

**AFEP Position on the Commission consultation paper
« Financial support for energy efficiency in buildings »**

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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?

- *Lack of relevant training on energy efficiency solutions among SMEs in the building/refurbishment sectors, as well as among the banking sector, is a key concern. In fact, this evolution will need a huge financial investment in order to focus on all actors (teachers, pupils, companies, workers). The main issue is to upgrade suppliers in their knowledge on energy efficiency solutions and their reliability in regard of their commitments.*
- *Lack of information on energy efficiency solutions for building owners is a consequence of the training problem.*
- *Lack of long term visibility is another barrier which hinders investments to take place.*

(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?

- *Training and information, above mentioned, are long term issues which have to be on top of the agenda. They will need to be tackled at all levels EU, national/regional/local considering the huge gap between the knowledge target and the current situation.*
- *The design of a clear roadmap for the next decades, as mentioned in point (a) and (c) should also be a priority at EU and national levels.*

(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?

- *Training and information will need huge financial and organisational resources for the decades to come. A first important step would already consist in organizing at EU level more experiences sharing among the building industry and banks. The information challenge could be dealt with through more dissemination of the labels used throughout member States, especially the Low Consumption Building (Bâtiment Basse Consommation, BBC in French) label which apply for new buildings and the more recent Refurbishment BBC. Of course, companies consider that labels are relevant tools only if their requirements are stricter than the ongoing regulation.*

- *Considering the roadmap, companies believe a clear roadmap should be approved at EU level in order to set long term targets for buildings' energy and CO2 emission performances, with specific targets - for new building and refurbishment - for each country on this issue for 2020, 2030, and later on 2040 and 2050. Such general targets should also be complemented by specific targets for each type of building so that actors have a clear vision on their obligations for the decades to come and can forecast investments. Thanks to this signal, companies consider that appropriate solutions will be provided by the market.*

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?

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(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.)?

- *The main issue for refurbishment investment is that the pay-back period is too long and less attractive than on a deposit on a saving account. Therefore, companies consider that energy efficiency investments should be packaged with other investments on buildings in order to bring enough benefits for the decision maker.*
- *Another way to enhance private investment would be to link refurbishment investment to the good itself and not to the owner, as explored by the UK in the context of its green deal.*

(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)?

- *A guarantee system may be relevant if energy efficiency investment cannot be packaged with other investments associated with shorter pay back periods or more valuable benefits.*

(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?

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

- *In France, energy performance contracting has recently been launched in order to help finance investment with the energy consumption cuts; it should help boost investment in this field.*

(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?

- *As mentioned in section 1, a roadmap for energy efficient building is necessary in order to enhance investment in view of the 2020, 2030, 2040 and 2050 milestones, both at country and specific building levels.*
- *In order to help reach those targets, new incentives should be defined at EU and national levels, based on the relevant labels defined across EU such as the BBC level. In this context, it is also wished that the European Commission harmonises at EU level the different classes of energy and CO₂ labelling for buildings (this action is led by private actors in view of 2015 but the Commission could usefully check that enough coherence is reached).*
- *On the contrary, companies consider that white certificates are not a « one size fits all solution » and cannot be applied in a systematic manner considering their national specificities; all the constraints cannot lie entirely upon energy suppliers in order to create a price signal in the building sector; other tools are necessary as complement such as a tax system or specific public subsidies.*
- *Only a climate-energy taxation on all energies, including electricity, could send a price signal to consumers to encourage them for a reasonable consumption; it should not be applied to installations covered by the ETS Directive for the CO₂ component.*
- *Other provisions should be seriously considered alongside financial incentives: for instance, refurbishment of building could be mandatory for owners and “bonus/malus” penalty on the performance of the building could be defined to explicit the “green” value. Those measures should be implemented to expand the energy efficiency market.*

(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?

- *At national scale, the public authorities should ensure that public investment should create a leverage effect of 1 against 5, which are the levels of the UK and German experiences.*
- *The national authorities should also enable long duration loans and not only concentrate on interest rates.*

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

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