European initiatives to support financing of Energy Efficiency

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Executive Agency for Small and Medium-Sized Enterprises (EASME)
Annual investments needed to reach EU energy and climate goals by 2030\(^{(1)}\)

<table>
<thead>
<tr>
<th>Investment expenditures in billion EUR’10 (average annual 2021-30)</th>
<th>REF2016 (BAU)</th>
<th>EUCO30</th>
<th>Financing challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand side</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>15</td>
<td>19</td>
<td>4</td>
</tr>
<tr>
<td>Buildings - households</td>
<td>127</td>
<td>214</td>
<td>87</td>
</tr>
<tr>
<td>Buildings - tertiary</td>
<td>23</td>
<td>68</td>
<td>45</td>
</tr>
<tr>
<td>Transport</td>
<td>705</td>
<td>736</td>
<td>31</td>
</tr>
<tr>
<td>Supply side</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grid</td>
<td>34</td>
<td>36</td>
<td>2</td>
</tr>
<tr>
<td>Generation and industrial boilers</td>
<td>33</td>
<td>42</td>
<td>9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>937</td>
<td>1115</td>
<td>178</td>
</tr>
</tbody>
</table>

(1): Source: PRIMES, as quoted in table 22 (p. 66) of SWD(2016) 405 final (Impact Assessment accompanying the Proposal for a Directive of the European Parliament and of the Council amending Directive 2012/27/EU on Energy Efficiency; Part 1/3). Transport figures include investments in transport equipment for mobility purposes (e.g. rolling stock but not infrastructure) and energy efficiency. They exclude investments in recharging infrastructure.
Financing challenge

• Most of the (additional) financial burden to be carried by the private sector (*i.e. households and businesses*)

• Lack of attractive financing products from the market

• Subsidies are not at scale, and perceived as cumbersome

• Even if subsidies exist, measures must be prefinanced
"Smart Finance for Smart Buildings"

More effective use of public funds
- Deploying **Financial Instruments** and flexible energy efficiency and renewable financing models
- Building on EFSI blending with ESIF funds

Assistance and aggregation
- Supporting the project pipeline at EU and local level
- **Project Development Assistance** facilities
- "One-stop-shops"

De-risking
- Understanding the risks and benefits for financiers and investors
- The De-risking Energy Efficiency Platform
- EEFIG Underwriting toolkit
Aggregation - Project Development Assistance (PDA)
Aggregation - Project Development Assistance

• **Build** technical, economic and legal **expertise** needed for project development

• **Develop organisational innovations** and minimise transaction costs

• **Remove** legal, administrative and other market **barriers**

• **Aggregate** (pooling, bundling) **projects** to reach critical size

• **Mobilize** private finance

• **High** degree of **replicability**
H2020 PDA: main features

• Sectors targeted:
  ▪ Public and private buildings
  ▪ Industry and services
  ▪ Urban transport
  ▪ Existing infrastructures (street lighting, water/wastewater)

• Investments launched before end of the action!

• Proposals from 1 single entity are eligible

• EU contribution 100%

• Budget 2019: EUR 6 million

• 1:15 leverage ratio

Deadline: 3 sept. 2019
2020 TOGETHER
Refurbishment of public buildings and street lighting in the Piedmont Region (IT) - Completed

• Triggered EUR 12.5 million of energy investments
  ▪ Change & management of heating systems in 118 buildings owned by the city of Torino
  ▪ Energy refurbishment of 18 public buildings owned by 5 small municipalities
  ▪ Bundling of 3,000 lighting points in the city of Torino and 6 small municipalities

• Achieved leverage factor of 1:26

• Innovation
  ▪ "Joint Procurement" of innovative Energy Performance Contracts (EPCs)
  ▪ Third Party Finance involving an ESCO and financial institutions

• Replication potential
  ▪ Joint procurement and EPC in public buildings
  ▪ Make PPP and Third Party Investment a common practice

https://goo.gl/NcrnMi

IEE-MLEI Project 13-841
RHODOSHOP
Refurbishment of public buildings and street lighting in the Rhodope Region (BG) - Ongoing

• Follow-up of Citynvest
• Set-up a one-stop-shop to act as a procurement agency on behalf of public authorities
• Undertake energy retrofitting works in their buildings and street lighting
• Trigger a total of EUR 13.2 million investment (leverage 1:28)

• Innovation
  ▪ Establish a "Project Development Unit"
  ▪ Capacity building
  ▪ "Joint Procurement" of innovative Energy Performance Contracts (EPCs)

• Replication potential
  ▪ Build on the experience of GRE-Liege financial model RENOWATT
  ▪ Model largely replicable in Eastern Europe

Horizon 2020 project 748425
More information

• H2020 participant portal
    + Dedicated Webinar: https://youtu.be/83wFiDSirul


  ▪ Proceedings from all events
  ▪ Webinar: “Home renovation in Europe: The User Perspective”: https://youtu.be/7UDRBeusABs
  ▪ Webinar: “Renovation of Public Buildings in Europe”: https://youtu.be/FF5vLHGtm0g

• Questions & Answers: EASME-Energy@ec.europa.eu
THANK YOU!

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