

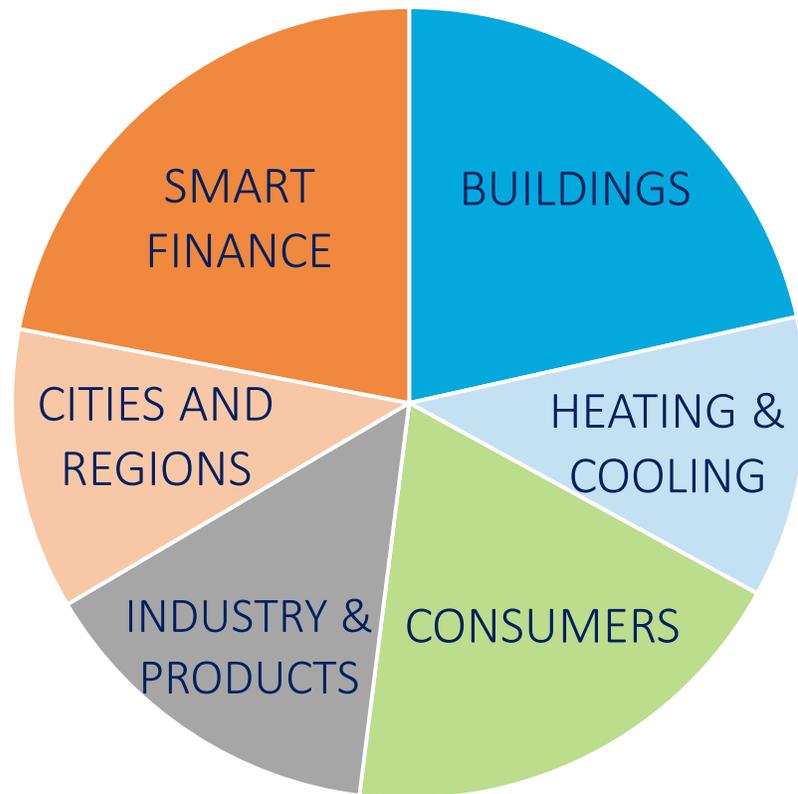


H2020 Energy efficiency finance - Challenges and Experience -

Interreg Europe Policy Learning Platform
Financial Instruments for the low-carbon economy
Brussels, 20th June 2019

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Head of Sector, Energy Unit
European Commission, EASME

H2020 Support for Energy efficiency



200 projects - managed by the Executive Agency for SMEs

Implement the vision with projects - impacts expected, e.g.:

- **Decarbonisation of building stock:** 20% reduction of renovation time compared to national standards
- **Home renovation:** Large locally developed investment pipelines for home renovation
- **Consumers:** Innovative support schemes for energy poor households
- **Finance:** New green finance products for consumers

Energy efficiency visions for Europe...



EU Energy targets by 2030

- At least **40%** cuts in greenhouse gas emissions
- At least **32%** renewables in energy consumption
- **32.5%** energy efficiency

2030 Clean Energy Package

2050 Long term vision

A Clean Planet for all

A European strategic long term vision for a prosperous, modern, competitive and climate neutral economy



...need market transformation

Pathway towards 2030 targets:

- Only 0.4 - 1.2%⁽¹⁾ of the stock is renovated each year
- 177 billion EUR/y of additional investment needed

Pathway towards 2050 vision:

- Investment needs will be particularly large in the residential sector (energy efficiency) and power (grid and generation)





Financing energy efficiency – market and 'language'



Replace your old car, Finance your new house

- Leasing and Mortgage are highly standardised financial products
- Clear collateral and securities



Energy Efficiency – Deep retrofit

- Low level of standardization
- High transaction cost, high risk premiums
- Associated benefits remain outside financial models

EU response to help make energy efficiency a business (at scale)

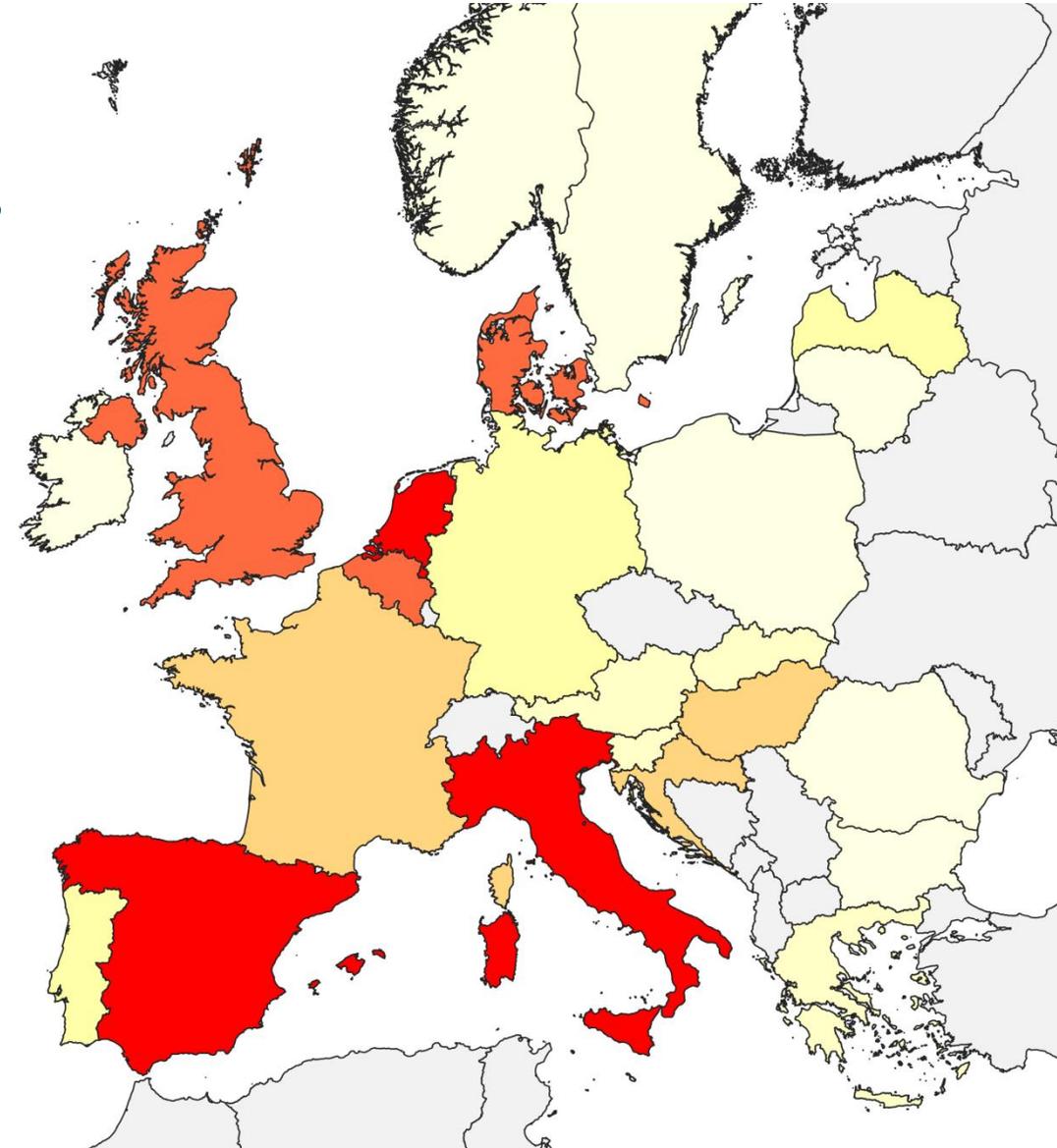
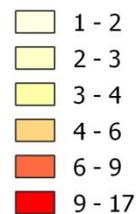
- Strong(er) and more holistic EU laws in place, however pace not sufficiently fast
- Market transformation of the ‘fundamentals’:
 - Getting more demand, support champions
 - Helping the financial sector invest
 - Delivering data, evidence and other trust building measures

Getting more demand : getting to scale with pooling, bundling, contracting

- Aggregating public buildings, homes, street lighting or e-fleets across EU
- 70+ initiatives delivering real investment
- High value for "proof of concept" and traction for replication
- High value for future policy design at all levels

Technical Assistance
Projects 2011-2018
EU Horizon2020
- ELENA and PDA -

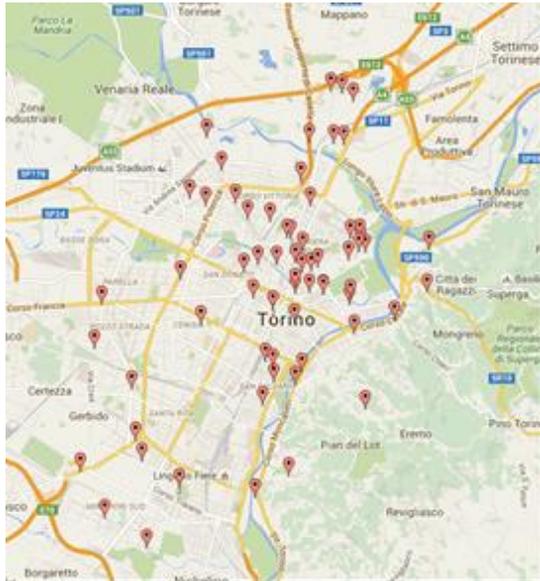
Number of projects



Getting more demand : aggregation on the ground

2020TOGETHER

Metropolitan City of Torino and Piedmont
Region, IT



- 2020TOGETHER: a 'true' aggregation process for municipalities
- Piedmont Region and the City of Torino managed refurbishment of buildings owned by municipalities
- Change & management of heating systems in 118 public buildings of the city of Torino
- Bundling of 3,000 lighting points in the city of Torino and 6 municipalities
- Leverage factor of 1:26

2020 **TOGETHER**
torino is getting there

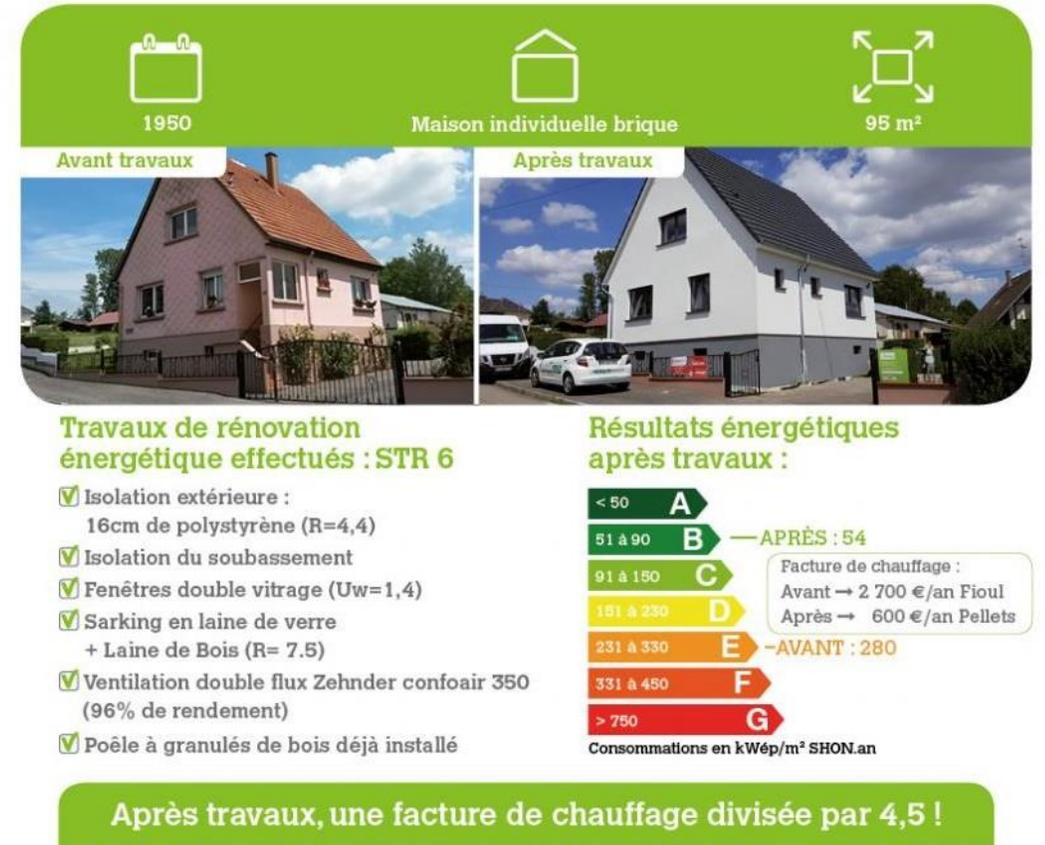
Getting more demand : consumer segmentation and industrialisation

- Net-zero energy renovation of large housing units, 30 year performance guarantee, pre-fabricated modules, 1-2 weeks on-site works
- H2020 TransitionZero in France: strict segmentation to housing organisations, i.e. social housing
- Activation of construction industry, 3 clusters in France
- "Attractive, comfortable, beautiful"



Getting more demand : the special case of home renovation

- OKTAVE: standardised low energy renovation packages in detached houses, target of 1.500 renovations/y
- Service at real cost paid by home owners
- Cooperation with local banks, special finance for low income households
- 35 clusters of local companies created, in-depth training of 250+ craftsmen
- OKTAVE: "Industrial prototype for other economic actors in the building renovation industry"



Working with the financial institutions, giving energy efficiency value

- Pan-European private bank financing mechanism to establish financial incentives linked to the mortgage
- Two forces of traction:
 - .(Green) property value
 - . Lesser impact of energy costs on income - reducing borrowers' probability of default
- 42 banks across the EU committed to a pilot scheme, i.e. 55% of the total outstanding mortgages in the EU



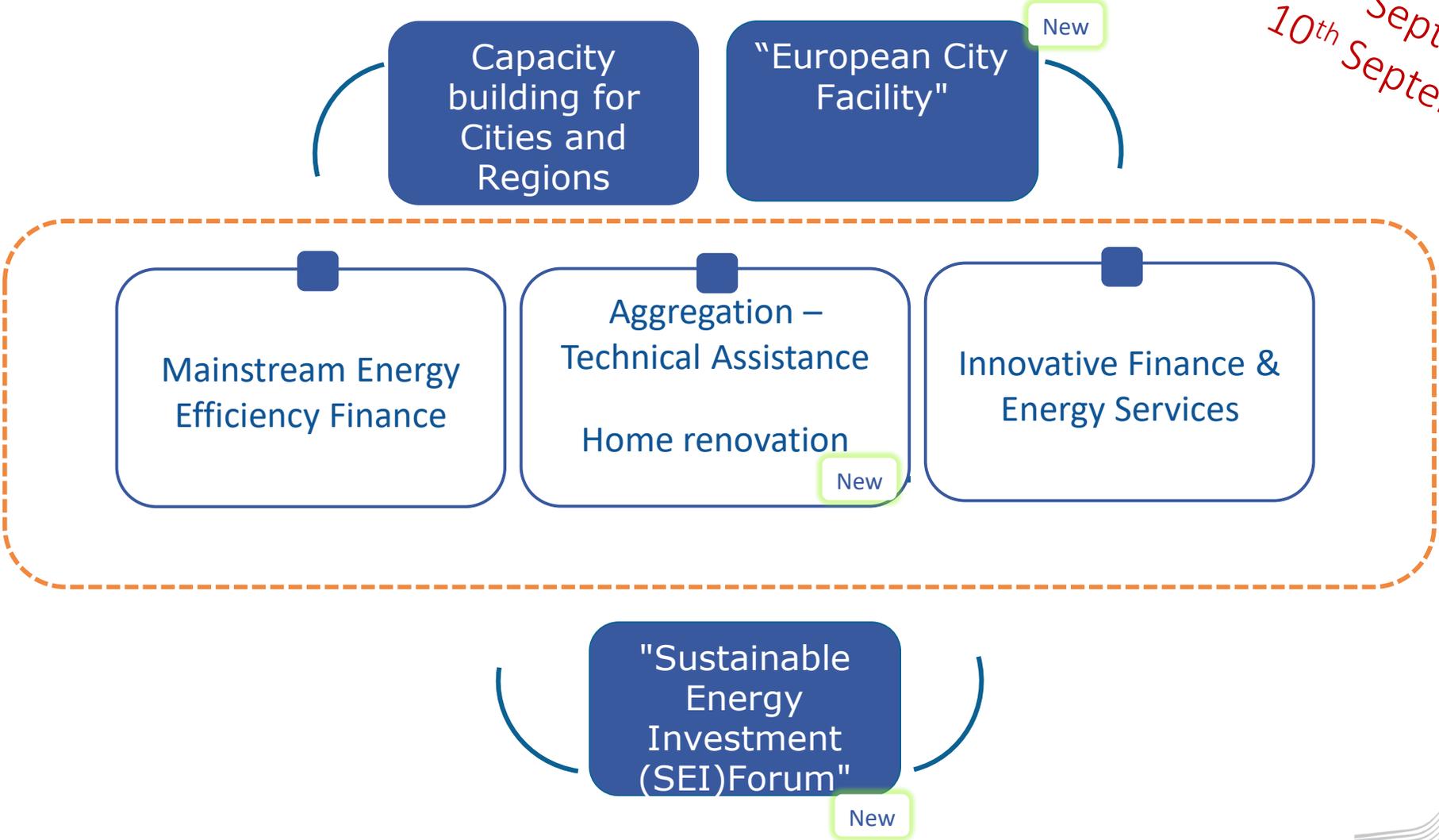
• CHEAP MONEY FOR YOUR HOME •

RENOVATION LOAN	EFFICIENCY BONUS	GREEN MORTGAGE
Offers up to 50k euros at 1.95%	Reduces interest rates on existing loans if energy performance improves	Interest rate is 0.5% lower for a nearly zero energy home
ING BANK	Triodos Bank	Rabobank

The European Mortgage Federation is helping to make green mortgages available Europe-wide

A circular logo with a green house icon in the center. The words "ENERGY EFFICIENCY" are written along the top inner edge and "CHEAP MONEY" along the bottom inner edge, with arrows pointing clockwise.A map of Europe with several green house icons scattered across the continent, representing the availability of green mortgages.

H2020 Energy Efficiency Funding for local energy transition



Deadlines for proposals:

- 10th September 2019
- 10th September 2020

To conclude

- Radical market transformation of the 'fundamentals': Markets need to be "structured", "aggregated" and "industrialised"
- Solutions at scale are driven by private as much as by the public sector (or in partnership), much of the consumer-trust-based models are in public sphere
- Still too little evidence on how to factor in multiple benefits
- Good progress on proof of concept, every scheme is very different when zoomed in but common ingredients do exist
- Energy efficiency finance ambassadors - for example with the "Sustainable Energy Investment (SEI) Forums" – but a lot more is needed

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**THANK YOU
FOR YOUR ATTENTION**

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- ✓ H2020 Funding – Deadline September 2019- All you need to know: <https://ec.europa.eu/easme/en/horizon-2020-secure-clean-and-efficient-energy-info-day>
 - ✓ Questions on Energy Efficiency H2020 Funding – Write to us, the Energy Efficiency team: Easme-energy@ec.europa.eu
 - ✓ Apply for ELENA support: elena@eib.org
 - ✓ Apply for EASME PDA support: <https://ec.europa.eu/easme/en/horizon-2020-secure-clean-and-efficient-energy-info-day>
 - ✓ Engage in the Sustainable Energy Investment Forum: <https://ec.europa.eu/energy/en/financing-energy-efficiency/sustainable-energy-investment-forums>
 - ✓ Are you an Energy Agency? ManagEnergy: Apply for Energy Efficiency finance Master Classes: <https://ec.europa.eu/easme/en/managenergy-leaders-energy-transition>
 - ✓ Covenant of Mayors: www.eumayors.eu

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