



Energy Efficiency: A policy update

EED – EPBD
Support schemes

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Hadrien Michel, Policy Officer, Energy Efficiency Unit - ENER.B2



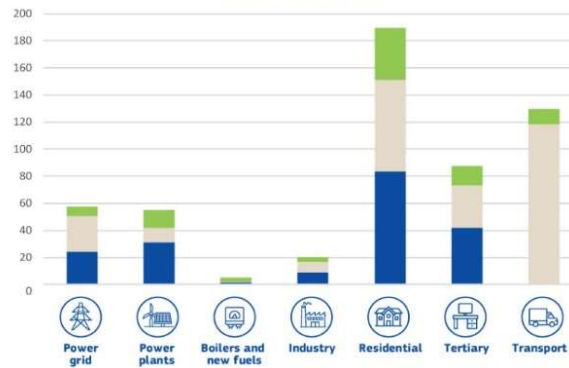
Political context - EGD

Climate Target Plan

- Published in September 2020
- Underpinning **European Climate Law** and its **binding objective** of reducing 55% GHG emission by 2030

- Additional to achieve -55% greenhouse gas reductions, 2021-2030
- Additional under current 2030 policies in 2021-2030 compared to 2011-2020
- Historic annual investments in the energy system 2011-2020

Average annual investment 2011-2020 and additional investment 2021-30 under existing policies and to achieve -55% greenhouse gas emission reductions (in billion EUR 2015)



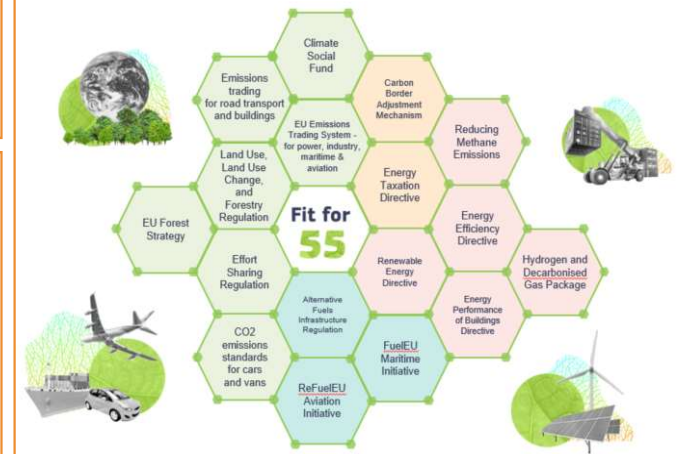
Renovation Wave

- Published in September 2021
- Objective: (1) **double building renovation rates** in next 10 years, (2) **increase energy and resource efficiency** of building renovations



Fit for 55

Legislative revision package implementing the European Green Deal, proposed by the Commission on 2021



Main elements of the EED revision

Binding and increased EU energy efficiency target & indicative national contributions

'Energy Efficiency First' Principle – making it an integral part of policy and investment decisions

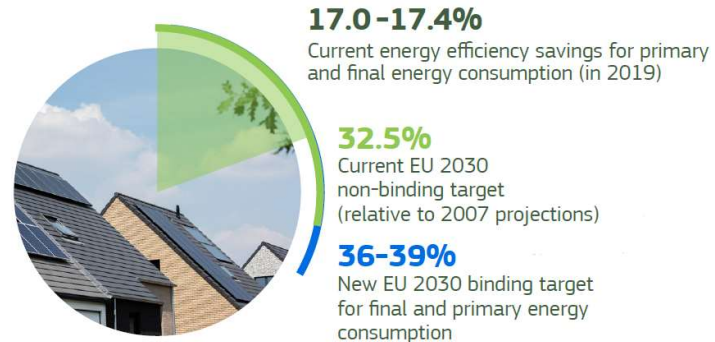
Strengthened energy savings obligation in end-use

Stronger exemplary role of public sector

Increased focus on alleviating energy poverty and consumer empowerment

Revising the Energy Efficiency Directive

- Updated **EU energy efficiency targets to 11.7% reduction** (9% in FF55 and 13% in REPowerEU proposals) in primary and final energy consumption
- Strengthen annual **national energy saving obligations to 1,49% in average with step-wise approach** and exclusion of savings from direct fossil fuels combustion
- Reinforcement of the **Energy Efficiency First Principle** across sectors
- Update the definition of **energy efficient district heating and cooling**, introducing the **2050 trajectory for efficient district heating and cooling system**, and introduce **local heating and cooling plans** for municipalities (over 50.000).
- Update **thresholds for energy audits (10TJ/year)** and **energy management system requirements (85TJ/year)** for enterprises
- Increase the **exemplary role from the public sector: annual reduction of 1.9% of public sector energy consumptions**, increase the annual renovation rates to 3% of the public buildings over 250 m².
- Reinforces **provisions on financing** to leverage further private capitals
- Introducing measures to alleviate **energy poverty and boost consumer empowerment**



Objectives of the EPBD revision

- **Climate Target Plan:** by 2030 the EU should reduce buildings' GHG emissions by 60%, their final energy consumption by 14% and energy consumption for heating and cooling by 18%.
- **Renovation Wave** aims at doubling renovations by 2030 and foster deep renovations



Twofold objective:

→ Contribute to **reducing buildings' GHG emissions and final energy consumption by 2030**

→ Provide a long-term vision for buildings and ensure an adequate contribution to achieving **climate neutrality in 2050**

Overview of the main provisions



➤ As of 2030 all new buildings must be zero-emission; new public buildings must be zero emission already by 2027.

+ Consideration of life-cycle Global Warming Potential (GWP)



➤ The **worst-performing 15% of the EU building stock will have to be upgraded** from Energy Performance Certificate (EPC) label G to at least label F by 2030, public and non-residential buildings leading the way by 2027. Residential buildings should be renovated from G to at least F by 2030, and to at least E by 2033.



➤ The **obligation to have an energy performance certificate is extended** to buildings undergoing major renovation, buildings for which a rental contract is renewed and all public buildings.



➤ Requirement to **roll out charging infrastructure** for electric vehicles in residential and commercial buildings and to promote **dedicated parking space for bicycles**.



➤ Buildings or building units which are offered **for sale** or rent must have **an energy performance certificate**, and the energy performance class and indicator should be stated in all advertisements.

Overview of the main provisions



➤ **National Building Renovation Plans will be fully integrated into National Energy and Climate Plans** to ensure comparability and tracking of progress – they will need to include roadmaps for **phasing out fossil fuels in heating and cooling by 2040 at the latest**.



➤ A Building 'Renovation passport' will **give access to information and lower costs for consumers** to facilitate their planning and a step-by-step renovation towards zero-emission level.



➤ Member States are invited to include **renovation considerations in public and private financing rules** and to establish appropriate instruments, in particular for low-income households.

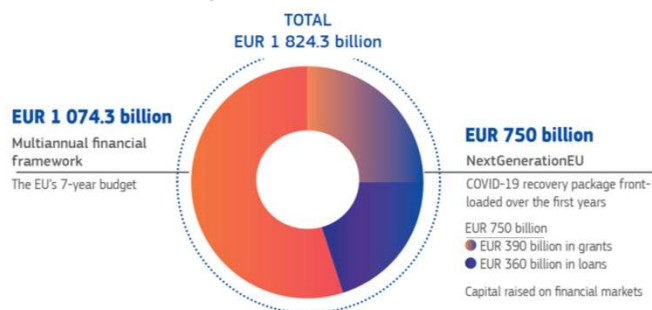
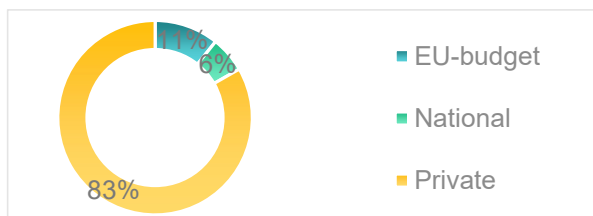


➤ A **sunset clause is introduced for financial incentives to use fossil fuels in buildings**: no financial incentives should be given for the installation of boilers powered by fossil fuels as of 2027 and Member State are given the legal **possibility to ban fossil fuel use in buildings**.

Finance for energy efficiency

Investment needs

- **FF55 package estimate an additional annual investment need to achieve 2030 energy efficiency targets at around 165€bn.**
- **REPowerEU: specifically 56€bn additional investments in energy efficiency and heat pumps, plus solar rooftop initiative.**
- In total: **1150€bn by 2027 and 1650€bn by 2030** on energy efficiency/demand-side additional investments.



Financial resources

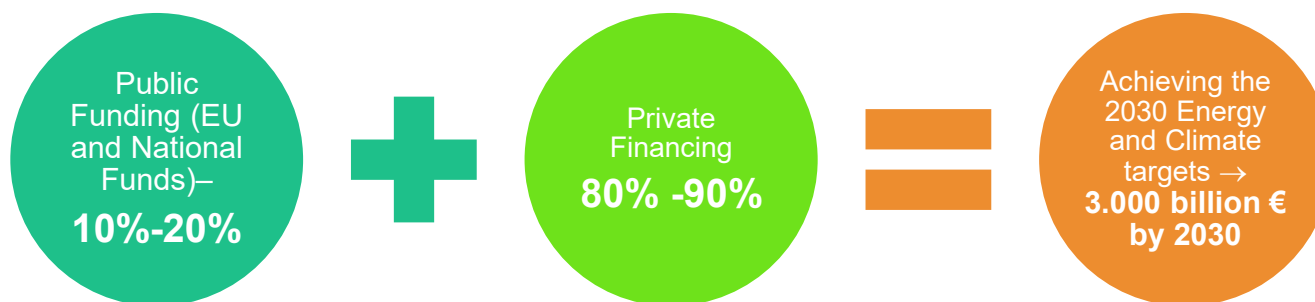
- Out of the total 1.800€bn (NGEU + MFF 2021-2027), more than 30% of these resources, **around 626€bn**, earmarked to **deliver the climate goals** of the European Green Deal.
- While there is **no earmarking for energy efficiency**, EU-budget support (MFF, RRF, ETS revenues) for energy efficiency could be estimates **around 120 to 150€bn.**
- National **financial support vary significantly across Member States**, at EU-level we can expect 100€bn from national budgets.
- **KEY:** Cost-efficient use of public funding for **private capital mobilisation**

EU-funding landscape

- **Direct investments:** Recovery and Resilience Facility (EEF), Cohesion Policy Funds (ERDF/CF), Just Transition Fund (JTF), ETS Revenues, Modernisation Fund.
- **Leverage private capitals, project development assistance and advisory:** InvestEU, ELENA Facility, Technical Support Instrument (TSI).
- **Market uptake, policy enhancement activities, technological development, research and innovation:** Horizon Europe, Built4People Partnership, LIFE Clean Energy Transition, Innovation Fund.

Energy Efficiency Financing

Leveraging private financing and investments **is conditional** to achieve the Union's climate and energy targets.

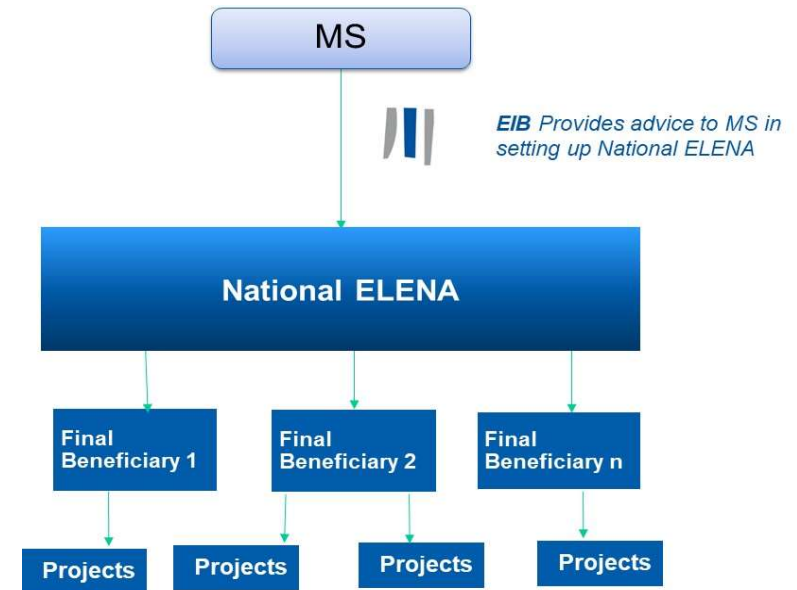


Drivers:

- **Public Funds as a catalyst for private investments** (grants models are insufficient).
- Combination of grants, financial instruments and technical assistance
- Development of financing schemes at scale/innovative/performance based (On-tax and On-bills, energy performance contracting, pay-for-performance, pay-as-you-save, etc).
- Project development assistance (e.g. replicating ELENA model) and technical assistance (ELENA, LIFE PDA), support to One-Stop-Shops for integrated home renovation
- Stimulate demand, including removing up-front costs, with measures that can be sustained over time.
- Development of energy efficiency lending products (EEM, Green Loans, etc).
- Strengthen the cooperation with financial institutions (EEFIG Coalition)
- De-risking investments

EIB assist Member States to establish National / Local ELENA

- ❑ **National / Local ELENA:** A Member State / Managing authority reproduces the current successful EIB ELENA model using other possible financing sources (e.g. ESIF, RRF, etc)
- ❑ **EIB can assist a Member State / M.A. to design its own ELENA** customised to fit local needs e.g local language, reduced leverage factor and investment sizes, eligibility of costs and investments etc
- ❑ **Contact ELENA team at elena@eib.org to find out more**



Renovation Wave Strategy “The Commission, together with the EIB, will help Member States to design national or local programmes replicating the ELENA model...”

Thank you

Hadrien Michel, Policy Officer, Energy Efficiency Unit - ENER.B2