

## 5.2. Consultation questions

Based on the clusters of barriers identified in the previous chapter, stakeholders are requested to provide answers on the following questions:

### (1) Addressing market failures

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

The most important market failures are listed in the consultation. Nevertheless we do want to highlight the issue of split incentive and outdated national legislation. Especially in the residential buildings sector national laws sometimes even hamper the implementation of/ decision making on energy efficiency measures.

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

WKÖ welcomes the 3% refurbishment rate for the public sector proposed by the European Commission in the Energy Efficiency Directive. However, a clearer definition is needed for historical buildings. WKÖ also proposes to extend the scope of the 3% renovation target to the private sector.

Furthermore it would be helpful to share best practice solutions and discuss the problem of a split incentives at an European level. WKÖ appreciates the initiative of the European Commission to discuss the owner/tenant problem. The removal of bureaucratic and legal obstacles is a positive approach.

- (c) 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?

Split incentives: WKO believes that building owners need incentives to invest into energy efficiency of buildings. Therefore they should be able to pass on a share of investment costs via the rent.

It is also important to note that behavioral changes among consumers are an important issue. Their role of and responsibility in achieving energy efficiency should be further addressed. One suggestion would be increased informational and awareness-raising campaigns at European, national and local level. In any case it must be avoided that businesses are made liable for the behavior of third parties (e.g. households) - as is suggested in the Energy Efficiency Directive.

Furthermore, the role of the public sector as a “role model” should be emphasized. This is especially the case regarding refurbishment and renovation of public buildings or energy efficient public procurement.

## (2) Improving access to financing

- (a) 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?

The earmarking of funds for energy efficiency and renewable energy has raised awareness for these issues. Increased funding for energy efficiency measures through the structural and cohesion funds should also be envisaged, especially for SMEs.

- (b) 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.)?

As indicated before private investments in energy efficiency need a working legal framework. Although the main investments will have to be made by the private sector, public funding will be an important corner stone to enhance energy efficiency in buildings. Public funding can help to even the problem of high upfront investment needed and can be an incentive to use innovative technologies and therefore high energy performance standards.

- (c) 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)?
- (d) 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?

It is important to have a high level of planning security and legal certainty. The legal framework must ensure this. Also, bureaucratic obstacles should be avoided and eliminated where possible.

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

Attached you will find an analysis named “renovation of buildings is of benefit to the environment and the economy”, based on Austrian experiences. The analysis highlights the multiple (also economic) benefits created by investments in the renovation of buildings.

### (3) Strengthening the regulatory framework

- (a) 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?

The updated buildings directive and the climate and energy package have created a framework for climate and energy legislation. WKO believes that this framework will be further enhanced by the energy efficiency directive, although we have serious concerns with the current proposal as a stimulus for investments. Investments should be triggered through incentives rather than the threat of sanctions.

There seems to be no need for future EU regulation, but WKO calls for an exchange of best practice examples on the **implementation** of outlined measures. Further regulations would also jeopardize the planning security and legal certainty needed for long-term investments.

- (b) 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?

Nationals housing laws have to be updated to encourage investment into energy efficiency.

- (c) What are the specific needs for policy guidance and awareness raising among different stakeholder groups?

Unfortunately there does not seem to be a “a single bullet” for awareness raising on energy efficiency, especially keeping in mind the different starting levels of e.g. SMEs or large companies. Nevertheless it seems very useful to offer trainings that provide information and push for the implementation of energy efficiency projects. For example in Austria we have experienced very positive feedback on a training program, the **European Energy Manager**, co-funded by IEE. Since the beginning of the program 1469 energy managers in 10 European countries have finished the training and realized energy efficiency programs. These projects resulted in energy savings of 1,500,000 MWh, cost savings of 60 million Euros per year, a CO<sub>2</sub> reduction of 400,000 tons per year and investments of 200 million Euros. see <http://eurem.net>