



European  
Commission



## Financing Energy Efficiency in Greece National roundtable

# Latest state of play on energy efficiency policy and financing

Athens, 25 October 2018

## Conclusions from SEIF Athens

May 2018

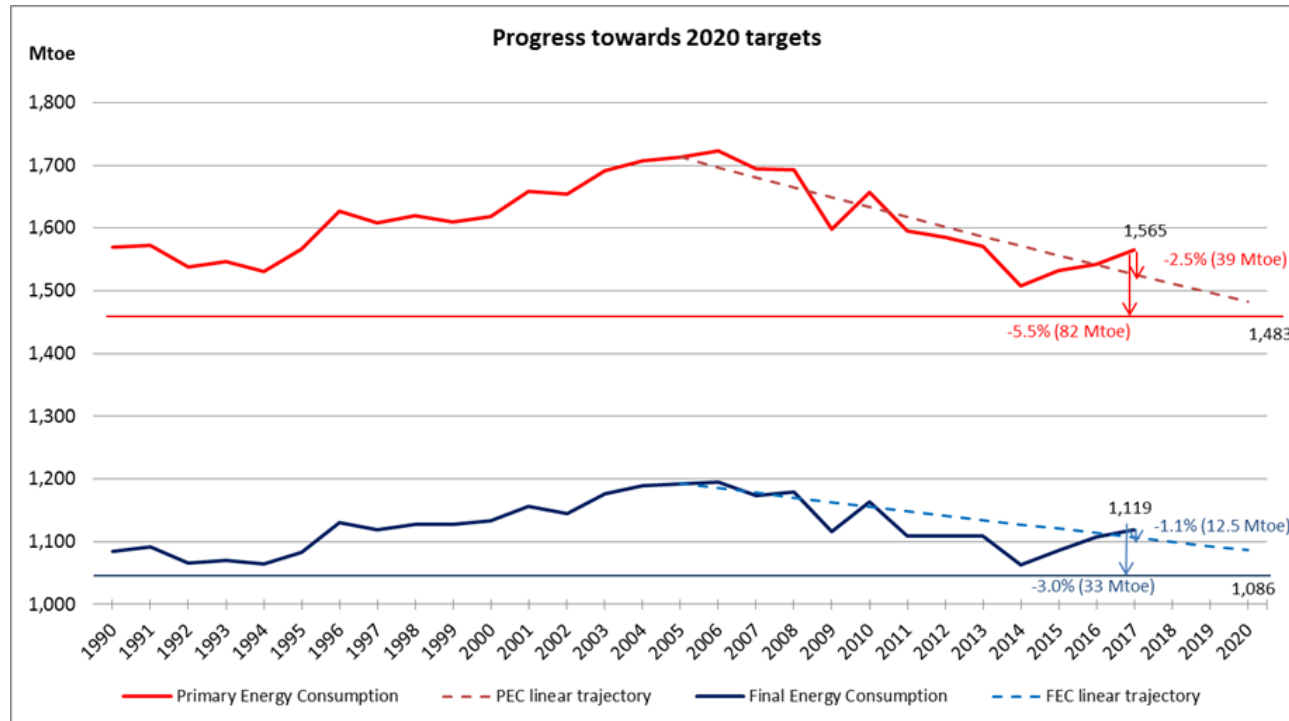
*The energy efficiency market is **not mature** yet*

*All major commercial banks see energy efficiency as a **more complex product**, but still as a potential **underexploited opportunity** and a **new market***

***Aggregation** of projects, **de-risking**, **standardisation** and a **common language** between project developers, project owners and financial institutions is necessary is necessary*

*More **efforts and discussions** are necessary and maybe roundtables are more useful for **immature markets***

# On the energy efficiency front: the 2020 challenge



Energy consumption is **rising since 2014**, following an extended period of declining or flat consumption.

The distance to the **EU 2020 energy efficiency target** has been increasing.

Source: DG ENER based on Eurostat data

# Clean Energy for All Europeans

## The agreement



### EU Energy targets by 2030

- At least **40%** cuts in greenhouse gas emissions
- At least **32%** renewables in energy consumption
- **32.5%** energy efficiency

# Clean Energy for All Europeans

## The importance

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

Energy efficiency on equal footing with the other 2030 climate and energy targets

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.

# What can we expect in terms of results?

2016

2030



The package presents a **dual opportunity** to speed up **decarbonisation** and to speed up **growth and job creation**.



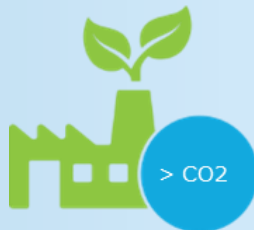
## Investment:

- extra 177bn EUR euros per year of investment from 2021 to meet 2030 climate & energy targets
- Crucial role for EFSI



## Economic growth:

- 1% increase in GDP
- 190bn EUR into the economy
- 900,000 new jobs



## Decarbonisation:

- Carbon intensity of the economy 57% lower in 2030 than in 2015
- 72% share of non-fossil fuels in electricity generation in 2030

# Revision of the Energy Efficiency Directive

Provisional agreement reached in June 2018

**2030 energy efficiency target: 32.5%**

(upwards revision clause by 2023)

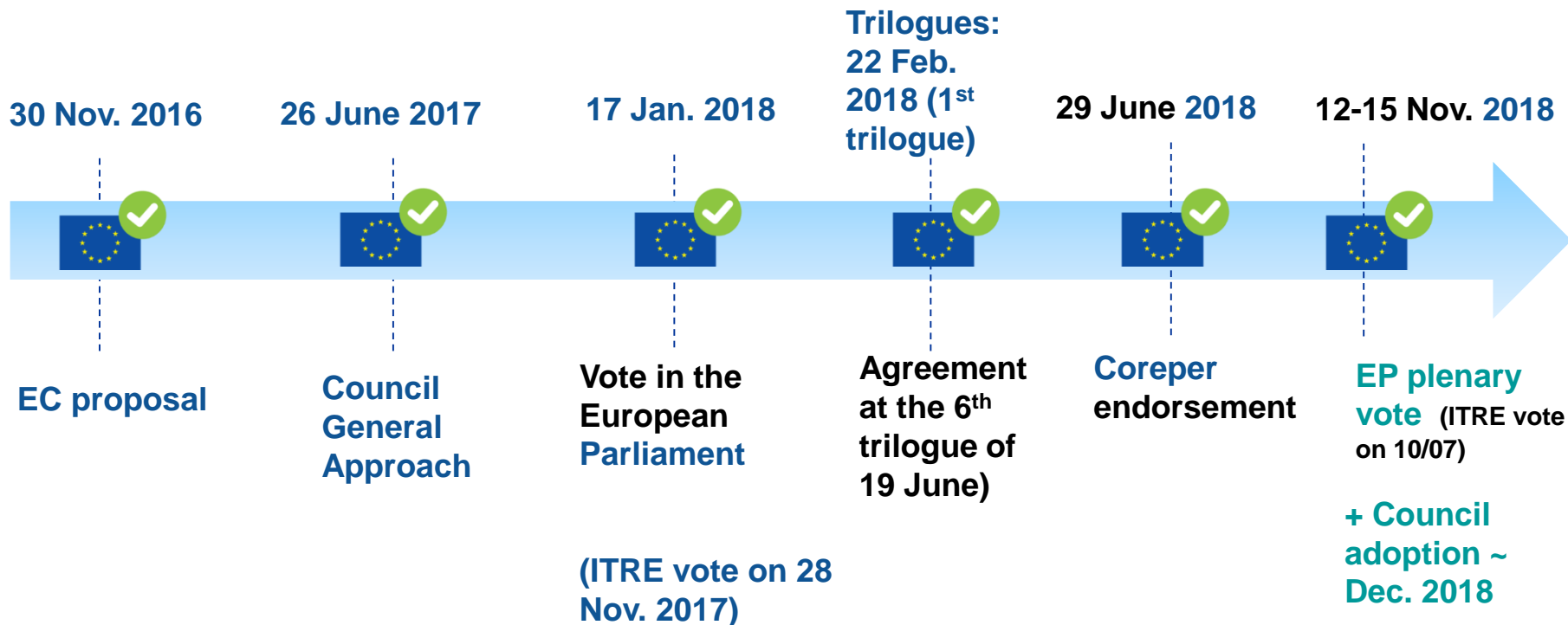
**Extended annual energy saving obligation beyond 2020**

## **Better information to consumers**

(individual metering and billing of thermal energy; transparent, publicly available national rules on the allocation of the cost of heating, cooling and hot water consumption in multi-apartment and multi-purpose buildings)

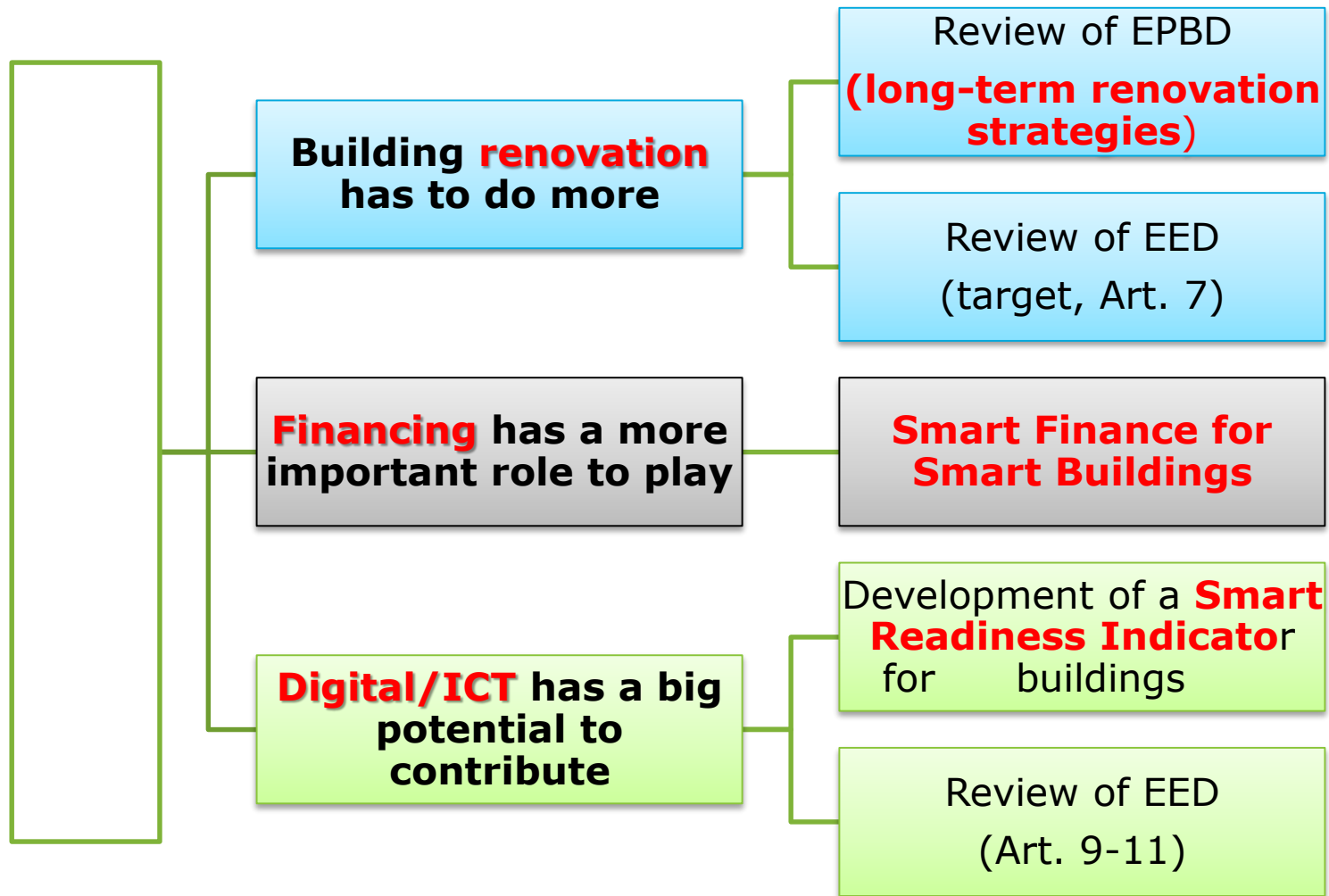
## EED: from the Commission proposal to the final text

### Negotiations timeline





# Building sector: policy Conclusions for 2030



## The building sector in the EU

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

## Main outcomes of the revised EPBD

Supportive of building renovation by linking policy and financing

Stronger **long term renovation strategies** for Member States, aiming at decarbonisation by 2050 and with a solid financial component.

Targeted support to e-mobility infrastructure deployment.

Higher thresholds for **inspections** of heating and air conditioning systems and reinforced provisions on **building automation**

A **Smart Readiness Indicator** for buildings.

**Smarter buildings**  
by ensuring the use of ICT and modern technologies

Strengthened **data requirements**.

Enhanced **transparency** of national building energy performance calculation methodologies

# EPBD: from the Commission proposal to the final text

From EC proposal to publication



Directive (EU) 2018/844 (amending Directive)

<https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ%3AL%3A2018%3A156%3ATOC&uri=uriserv%3AOJ.L.2018.156.01.0075.01.ENG>

Consolidated version of the Directive 2010/31/EU

<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1537534372272&uri=CELEX:02010L0031-20180709>

## long-term renovation strategies (art 2a, EPBD)

A major instrument for renovation in the EU

Stronger reference to **energy poverty** and **solid financial component** (effective use of public funding; aggregation; de-risking).

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
- Set up a roadmap with measures, **measurable** progress indicators and indicative milestones for **2030, 2040** and **2050**.
- Carry out a **public consultation**

The LTRS must be part only of the **final** integrated national energy and climate plans and the first LTRS must be submitted to the Commission

# 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 II blending with ESIF funds



### Assistance and aggregation

- Supporting the project pipeline at EU and local level
- **Project Development Assistance** facilities
- "One-stop-shops"
- **EIB ELENA**



### De-risking

- Understanding the risks and benefits for financiers and investors
- **The De-risking Energy Efficiency Platform**
- Commonly accepted underwriting framework



**Sustainable Energy Investment Forums  
(SEI Forums)**

## More effective use of public funds

### Financing – 1<sup>st</sup> pillar

Making more use of financial instruments to achieve high leverage ratios

Flexible financing platforms at national level, mixing different strands of public financing (i.e. ESIF, EFSI)

On-line EU mapping tool to understand how public funds can be used to support energy efficiency in Europe

Making Energy Performance Contracting more accessible to the public sector

(Updated Eurostat guidance on the accounting treatment of Energy Performance Contracts)

Sustainable Energy Investment Forums  
Riga, Prague, Copenhagen, Madrid, Dublin, Athens ...

## Aggregation and assistance for project development

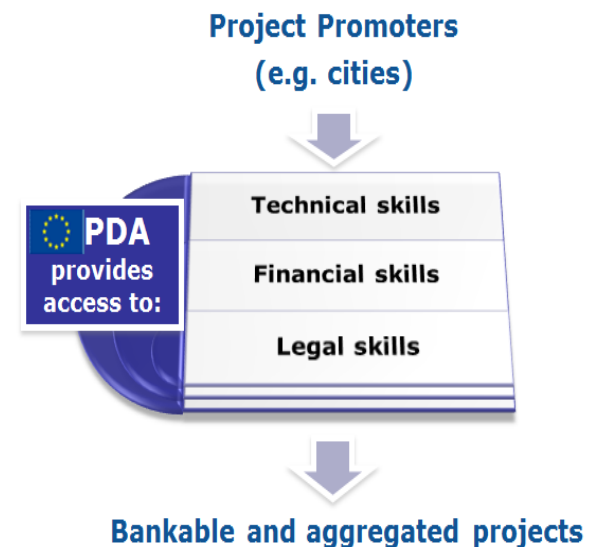
### Financing – 2<sup>nd</sup> pillar

Reinforce Project Development Assistance (PDA) facilities at the EU level to help project promoters bring their ideas to maturity

- ELENA, via EIB (PDA facility funded through the European Commission's Horizon 2020 programme)
- PDA calls launched by EASME for smaller projects

Development of dedicated local or regional one-stop-shops for project developers

### ➤ EU Project Development Assistance (PDA)





## De-risking

Financing – 3<sup>rd</sup> pillar

Change the risks perception related to energy efficiency investments - in collaboration with the Energy Efficiency Financial Institutions Group (EEFIG):

- The **De-risking Energy Efficiency Platform** (DEEP), an open source database containing real performance data of energy efficiency projects (over 10.000 energy efficiency projects already)
- An **Underwriting toolkit** on the value and risk appraisal of energy efficiency investments (released on 22 June 2017)



**DEEP**  
DE-RISKING ENERGY  
EFFICIENCY PLATFORM

**EEFIG UNDERWRITING TOOLKIT**

Value and risk appraisal for  
energy efficiency financing

June 2017



# ENERGY UNION

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## Thank you!

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