EU Energy Efficiency policy

From the revised EU energy efficiency framework to activate private financing

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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
Energy Performance of Buildings Directive (EPBD)


- Adopted by the Council on **12 April 2024**

- For non-residential, Minimum Energy Performance Standards (MEPS)
  - By **2030**, renovation of the **16%** worst-performing buildings
  - By **2033**, renovation of the **26%** worst-performing buildings

- For residential
  - **National trajectory** to reduce the average primary energy use of the building stock
  - By **16%** by **2030** and **20-22%** by **2035** compared to **2020**
  - At least **55%** of the savings in **worst-performing buildings**, defined as the **43%** of the building stock with the lowest energy performance
Article 30 EED: Financing Energy Efficiency

- Facilitate the establishment of financing facilities, increase access to finance, and project development assistance to mobilise investments in energy efficiency in different sectors.

- Strengthen cooperation and dialogue with private and public financial institutions to mobilise private investments in energy efficiency measures and energy renovations.

- Promote energy efficiency lending products (EE mortgages & green loans) by ensuring a wide and non-discriminatory offer, and facilitate the implementation of on-bill and on-tax financing schemes.

- Introduce reporting requirements on energy efficiency financing (volume, leverage factor, lending products).

- Regulate the voluntary National Energy Efficiency Fund set up by Member States.
European Energy Efficiency Financing Coalition

**Overarching objective:** Mobilise private financing for energy efficiency at scale

**Model:** Triangular cooperation between Commission – Financial Institutions – Member States

**Three layers approach**

1**st Layer:** Political Mandate and Project Objectives

2**nd Layer:** Technical Expertise

3**rd Layer:** Presence in national markets with a specific work plan

Support by a **Secretariat**
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 Member States and financial institutions (EEEFin Coalition)
- De-risking investments

Achieving the 2030 Energy and Climate targets → 3.000 billion € by 2030
Thanks