



European
Commission



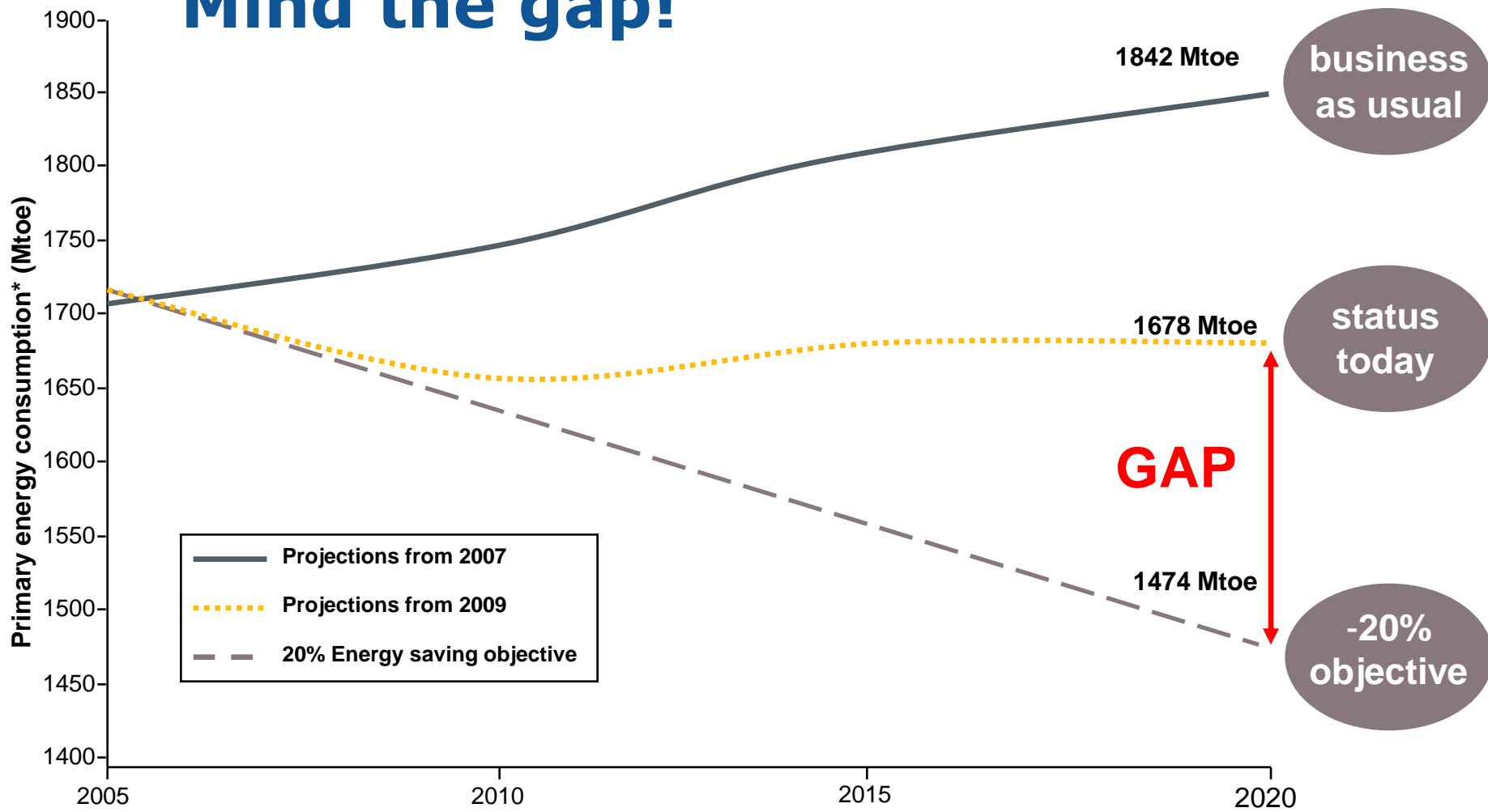
Financing Energy Efficiency

*the role of the regulatory
framework*

Marie Donnelly

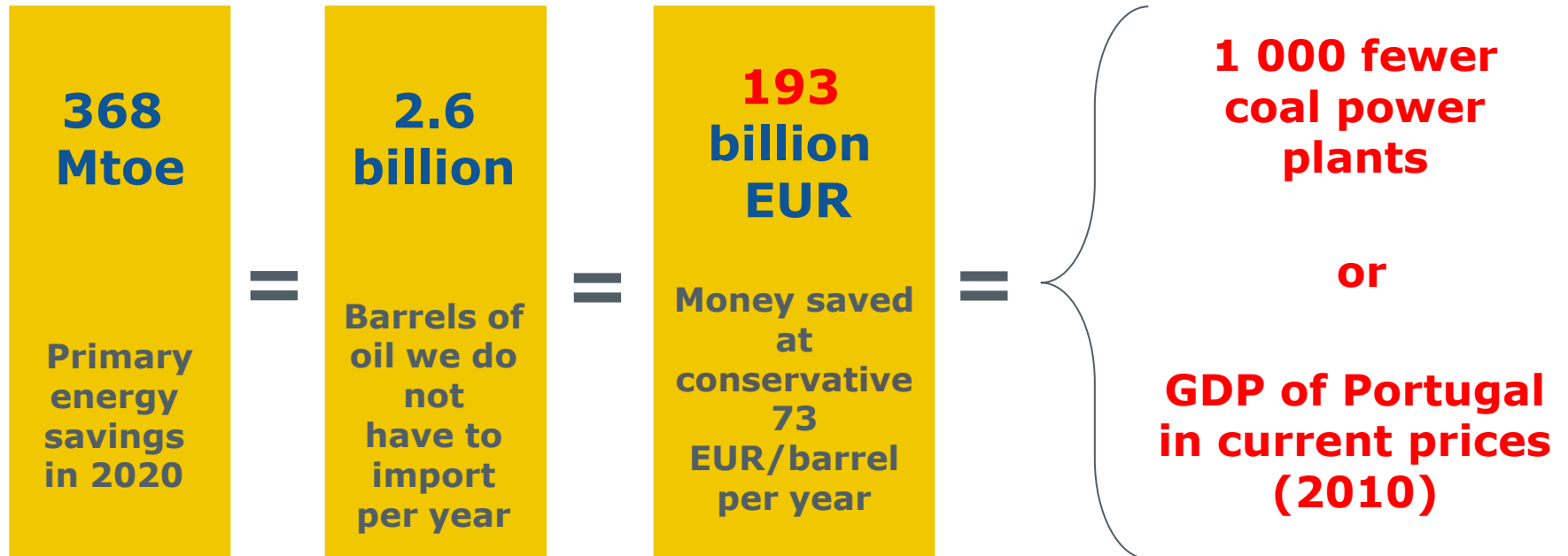
**Director
Directorate-General for Energy**

Mind the gap!



* Gross inland consumption minus non-energy uses

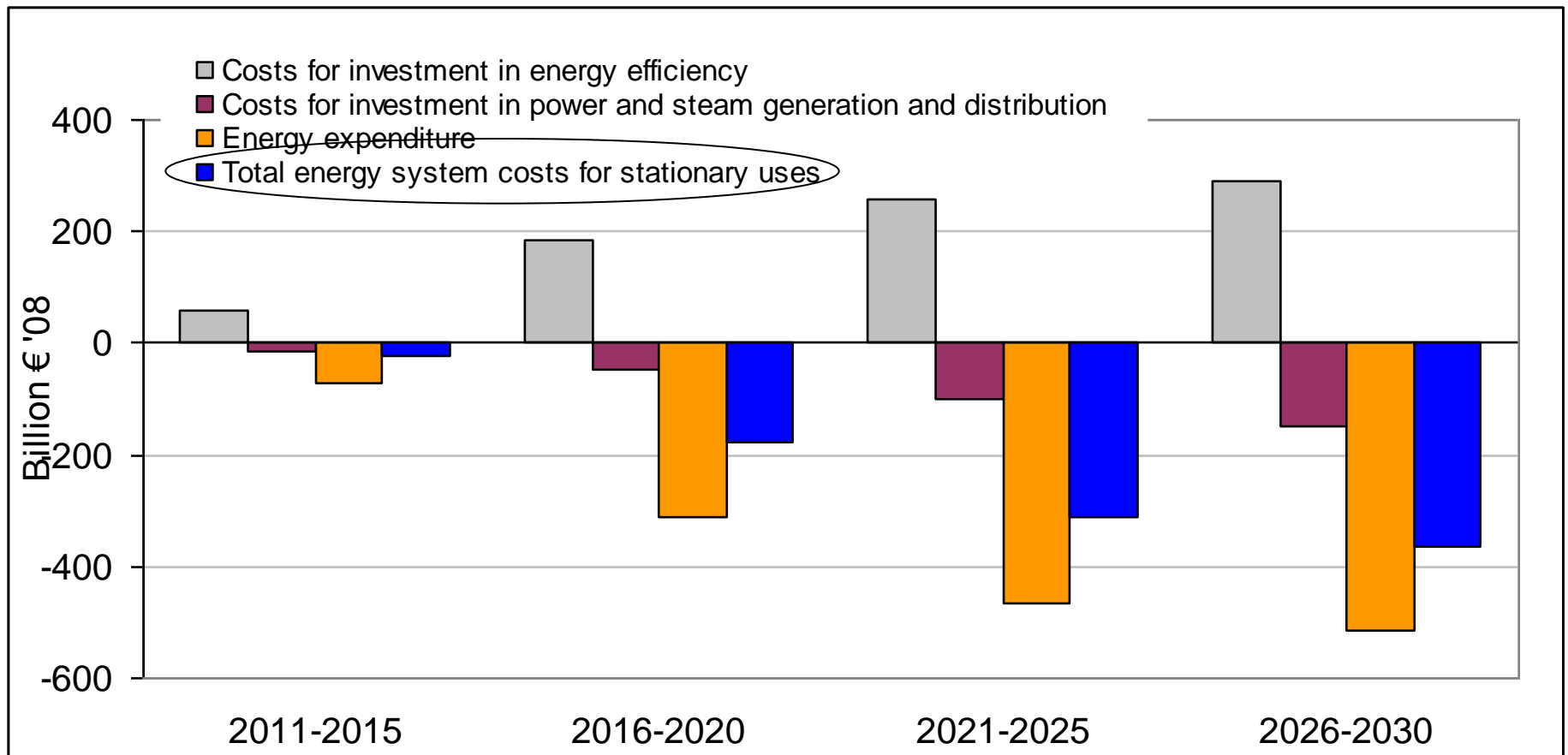
Benefits of meeting the 20% efficiency target are enormous



Costs of not filling in the gap are too high

- **Imports of 1,4 billion barrels of oil result in EUR 107 billion being 'exported'**
- **Construction of 550 coal power plants and accompanying infrastructure**
- **EU GDP will lose the net positive impact of energy efficiency of at least EUR 34 billion**
- **400 000 jobs will not be created**

EED – direct and avoided costs





What is currently available at EU level?

Cohesion policy funds (2007-2013):

- **4,6 billion € for energy efficiency**
- **4% of ERDF can be re-allocated to housing**

Intelligent Energy Europe Programme (2007-2013):

- **735 million € for 'soft' energy efficiency/renewables projects**

ELENA Facility:

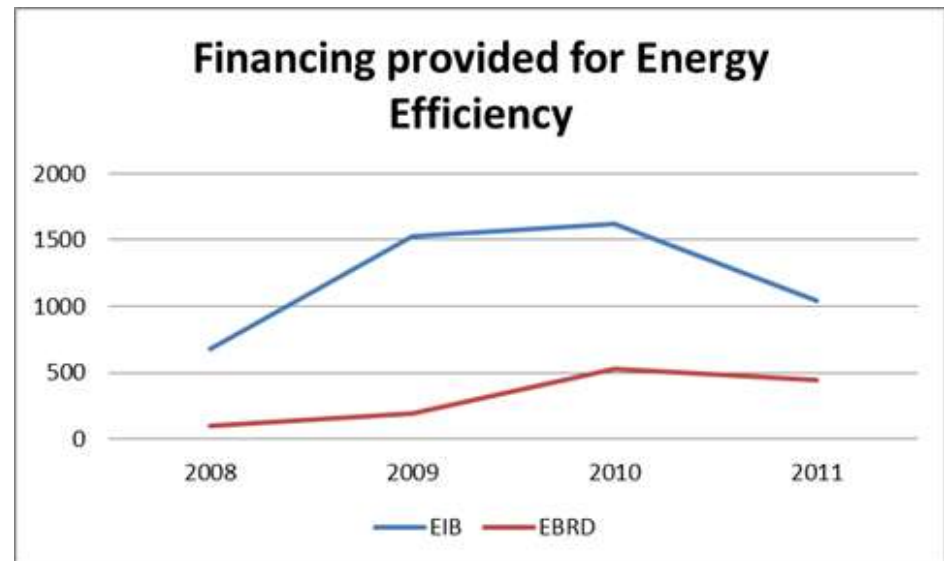
- **97 million € for technical assistance to mobilise investments**

European Energy Efficiency Fund (EEE-F):

- **265 million € for investments into mature, bankable efficiency/renewables projects**
- **20 million € for technical assistance**

Experience with financial instruments and Public Private Partnerships is growing

- **11 member states have used part of the ERDF allocation for setting up JESSICA urban development funds and holding funds**
- **297 specific funds created by Member states under the JEREMIE initiative focusing on SMEs**



Note: EBRD provided financing only in EU-9 (BG, EE, HU, LT, LV, PL, RO, SK, SI)



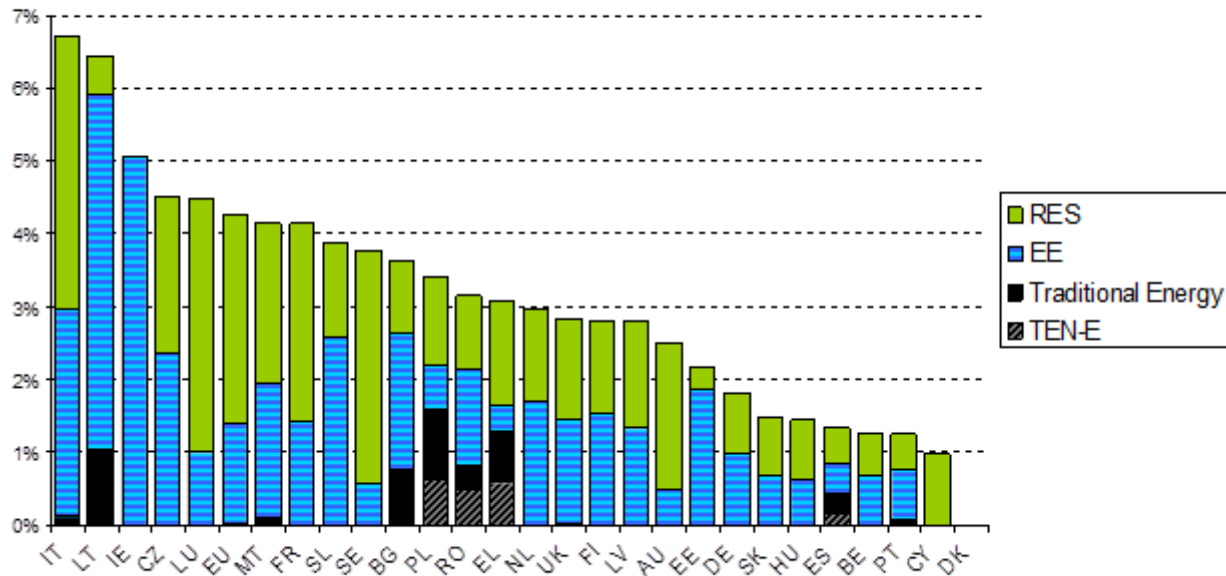
What will be available at EU level?

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"**

Funding is not the main problem

- € 4.6 billion has so far been allocated to energy efficiency (52% of total budget appropriations)
- But significant scope for better uptake





And can even return money to the state

KfW "energy efficient building and renovation" programmes in Germany

- **Every Euro invested returned 2-5 Euros to state coffers, mainly through job creation!**

<i>Year</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
<i>Credit volume (mEUR)</i>	<i>5.583</i>	<i>9.015</i>	<i>8.860</i>
<i>Promoted investment (mEUR)</i>	<i>12.181</i>	<i>18.597</i>	<i>21.535</i>
<i>Promoted jobs</i>	<i>191.000</i>	<i>298.000</i>	<i>345.000</i>

Source: Impact on public budgets of KfW promotional programmes in the field of "energy-efficient building and rehabilitation", Research Centre Jülich, October 2011



And can even return money to the state

SEAI Home Energy Saving (HES) scheme

- **Over 100.000 homes since 2009**
- **Net benefit for society between €106 million to €518 million (depending on CO₂ and energy prices)**
- **Support for 3000 full-time jobs in 2010**
- **Household savings average €450 per year**
- **Every Euro spent delivers a net benefit of 5 Euro to society!**

Source: Economic analysis of residential and Small-business energy efficiency improvements, Sustainable Energy Authority of Ireland, September 2011



But a strong regulatory framework is indispensable

To create a stable investment climate

To bring private funding to the table

To support the market for energy performance contracting



Energy saving obligations

- **Currently existing in 5 Member States: UK, FR, IT, DK, BE/Flanders**
- **Mobilise around €2 billion per year to deliver energy savings**
- **Representing a significant percentage of the target set under the Energy Services Directive:**
 - More than 50% in the case of Flanders
 - 41% in the UK
 - more than 70% in Italy (combined with subsidies)



Energy saving obligations

- **Cost of delivered savings significantly lower than price of energy**
- **If energy savings obligations are introduced in the EU in line with the provisions of the Energy Efficiency Directive they will bring between around €18 billion additional investment in energy efficiency per year**



Energy performance contracting

- **Berlin has made use of energy performance contracting since 1996**
- **Over 1300 public buildings have been upgraded**
- **Cost savings of about 10,5 million € - i.e. a quarter of the energy cost of the buildings involved**



Focus on building renovation

In France the reallocation of 4% ERDF funding to social housing will lead to:

- **EUR 320 million ERDF finance triggering investment of up to EUR 2,2 billion, affecting 110 400 households**
- **Creation of 31 000 jobs**
- **40% average decrease of heating costs of affected households (EUR 30 – 90/month)**
- **Annual increase of purchasing power of EUR 360 – 1000 per household**

Conclusions

*Energy efficiency is **not a cost** weighing on national budgets but a **huge investment opportunity** returning money to state coffers*

EU-level funding will continue to be available but stronger involvement of private capital is needed

A strong regulatory framework is imperative