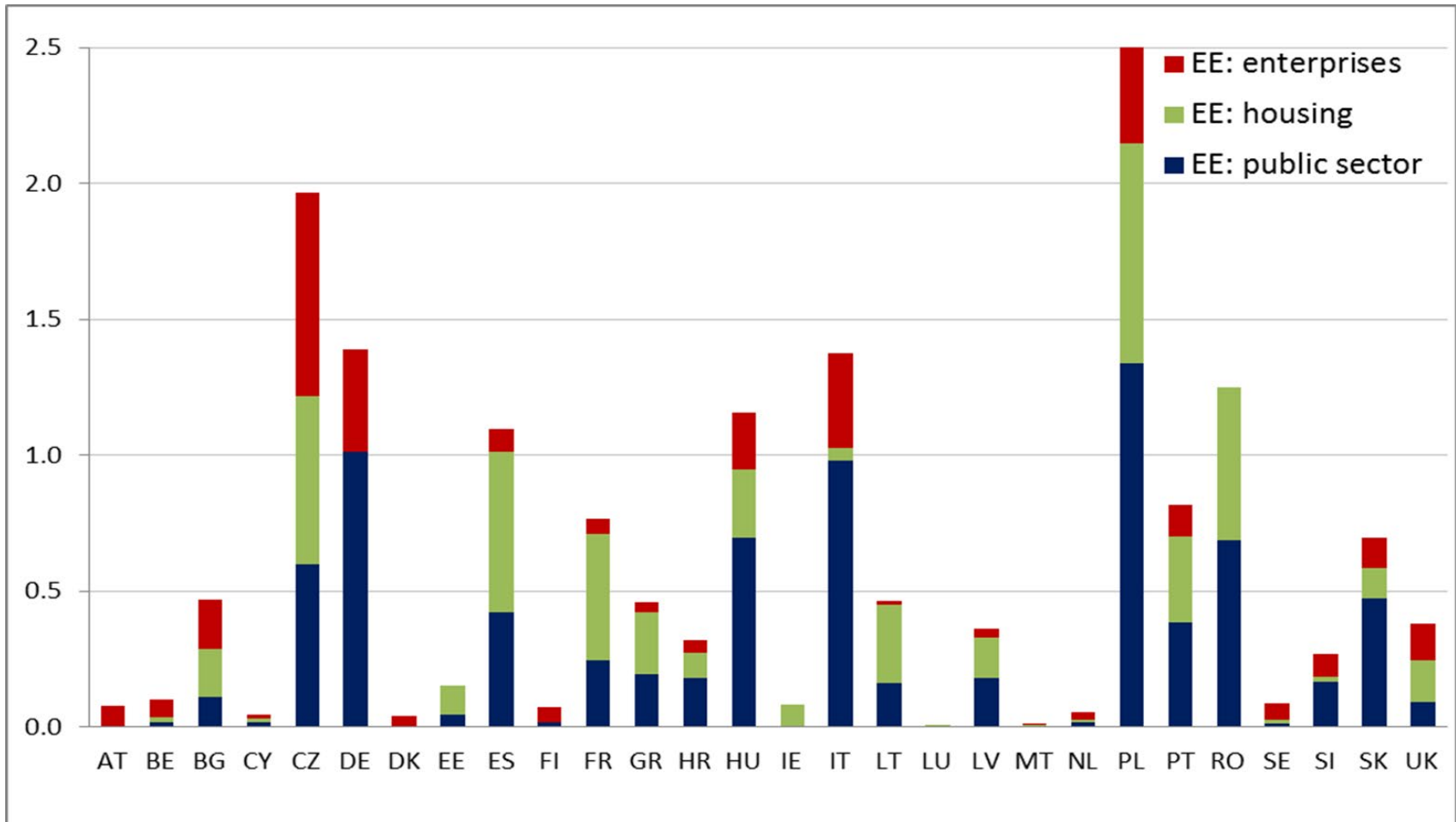
Public money
MFF

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.

Energy efficiency: ERDF+CF for 2014-2020, in billion



Total planned allocations per Member State from the ERDF and the CF as of January 2017



Implementation 2014-2020

- **Implementation generally progressing well**, with about 44% (EUR 7.4 billion) of overall planned allocations from ERDF and CF for energy efficiency investments in buildings and enterprises (EUR 17.0 billion in total) already allocated to projects by end 2017.
- **A number of MS**, including BG, HR, IE, LT, LU, HU, NL, PL and SE, **kick-started implementation** of their energy efficiency measures under the 2014-2020 programmes, with project selection rates in this area already above 60% at the end of 2017.
- **Some MS have seen delays** with implementation of these allocations in the beginning of the period, in particular DE, EE, ES, CY, AT, PT, RO and FI, with selection rates below 30% at end 2017.
- **Project selection has to be completed by end 2020** while implementation of projects can still go on until end 2023.

Data for end 2018 to be transmitted by Member States by 31 January 2019.

Data on European Structural and Investment Funds, including progress towards indicator target values, available at <https://cohesiondata.ec.europa.eu/>, further details also at http://ec.europa.eu/regional_policy/en/policy/evaluations/data-for-research/





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
- Climate mainstreaming: 35%

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



Developing energy efficiency in the CESEC* countries

- **CESEC 2.0: Opening the door to a new level of regional cooperation**
 - **Although the region is highly diverse, most CESEC countries have in common a tremendous potential to increase energy efficiency due to:**
 - **Rather high energy consumption per square meter of dwellings (inefficient building stock relying largely on old inefficient fossil fuel boilers for heating).**
 - **The majority of district heating infrastructures suffers from inefficiencies and under-investments in their renovation**
 - **Guide on good practice in energy efficiency in Central and South Eastern Europe**
- <https://ec.europa.eu/easme/en/news/new-guide-good-practice-energy-efficiency-central-and-south-eastern-europe>
- **Last High-Level meeting in Bucharest on 1 April 2019 endorsed the idea of a CESEC Energy Efficiency Forum to strengthen the regional cooperation on energy efficiency in the CESEC region.**

*The Central and South-Eastern Europe Connectivity



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
- R&I and technology development - Horizon Europe
- Mobilising private investments through de-risking – InvestEU
- Leveraging public and private funds



Upcoming events

1) **EUSEW 17-21 June 2019 in Brussels**

- ☞ *Finance for innovation and energy efficiency, 18 June*
- ☞ *Cohesion policy support for the clean energy transition, 20 June*



More Information and registration:

<https://eusew.eu/sustainable-finance-innovation-and-energy-efficiency>

<https://eusew.eu/cohesion-policy-support-clean-energy-transition>

2) **Technical expert group (TEG) on sustainable finance**

- ☞ *Stakeholder dialogue on sustainable finance, 24 June*

More Information and registration:

https://ec.europa.eu/info/events/finance-190624-sustainable-finance_en



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Thank you!