LIFE CET – Policy Context
Financing for Energy Efficiency
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

**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
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**

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**Renovation**

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

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**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

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**Financing**

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

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**Modernisation & system integration**

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

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

Public Funding (EU and National Funds) - 10%-20%

Private Financing - 80% -90%

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

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