



**Asociación de Empresas
de Servicios Energéticos**

*Empresas de Servicios Energéticos.
Gestión eficiente de la energía.*

EUROPEAN COMMISSION DIRECTORATE-GENERAL FOR ENERGY

CONSULTING QUESTIONS

**"FINANCIAL SUPPORT FOR ENERGY EFFICIENCY IN
BUILDINGS"**

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1. Addressing market failures

Are the barriers identified in this document the most important ones? If not, which barriers are missing and why are they important?

The document does not mention the very relevant actor of designers. Current designs fulfil energy requirements strictly, but they do not have any incentive for improving the energy efficiency of their designs.

Which market failures would be most urgent to address? At what level (i.e. EU, national/regional/local) would these failures be best addressed?

Regulatory aspects need to be addressed in all levels:

- I. European: An energy efficiency code similar to Eurocodes for structures should be carried out.
- II. National/regional: Harmonization of regulatory issues across national markets is essential.
- III. Local: Energy efficiency solutions should not be penalized. For example: new isolation systems that require wider outside walls will never be implemented because the building suitability rate is fixed and wider walls mean less effective surface for the building.

How could these failures be best addressed? For example; how could behavioural change needed for quicker uptake of energy efficiency measures by society be triggered at the national level? How could the development of an energy services market for households be further stimulated? What could be done to increase awareness raising and promotion of energy efficiency in buildings? How could the business community (e.g. building sector, ESCOs, local banks, etc.) be better supported in delivering energy efficiency in buildings? How could the split incentive problem be best tackled?

To begin with, building developers should get involved in energy efficiency and should use it as a commercial tool. Tax incentives for buildings that go beyond the current Directive would be a good way to promote energy efficiency of buildings.

Secondly, there are other measures to be addressed, such as a requirement to exhibit the energy efficiency label. All buildings, public or private, should mandatorily display the energy efficiency label in a prominent place that is clearly visible to the public.

The energy performance certificate should be signed by technicians with the academic and professional qualifications to carry out building projects or heating systems. These technicians are freely chosen by the building owner.

2. Improving access to financing

Are the current EU-level financial tools for energy efficiency in buildings effective? How could the uptake of EU-level funding for energy efficiency (including cohesion policy funding) be improved? As a complement to tailor-made national or regional financial instruments (e.g. set up with a contribution from cohesion policy funds), what could be the future role of centrally-managed financial instruments at EU level in this context?

There is a lot of room for improvement since there are plenty of available funds, year after year, that are not used. The existing funding mechanisms were designed for times when credit from commercial banks was readily available. That is not the case now.

On the other hand, reducing emissions saves money for states that are penalized for exceeding the limits established in the Kyoto protocol; 5% of the annual savings of those penalties could be devoted to investments in energy efficiency in addition to enabling a specific program for the consumer.

Finally, funds must be allocated to encourage stakeholders to use energy efficient solutions. The first step in this process is the dissemination of technical solutions already in the market.

How could more private financing (both from institutional investors as well as building owners) for energy efficiency projects be mobilised? What would be the role of public funding (both at EU and national level) in this context? Is access to (project development) technical assistance an issue and how could it be provided most efficiently at the national, regional and local level? How could both national and EU financing schemes be improved to best cover all segments of the market (residential, commercial, public buildings, etc.)?

Public funds need to be made available in the form of guarantee systems that address the high risk perception of energy efficiency projects. This is a way to attract commercial banks to invest in energy efficiency projects.

We need to seek joint solutions for financial institutions to understand and bet on this business model that is very new for most of them in order to enable a specific program for the consumer.

Is there a need for guarantee systems related to building efficiency investments? If so, what guarantee systems for efficiency investments would be necessary and how should they be designed? Is there a need for other enabling mechanisms (e.g. risk-sharing, investment vehicles)?

Absolutely, Guarantee systems are essential to attract commercial banks to invest in ESCO projects.

How could the capacity, knowledge and risk perception regarding energy efficiency investments be improved, both at financial institutions as well as with private investors and administrations at all levels?

We need to make Energy Performance Contracting (EPC) compulsory when carrying out projects in public building, as well as an extensive promotion of EPC in the private sector.

Are there examples of good practice at national or regional level (with data on costs and benefits) that could be applied more widely?

Yes, the guarantee system included in Spanish IDAE: *ICO-IDAE-ESES Línea Inversión Sostenible 2011*.

3. Strengthening the regulatory framework

Is there any need for further EU-level regulation to stimulate energy efficiency investments in buildings beyond the Commission proposal for a new Energy Efficiency Directive? If so, what should these measures entail?

Public buildings should be subjected to review after 10 years and forced to improve energetically in a specific time horizon.

What could be specific measures to be taken at national level to implement and complement most effectively the EU-level regulatory framework for energy efficiency?

Establish a level of accredited training technicians who can carry out their activities in the field of energy service companies, both in economic and fiscal and technological aspects.