Energy Efficiency
Financial Institutions Group

Energy Efficiency - the first fuel for the EU Economy

How to drive new finance for energy efficiency investments

Buildings & Industry/SMEs

Introduction

Energy Efficiency
Financial Institutions Group

The Energy Efficiency Financial Institutions Group (“EEFIG”) was established as a **permanent** working group by the European Commission, in late 2013 as a result of the dialogue between **DG Energy** and **UNEP FI**, as both institutions were engaging with financial institutions to determine how to overcome the well documented challenges inherent to **obtaining long-term financing for energy efficiency**.

EEFIG aims to create dialogue between policy makers and representatives of the financial sector as well as energy efficiency experts, and ultimately **increasing energy efficiency finance**. The group is currently comprised of **51 individuals** representing **30 institutions**.

EU Commission tasked EEFIG to deliver an Interim Report which addresses three key questions:

1

What are the most important challenges to overcome?

2

Who would be the right party to address them?

3

What should the European Commission/EU do?

Interim report summarizes work and thinking over 6 months - October 2013 and March 2014

- **EEFIG will deliver a final report in November 2014** which will deepen its work in the buildings sector and also consider energy efficiency investments in Small and Medium Sized Enterprises (SMEs) and Industry in Europe.

Background / Framework

Energy Efficiency
Financial Institutions Group

Rationale for scaling up Energy Efficiency Investments in Europe:

- Energy Efficiency is described as the EU's biggest energy resource
- One of the most cost effective ways to enhance the security of its energy supply and decrease the emissions of greenhouse gases and other pollutants

Energy efficiency investments are characterised by:

a. Their capacity to bring direct **energy returns**

b. Bring additional **value streams** to private owners and asset operators

c. Significant **public benefits** in terms of:

  - Increased employment
  - Lower emissions
  - Increased energy security and reduced dependence on foreign energy imports
  - Improvements to a country's fiscal balance

Key Facts

a. 2011, **global energy efficiency investments** across all sectors totaled **$300bn**

b. A 2012 **Eurima report** estimates that **€60-100 billion** is needed to be **invested annually in EU buildings** to achieve Europe's **2020 energy efficiency targets**

c. A 2014 Ceres report denotes that the **additional investment required** beyond business as usual to limit temperature rises to a 2^0C scenario are up to another **$300 billion per annum between 2010 and 2020**

d. Europe's **Energy Efficiency Plan** expects to deliver **2 million jobs**

  - Potential annual financial savings estimated at **Euro 1,000 per European household**

Drivers of Demand for and Supply of Energy Efficiency Investments in EU Buildings

Energy Efficiency
Financial Institutions Group

Methodology

Step 1

Identification of the key drivers to convert energy efficiency into a preferred investment area

Step 2

Prioritisation of the importance of the drivers through a **survey** to allow EEFIG members to rank them

Step 3

Distinguishing between policy led vs. market led activities

Drivers of Demand for and Supply of Industrial Energy Efficiency Investments

Energy Efficiency
Financial Institutions Group

EEFIG ranking of key drivers affecting demand and supply of energy efficiency investment by market segment

DEMAND

	ALL	FIs ONLY
1	EE Investment Returns	EE Investment Returns
2	Clear Business Case and Baseline	Clear Business Case and Baseline
3	Awareness at Key Decision Maker Level & Leadership and Human Capacity	Price and Volatility of Energy
4	Price and Volatility of Energy	Awareness at Key Decision Maker Level & Leadership and Human Capacity
5	Limited Business Interruption Risk	Key Decision Makers' Confidence in EE Resources

SUPPLY

	ALL	FIs ONLY
1	Regulatory Stability	Regulatory Stability
2	Availability of Performance Data & Clear/ Transparent MRV of Savings vs Baseline	Availability of Performance Data & Clear/ Transparent MRV of Savings vs Baseline
3	Overall Supply of Long-term Finance	Awareness at Key Decision Maker Level & Leadership and Human Capacity
4	Industry/ Sector Risk	Improved Counterparty Risk
5	Awareness at Key Decision Maker Level & Leadership and Human Capacity	Overall Supply of Long-term Finance

Timeline and next steps

- Workshops 3rd December 2014/29January 2015
- Final Report ready mid February 2015
- Launch of the report on 26 February in Brussels (Conference Heating & Cooling)
- Dissemination and communication strategy under development: translation into 5 languages (D, F, P, I, S), country events, presentation at conferences

Links for more information

Energy Efficiency
Financial Institutions Group

This report can be downloaded at:

ec.europa.eu/energy/efficiency/studies/doc/2014_fig_how_drive_finance_for_economy.pdf

Please direct your comments to:

Ener-feedback-eefig-report@ec.europa.eu

EEFIG contact point:

Bettina Dorendorf , European Commission, DG Energy
Unit A4 Economic Analysis and Financial Instruments

bettina.dorendorf@ec.europa.eu / www.ec.europa.eu/energy/efficiency

Commission website on energy strategy:

http://ec.europa.eu/energy/index_en.htm

This document has been prepared for the European Commission by the members of the Energy Efficiency Financial Institutions Group ("EEFIG") as listed herein. The views and opinions expressed herein are wholly those of the EEFIG group reached by consensus at the time of writing and do not necessarily reflect those of the Commission, the institutions which EEFIG members represent nor are necessarily fully those of the individual members of the group. These views and opinions are subject to change without notice. The EEFIG, The Commission, Climate Strategy nor any individual member of EEFIG can be held responsible for any use which may be made of the information contained herein.

In addition, the examples and case studies described in this document represent the views of the members of EEFIG and are based on information gathered by these members; the references used to develop these illustrative examples (and which are quoted in this study) should always be considered as the most accurate and complete source of information.