



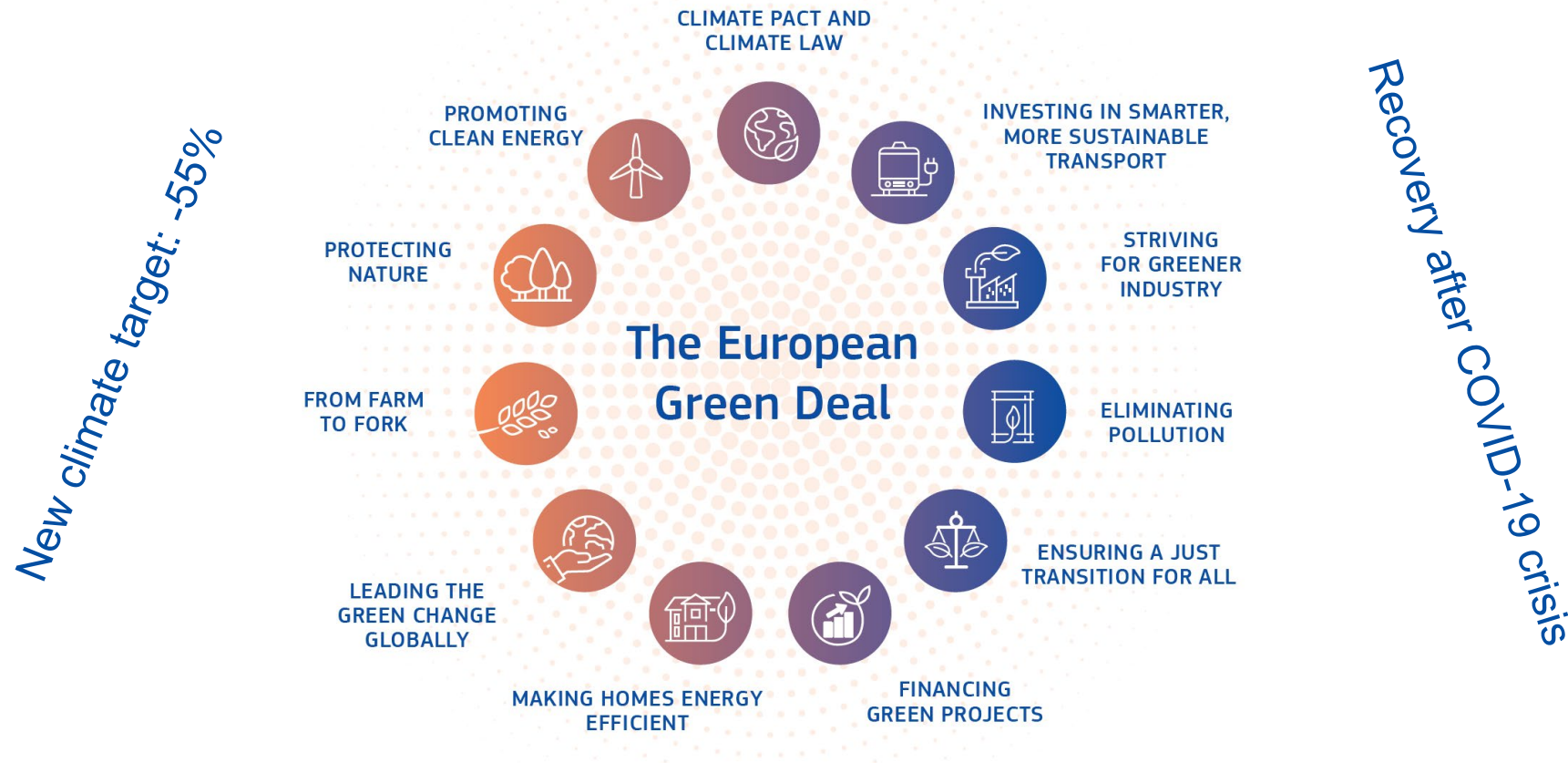
LIFE Info Days 2023

LIFE CET – Policy Context Financing for Energy Efficiency

01 June 2023

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Policy context – the European Green Deal



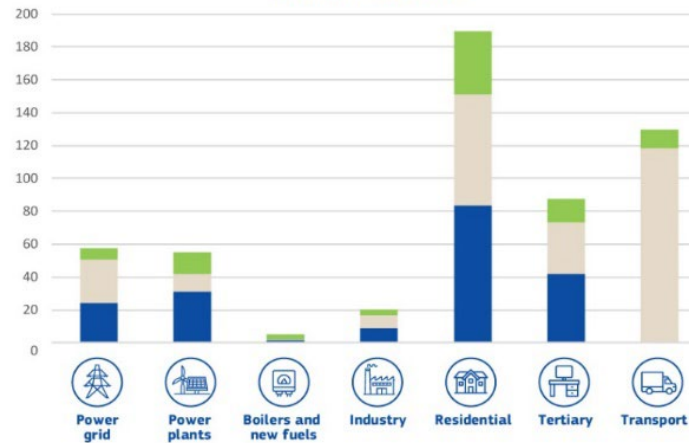
Political context - EGD

Climate Target Plan

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

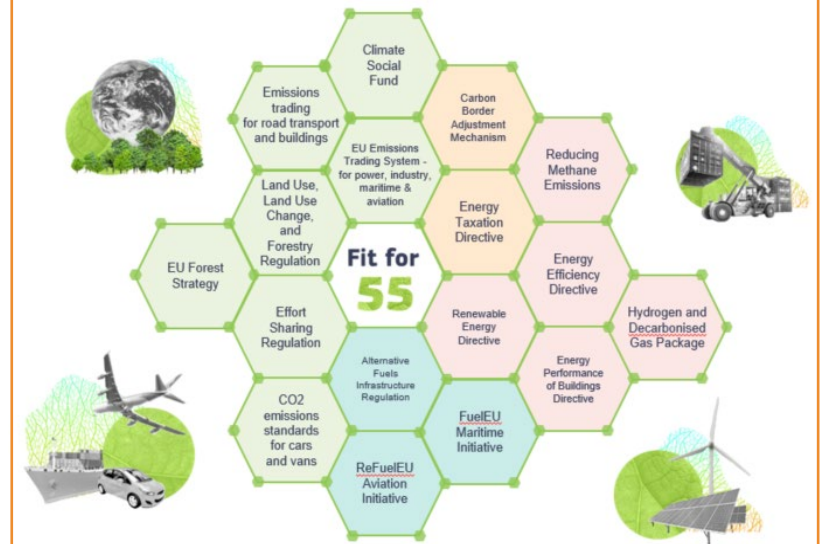
- Additional to achieve -55% greenhouse gas reductions, 2021-2030
- Additional under current 2030 policies in 2021-2030 compared to 2011-2020
- Historic annual investments in the energy system 2011-2020

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)



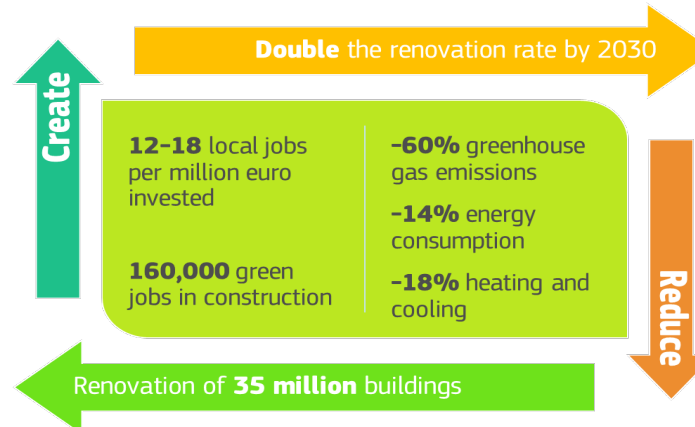
Fit for 55

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



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



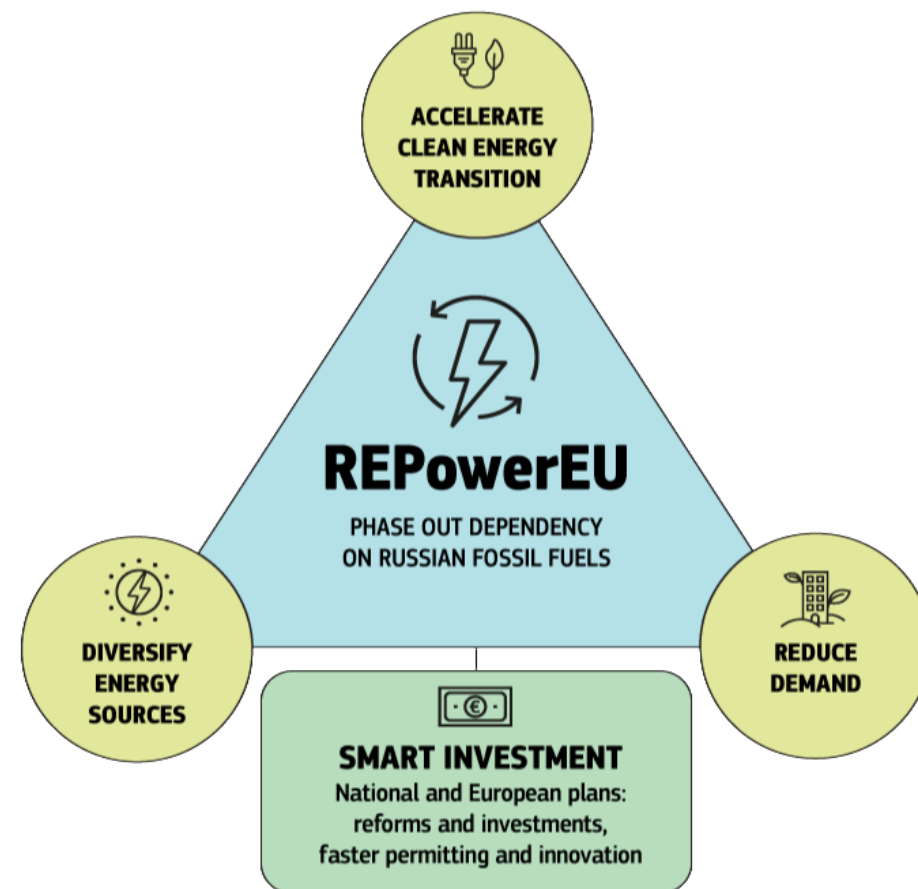
REPowerEU: from goals to actions

Independence from Russian fossil fuels by 2027

- Increase imports of **liquefied natural gas** (LNG) by 50 bcm
- Increase **pipeline gas** imports by 10 bcm
- Increase **biomethane** production by 3.5 bcm
- EU-wide **energy saving** to cut gas demand by 14 bcm
- **Rooftop solar** to reduce gas demand by 2.5 bcm
- **Heat pumps** to reduce gas demand by 1.5 bcm
- Reduce gas demand in the power sector by 20 bcm by deployment of **wind and solar**

Increase the target of renewable energy from 40% to **45%** by 2030

Increase the target of energy savings from 9% to **13%** by 2030

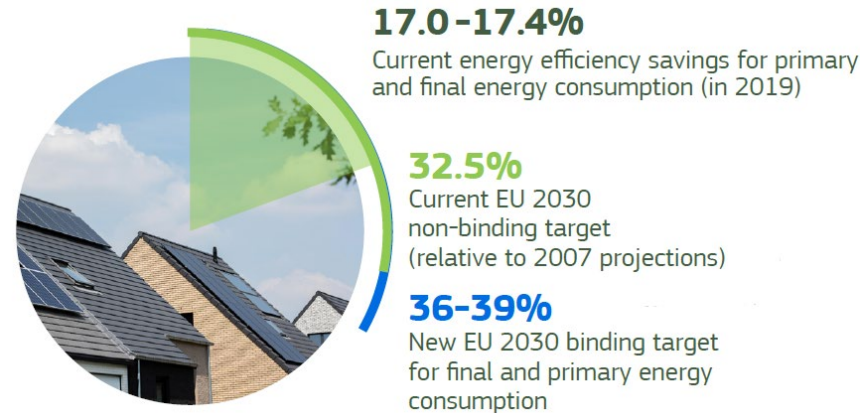


Complemented by:

- [EU Save Energy Communication](#)
- [EU Solar Energy Strategy](#)

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**



Revision of the Energy Performance of Buildings Directive - Focus areas

Twofold objective: → Contribute to **reducing buildings' GHG emissions and final energy consumptions by 2030** → Provide a long-term vision for buildings and ensure an adequate contribution to achieving **climate neutrality in 2050**

Renovation

- Minimum Energy Performance Standards
- Energy Performance Certificates
- National Building Renovation Plans and renovation passports for individual buildings

Decarbonisation

- Introduction of zero-emission buildings as new standard for new buildings
- Consideration of whole life cycle carbon
- Phasing out incentives for fossil fuels and new legal basis for national bans

Financing

- Sustainable finance and energy poverty alleviation
- Energy Performance Certificates database
- Deep renovation standard
- Renovation passports for individual buildings

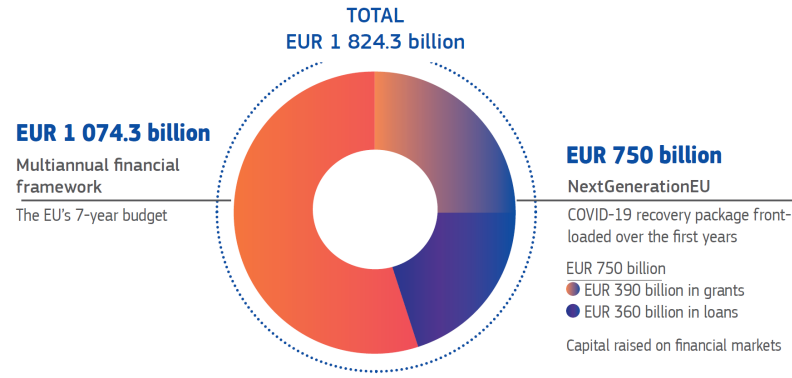
Modernisation & system integration

- Infrastructure for sustainable mobility
- Smart Readiness Indicator
- Indoor air quality: ventilation and other technical building systems

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

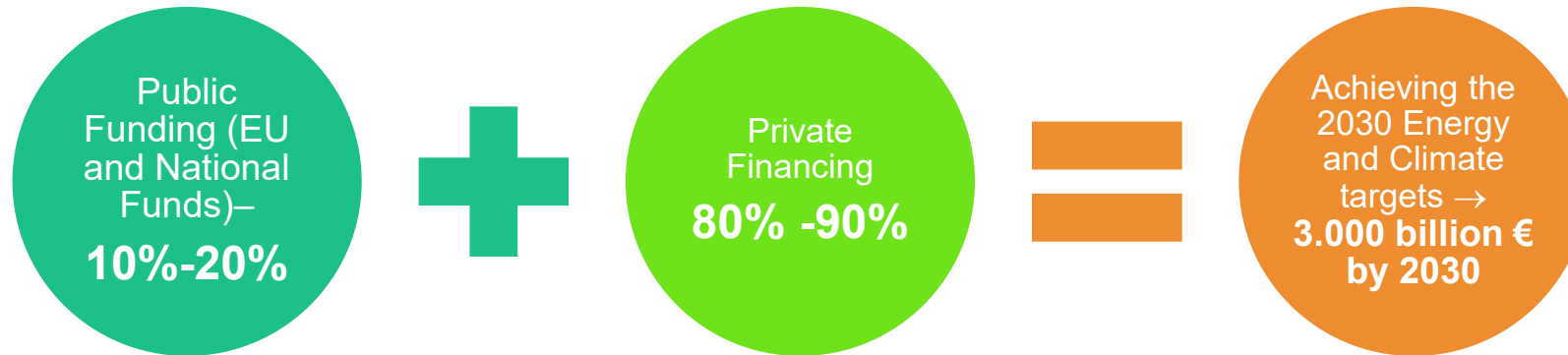
- Out of the total 1.800€bn (NGEU + MFF 2021-2027), more than 30% of these resources, **around 625€bn**, earmarked to **deliver the climate goals** of the European Green Deal.
- While there is **no earmarking for energy efficiency**, EU-budget support (MFF, RRF, ETS revenues) for energy efficiency could be estimates **around 120 to 150€bn**.
- National **financial support vary significantly across Member States**.
- **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

Thank you

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