LIFE info days 2024

Energy policy update - Local

Fit-for-55 and REPowerEU

25 April 2024

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Energy Efficiency Directive (EU) 2023/1791

- Updated **EU energy efficiency targets to 11.7% reduction** in primary and final energy consumption: indicative **PEC target of 992.5 Mtoe**, binding **FEC target of 763 Mtoe**
- Streghten annual **national energy saving obligations to 1,49% in average with step-wise approach** and exclusion of savings from direct fossil fuels combustion. Including **a Just transition sub-target**
- Reinforcement of the **Energy Efficiency First Principle** accross 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 45.000).
- 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**

11.7%
Decrease
in energy
consumption

Stepwise increase
in annual cumulative
energy savings
obligation in end use:
1.3% as of 2024
1.5% as of 2026
1.9% as of 2028

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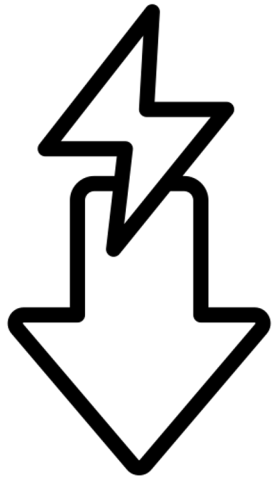
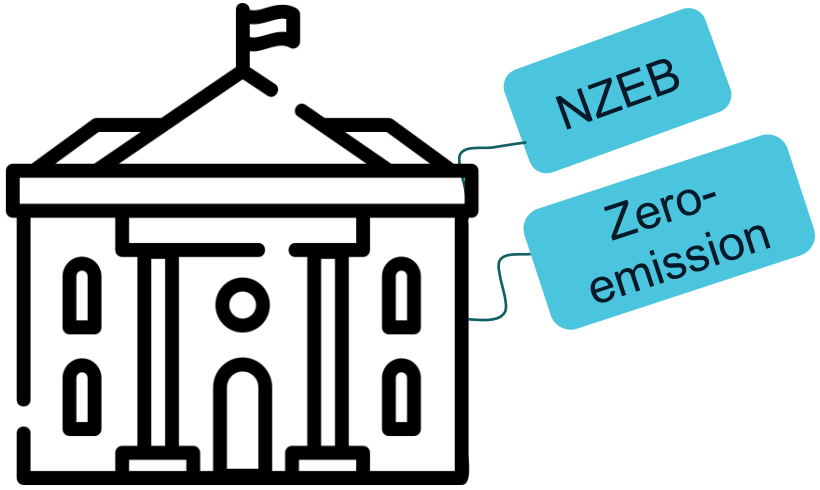
Articles 5 – 7 EED: Exemplary role of public sector

Reduce total
final energy consumption
of all public bodies



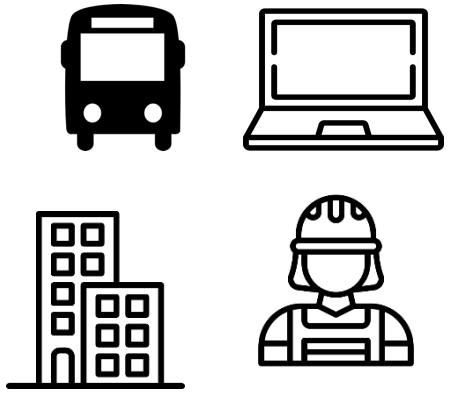
1.9% each year

Renovate
heated / cooled buildings
owned by public bodies



3% each year

Purchase



High energy efficiency performance

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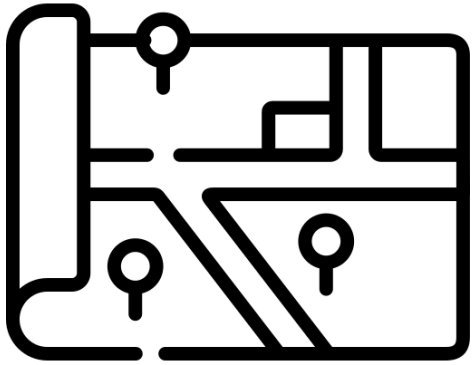
Article 25: Heating and cooling assessment and plans

Comprehensive heating and cooling assessment in NECP

Cost-benefit analysis to facilitate the identification of the most resource-efficient and cost-efficient solutions to meeting heating and cooling needs



If potential for high-efficiency cogeneration / efficient district heating and cooling from waste heat, Member States to take adequate measures for such infrastructure to be developed

Encourage development of installations for waste heat, high-efficiency cogeneration and use of heating and cooling from waste heat and renewable energy sources

Regional and local authorities to prepare local heating and cooling plans at least in municipalities with a total population higher than **45.000**

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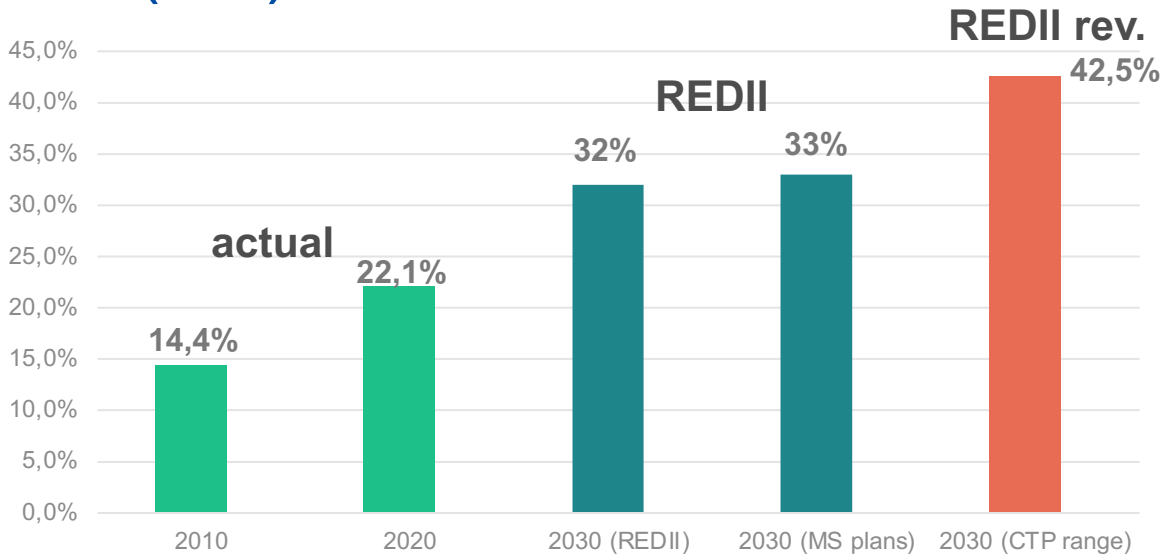
Renewable Energy Directive (EU) 2023/2413

- Increase **RES target by 2030 to 42.5%**
- Increased **renewables ambition in key sectors**: **heating and cooling** (mandatory annual increase of 1.1% RES share), **transport** (reduction of GHG intensity), **industry** (1.6% annual increase), **buildings** (49% indicative share)
- Complementing REPowerEU targeted amendment on accelerating **RES permitting, overriding public interest and 'go to areas'**



- Boosting the deployment of and the investment in renewable energy, including **small-scale RES in buildings and local renewable energy communities.**
- **Sustainable bioenergy reinforced criteria** in line with the EU Biodiversity Strategy, **ensuring application to also smalle scale installations** (7.5MW) and that forest biomass is not sourced from relevant biodiversity and carbon stock areas.
- Measures to foster Energy System Integration via electrification and increase uptake of **RES heat and waste heat in centralised district heating and cooling systems** via waste heat uptake, including **indicative target for RES share in DHC networks.**

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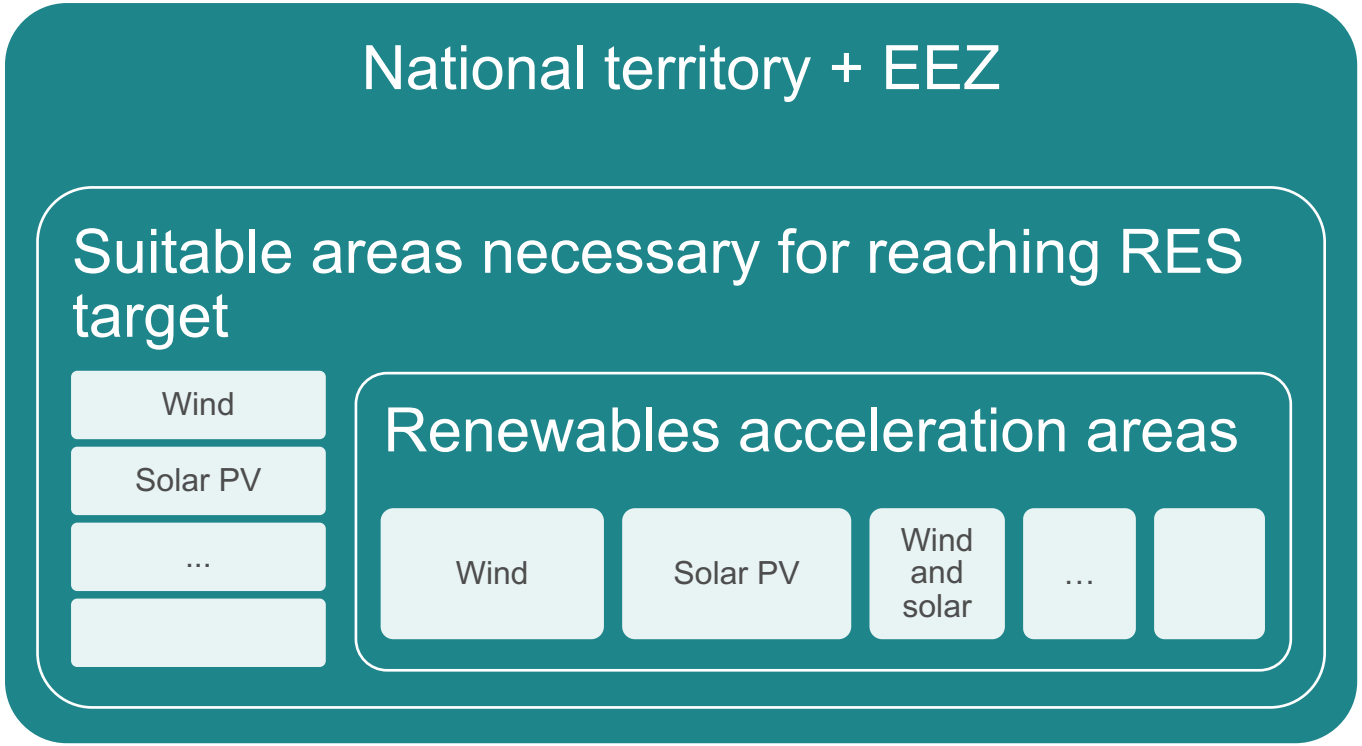
New provisions in revised RED: spatial planning

- Mapping of **NECP areas** (focus on RES potential) → 18 months after entry into force
- Designation of sub-set of "**renewable acceleration areas**" (RAA, focus on low env. impacts) → 27 months after entry into force
- Option for MS to designate **grid and storage infrastructure** areas to integrate RES into electricity system



Energy Performance of Buildings Directive Recast adopted 12/04/2024

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
- National trajectories for the progressive renovation of the residential building stock
- National Building Renovation Plans

Decarbonisation

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

Enabling framework

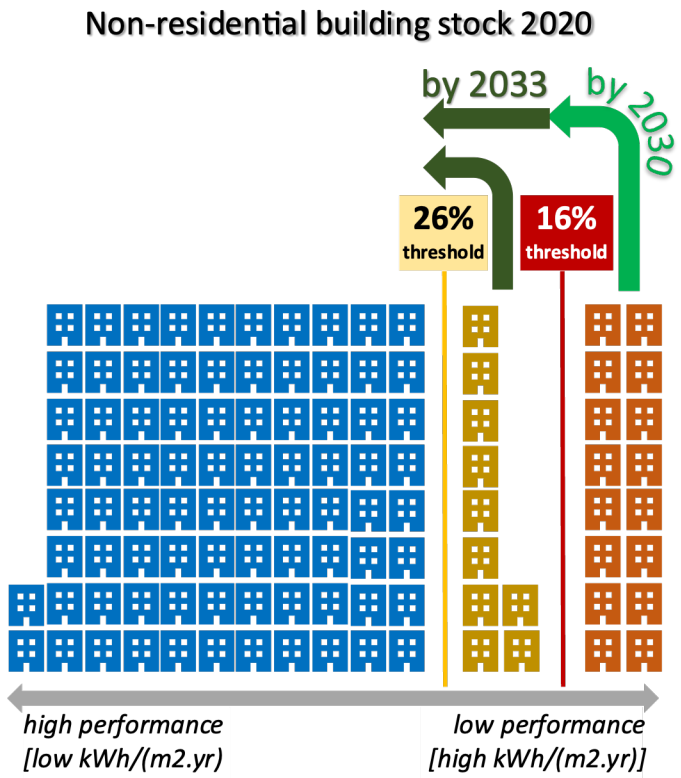
- Strengthened Energy Performance Certificates
- Renovation passports
- Sustainable finance & energy poverty
- One-stop-shops
- Deep renovation standard
- National energy performance databases

Modernisation & system integration

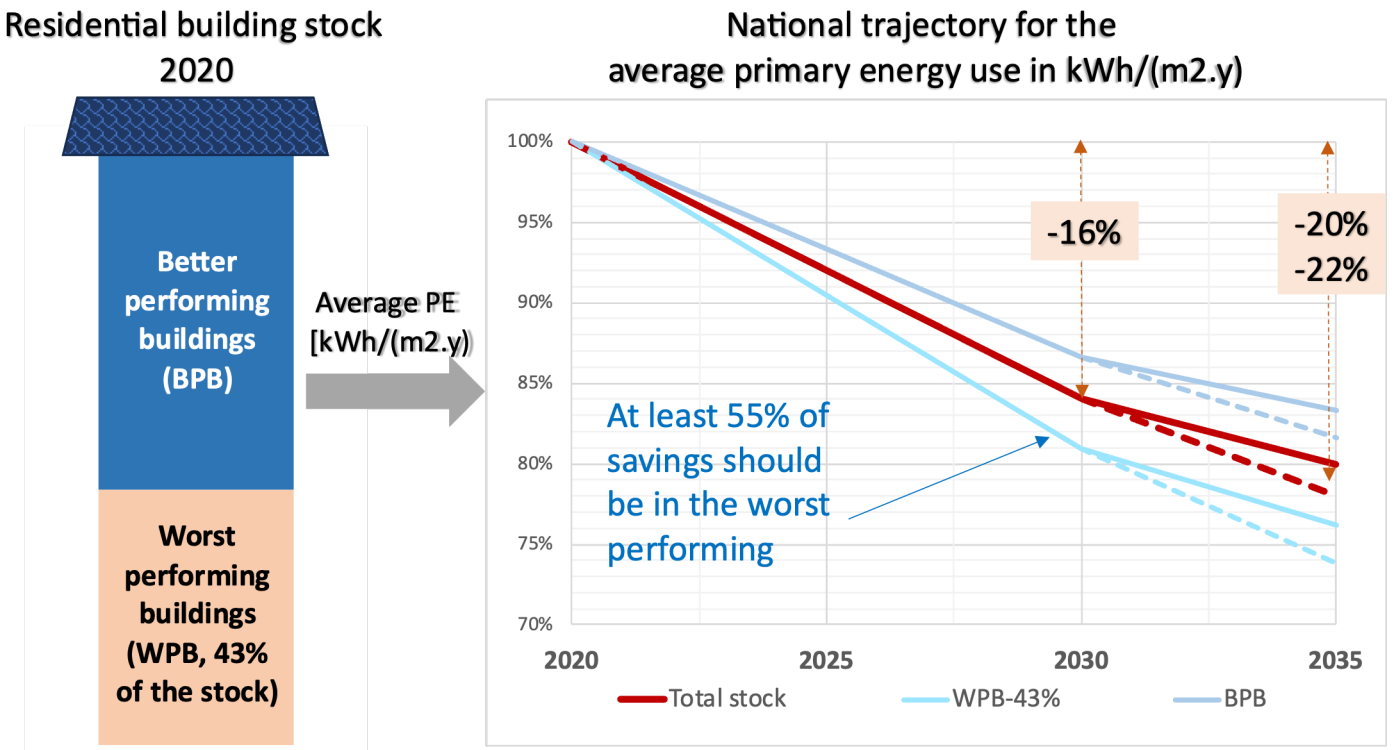
- Infrastructure for sustainable mobility
- Smart Readiness Indicator
- Indoor air quality: ventilation and other technical building systems
- Digitisation, data access and exchange

MEPS for non-residential buildings and primary energy use trajectory for the residential building stock (Article 9)

Non-residential: Minimum Energy Performance Standards (MEPS)



Residential: trajectory to reduce the average primary energy use



Exemptions allowed both for non-residential and residential
(for protected buildings, temporary use, places of worship, etc.)

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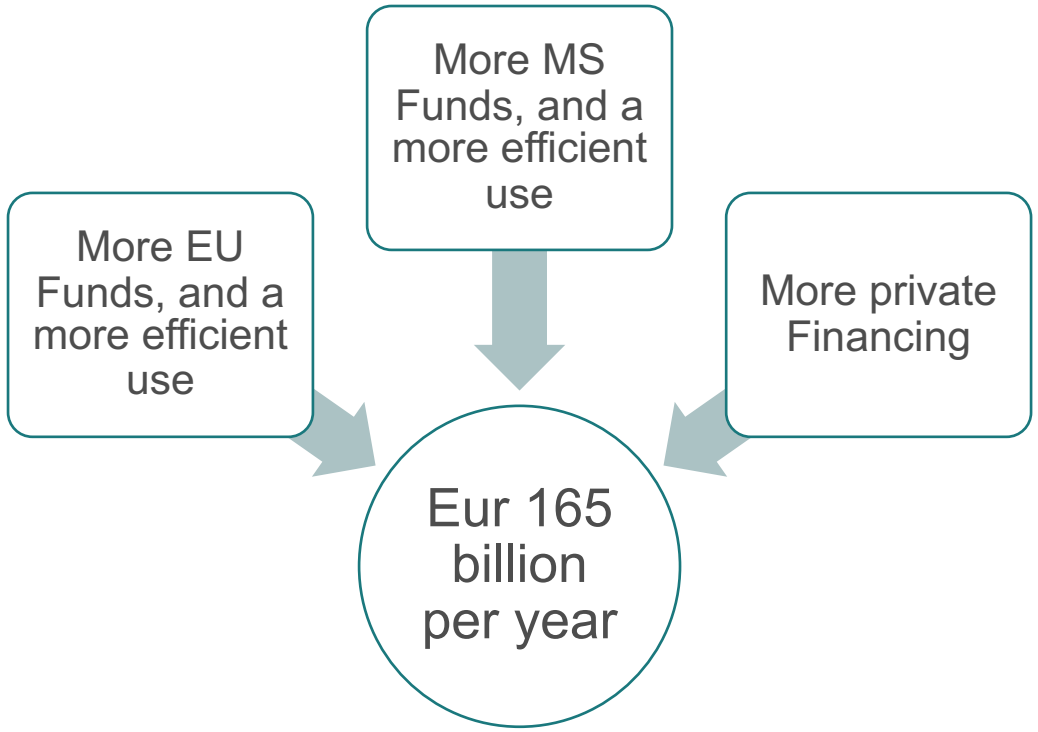
The Energy Efficiency Financing Challenge

Energy efficiency and climate targets

- Energy Efficiency objectives – EED Recast
- Buildings objectives- EPBD Recast
- REPowerEU Objectives - heating decarbonisation

Energy Efficiency Investments Needs	
Total investments (2021-2030)	Eur 3.000 billion (Source: Primes REPowerEU Plan)
Investment Gap (2021-2030)	Eur 1.650 billion (Source: IA EED, IA CTP)

Closing the Investment Gap



Energy Efficiency faces one of the largest investments gaps. This represents an unprecedented challenge.

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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 (EEEFin Coalition)
- De-risking investments

Thank you

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