Financing Energy Efficiency

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Why energy efficiency matters?

**Competitiveness**
- Reduce EU’s energy bill
- Create new business opportunities
- Boost R&D & markets for EU global leadership

**Sustainability**
- Reduce CO₂ emissions
- Limit environmental degradation

**Supply Security**
- Reduce EU’s energy dependence
- Reduce investments in energy infrastructures
- Improve the energy trade balance
The EU 20-20-20 targets by 2020

- Reduce greenhouse gas emissions by 20%
- Increase share of renewables to 20%
- Reduce energy use by 20%

Current trend to 2020:
-20%

- 20%
- -10%
Despite untapped savings potentials across all major sectors

### Energy

- Economic potential [Mtoe]:
  - Industry: 2%
  - Commercial: 5%
  - Residential: 16%
  - Transport: 11%

**Sectors covered by EED**

- Remaining saving potential to be addressed with new measures
- Savings expected to be achieved with already existing measures
And despite existing measures

Energy performance of buildings Directive
- Minimum energy performance requirements
- Nearly zero-energy buildings
- Certification and inspections

Eco-design and Energy Labelling Directives
- Minimum performance requirements
- Labelling

Energy Services and Cogeneration Directives

- Public sector
- Households
- Sectoral measures
- Services
- Energy supply
- Industry
- Indicative national EE targets
- General promotional measures
- Monitoring & Reporting
- new EED
...and beyond 2020?

Roadmap 2050

- Explore routes towards a low-carbon energy system by 2050
- Give more certainty to governments and investors
- Energy efficiency, renewables and infrastructure improvements are ‘no-regrets’ options
- Well-functioning energy markets are key
What is the ‘investment’ need?

Energy savings potential across sectors requires investment of around 850 billion € (2011-2020)

- Around 85 billion € per year
- Buildings take the lion’s share of around 60 billion € per year
How to trigger energy efficiency investments?

- *Energy saving obligation schemes* (e.g. UK, Demark, Italy, France, Poland and Ireland)
- *Enhanced use of ESCOs* (steps taken to set proper regulatory framework and tailored financing products but the full potential largely unexploited)
- *Energy auditing schemes and agreements with industry* (e.g. Poland, Sweden, Finland and the Netherlands)
- *Training and information campaigns* (e.g. EU’s BUILD-UP and BUILD-UP Skills initiatives)
- *Covenant of Mayors* (over 3400 sustainable energy cities across Europe; more than 900 SEAPs delivered so far; 33 bn EUR in investments identified)
What is currently available at EU level?

Cohesion policy funds (2007-2013):
• 4,6 billion € for energy efficiency

Intelligent Energy Europe Programme (2007-2013):
• 735 million € for ‘soft’ energy efficiency/renewables projects

ELENA Facility:
• 97 million € for technical assistance to mobilise investments

European Energy Efficiency Fund (EEE-F):
• 265 million € for investments into mature, bankable efficiency/renewables projects
• 20 million € for technical assistance
**ELENA-EIB**
Large scale investments
Direct contracts with EIB
Open call, no deadline
Leverage 20
All IEE MS
> €50m

**ELENA-CEB**
Mid-size programmes
Direct contracts with CEB or Intermediated via PFIs
Open call, no deadline
Leverage 20
IEE/CEB MS
< €50m

**ELENA-KfW**
Mid-size programmes
Intermediated via PFIs
Open call, no deadline
Leverage 20
All IEE MS
< €50m

**ELENA-EBRD**
Mid-size investments
Direct contracts with EBRD
Open call, no deadline
Leverage 20
IEE/EBRD MS
< €50m

**T A for Project Development Services**

**MLEI**
Small-scale investments
Direct contracts with EACI
IEE call, standard deadline
Leverage 15
All IEE MS
> €6m
European Energy Efficiency Fund

**Established:** 2010 by amending the European Energy Programme for Recovery (EEPR)

**Launched:** 1 July 2011 with 265 M€ (EC, EIB, CDP, DB)

**Objective:** Addressing financial needs of commercially viable EE and RES projects

**Scope:** 70% EE, 20% RES, 10% Clean urban transport
European Energy Efficiency Fund

**Final Beneficiaries:** local/regional public authorities

**Tailor made financing:** Senior/junior loans, convertible debt, equity participation, forfeiting loans

**Technical assistance:** 20M€ (grants) for project development services
EEE F Eligibility criteria

At least 20 % primary energy savings for energy efficiency projects (higher for buildings)

At least 20 % reduction of CO$_2$ equiv. for renewable energy and transport projects

Comply with EU legislation (RES directive, CHP, etc.)

Concrete objectives to mitigate climate change and multi-annual strategies in place
EEE F  Eligibility criteria

Focus on proven technologies

Strong support for ESCOs providing guaranteed energy savings

Projects eligible as from 01.01. 2011

Typical project size: up to 25M€
EEE F Technical Assistance (TA)

**Objective:** support project development services for technical and financial preparation of projects

- TA of total of 20M€ (provided by the EC),
- Grant (up to 90% of eligible costs)
- Min. leverage factor of 20
- Only for projects applying for funding to the EEE- F
- Based on ELENA structure
Role of EEE F in mobilising private finance

Objective: Enhance viable EE and RES investments at local/regional level within multiannual strategies to mitigate CC

- Address market failures (information/awareness, TA...)
- Address lack of access to capital (specific financial products...)
Role of EEF in mobilising private finance

Confidence building around EE investment

Develop and spread ESCO/EPC models

Offer innovative financing

For more information: www.eeef.eu
What will be available at EU level?

Next Multi-Annual Financial Framework (2014-2020) proposals:

- Cohesion funding to allocate some 17 billion € to energy efficiency and renewable energy (doubling current allocations)

- Horizon 2020: 6.5 billion € is to be allocated to research and innovation in "Secure, clean and efficient energy"

- Increased use of financial instruments
What should be improved?

_Public consultation on financial support for energy efficiency in buildings_

- How could access to financing be improved?
- What is the role of the EU regulatory framework?
- How to remove important barriers?

_http://ec.europa.eu/energy/efficiency/consultations/20120518_eeb_financial_support_en.htm_
Thank you for your attention

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