



# Fit for 55

## 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

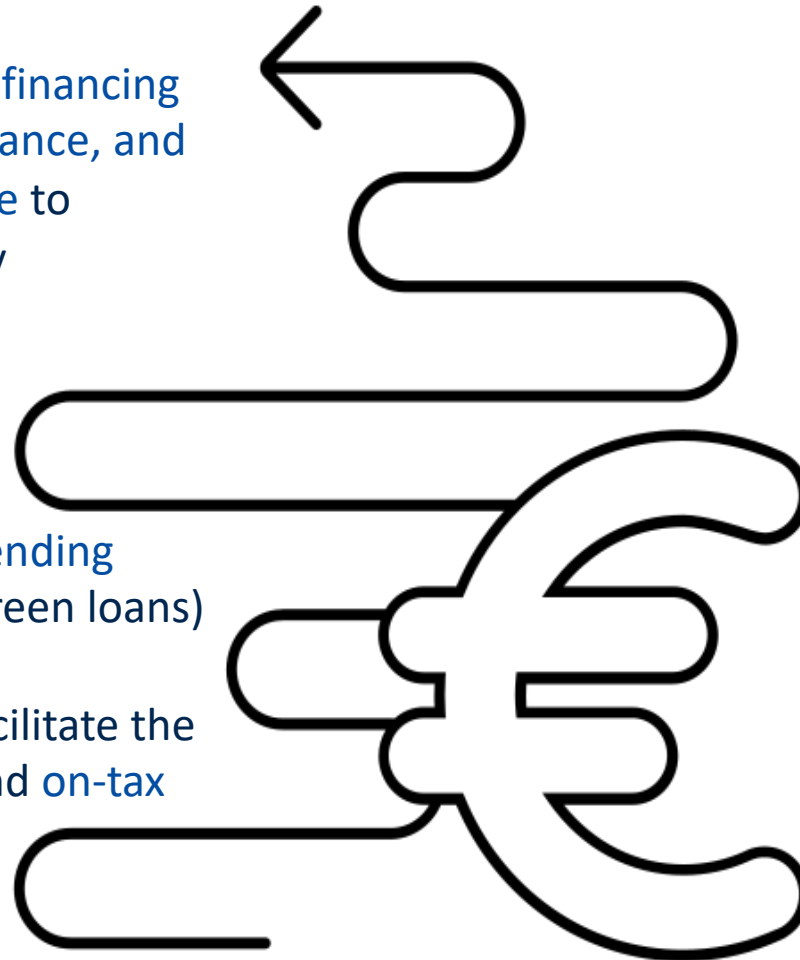
# Energy Performance of Buildings Directive (EPBD)

- **Provisional political agreement** reached on **07 December 2023** - *Text published by Council: <https://data.consilium.europa.eu/doc/document/ST-16655-2023-INIT/en/pdf>*
- 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

- 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



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

Regulate the voluntary National Energy Efficiency Fund set up by Member States

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

# 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<sup>st</sup> Layer:** Political Mandate and Project Objectives

**2<sup>nd</sup> Layer:** Technical Expertise

**3<sup>rd</sup> Layer:** Presence in national markets with a specific work plan

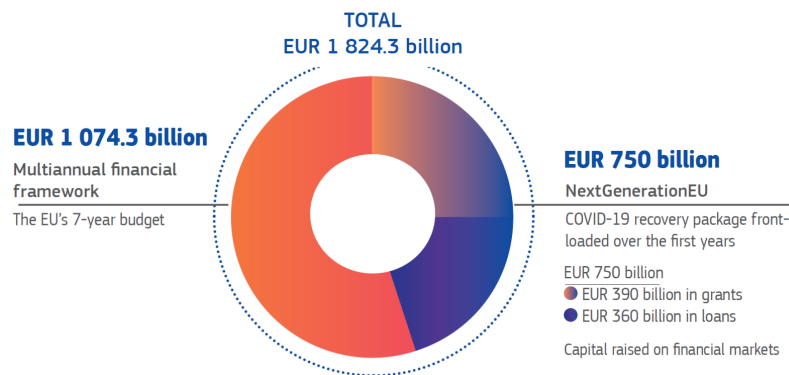
Support by a **Secretariat**



# 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

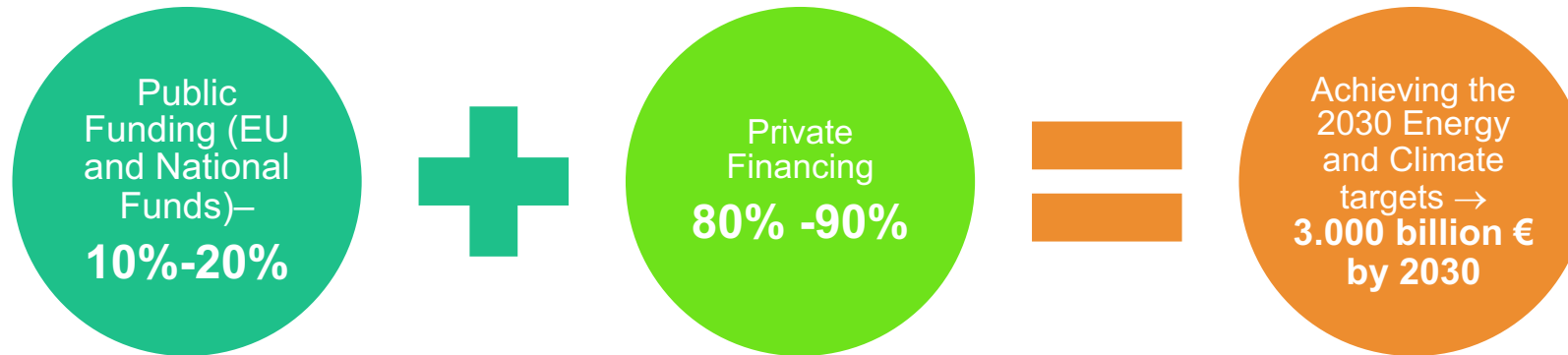
- Out of the total 1.800€bn (NGEU + MFF 2021-2027), more than 30% of these resources, **around 625€bn**, earmarked to **deliver the climate goals** of the European Green Deal.
- While there is **no earmarking for energy efficiency**, EU-budget support (MFF, RRF, ETS revenues) for energy efficiency could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



Thanks