

**Putting energy efficiency first –
Addressing the barriers to energy efficiency**

Analysis of the National Energy Efficiency Action Plans
in the context of Article 19 of EU Energy Efficiency Directive

September 2015

Credits

The Coalition for Energy Savings: the voice of energy efficiency and savings in Europe

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Related publications

Coalition for Energy Savings, Implementing the EU Energy Efficiency Directive: Analysis of Member States plans to implement Article 5, May 2015¹.

Coalition for Energy Savings, Implementing the EU Energy Efficiency Directive: Latest analysis of Member State plans for end-use energy savings targets, March 2015².

Coalition for Energy Savings, Implementing the EU Energy Efficiency Directive: Analysis of Article 7 Member States reports, April 2014³.

Coalition for Energy Savings, EU Energy Efficiency Directive Guidebook for Strong Implementation for the EED, 2013⁴.

Stefan Scheuer Consulting, Your Complaints For Strong Implementation of the Energy Efficiency Directive - A practical guide for using complaints to the European Commission to support National implementation, April 2014⁵.

¹ <http://energycoalition.eu/20150521>

² <http://energycoalition.eu/20150316>

³ <http://energycoalition.eu/analysis-article-7-member-states-reports>

⁴ <http://eedguidebook.energycoalition.eu>

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⁵ http://www.stefanscheuer.eu/20140414_Stefan_Scheuer_Consulting_EED_Complaints_Toolkit.pdf

Abbreviations

EED	Energy Efficiency Directive
EEO	Energy Efficiency Obligation
EES	Energy efficiency services
EPBD	Energy Performance of Buildings Directive
ETS	EU Emission Trading System
EU	European Union
MS	Member State
Mtoe	Million ton oil equivalent
NEEAP	National Energy Efficiency Action Plan
PV	Photovoltaic
VAT	Value added tax

Introduction

The Coalition for Energy Savings undertakes regular assessments of the plans of EU Member States (MS) on implementing the Energy Efficiency Directive (EED). In doing this, it supports the national and EU-wide energy efficiency community, as well as the European Commission in its capacity to enforce the requirements set by the EED. The aim of this report is to provide an overview of the different options MS have taken to identify and remove both regulatory and non-regulatory barriers to energy efficiency, and is intended to support MS with implementation of the EED.

In its Article 19, the EED requires MS to evaluate and if necessary take appropriate measures to remove regulatory and non-regulatory barriers to energy efficiency. MS were required to submit their evaluations of barriers and an overview of the measures taken in the first Energy Efficiency Action Plan (NEEAP), which was to be notified to the European Commission by 30 April 2014. In particular, according to Article 19, two groups of barriers were to be screened by MS:

- a. ***split incentives between the owner and the tenant of a building or among owners, with a view to ensuring that these parties are not deterred from making efficiency-improving investments by the fact that they will not directly obtain the full benefits or by the absence of rules and measures regulating decision-making process in multi-owner properties***
- b. ***legal and regulatory provisions and administrative practices, regarding public purchasing and annual budgeting and accounting, with a view to ensuring that public bodies are not deterred from making investments in improving energy efficiency, minimising expected life-cycle costs, and/or from using energy performance contracting and other third-party financing mechanisms on a long-term contractual basis.***

According to the European Commission's Guidance for NEEAPs⁶, MS should provide in their NEEAPs the list of appropriate measures undertaken to remove regulatory and non-regulatory barriers to energy efficiency. Specifically, MS should indicate which measures were deemed necessary and which measures have been undertaken or are planned to be undertaken to remove split incentives between the owner and the tenant of the building or between owners, or to ensure that public bodies are not deterred from making investments in improving energy efficiency and using Energy Performance Contracting (EPC).

The Commission⁷ and the Council⁸ have repeatedly highlighted the importance of good implementation. Stepping up implementation and enforcement of the EED is a practical example of implementing the "energy efficiency first" principle⁹, which has been supported by the European Commission within the framework of creating an Energy Union¹⁰. This includes the proper evaluation of both barriers to energy efficiency and measures to address these barriers under Article 19 of the EED. Such a thorough analysis can support better policy

⁶ European Commission Staff Working Document "Guidance for Energy Efficiency Action Plans", 22.05.2013

⁷ European Communication COM(2014)520, 23 July 2014

⁸ European Council conclusions 23/24 October 2014

⁹ "Energy efficiency first" is the principle of considering the potential for energy efficiency first in all decision-making related to energy. Where energy efficiency improvements are shown to be most cost-effective, considering also their role in driving jobs and economic growth, increasing energy security and reducing climate change, these should be prioritised. For further information see the position paper of the Coalition for Energy Savings:

http://energycoalition.eu/sites/default/files/20150504%20Energy%20Efficiency%20First%20-%20making%20it%20happen%20FINAL_0.pdf

¹⁰ European Commission, A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy, COM(2015)80. February 2015.

design, more effective public spending and build trust in the potential of energy efficiency policies.

This report looks into how MS decided to address the requirements of Article 19 of the EED and provides an insight into the barriers and measures regarding energy efficiency reported in their NEEAPs.

Method

The Coalition for Energy Savings has compiled this stakeholder analysis of twenty six NEEAPs that were published on the DG Energy's website¹¹. To do this, it has called upon its members and their national member organisations and national contacts to provide a first analysis of the reports, based on a common questionnaire (Annex I). These responses were combined with a partial analysis of the English translations of the original NEEAPs.

Annex II lists the organisations that contributed to this analysis.

Findings

The Coalition for Energy Savings analysed information included in the NEEAPs of twenty six MS: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Sweden, Slovakia, Spain and UK.

NEEAPs from Slovenia and Hungary were not available before this report was finalised; therefore it was not possible to take into account information for these two countries.

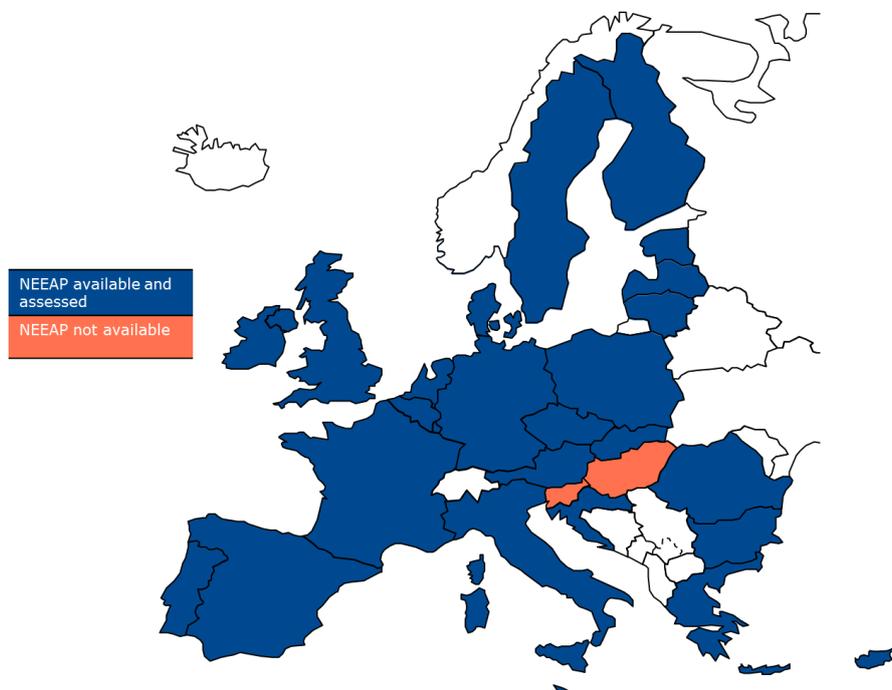


Figure 1: Map of available NEEAPs assessed in this report

¹¹ Available before July 2015 on Commission website:
http://ec.europa.eu/energy/efficiency/eed/need_en.htm

MS have reported on the barriers to energy efficiency and the measures implemented to tackle them in different ways. Based on the information provided by the MS, there are MS that have reported only on barriers to energy efficiency, others that have reported only on measures and some of them that have reported on both barriers and measures. The sections below present this information in more detail.

Barriers to energy efficiency

The focus of this analysis is the groups of barriers that are detrimental to energy efficiency as either mentioned in Article 19 of the EED or identified by the Coalition for Energy Savings in its Guidebook for Good Implementation of the EED¹². These include:

- split incentives between tenants and owners or between owners,
- barriers to energy efficiency services including to Energy Performance Contracting,
- barriers related to accounting rules and annual budgeting for public bodies including off-balance sheet treatment,
- barriers related to rules on public purchasing and procurement,
- barriers related to tax systems including VAT, and
- barriers related to lack of personalised information¹³.

In principle, it was investigated whether the categories of barriers mentioned above were reported by the MS in the section of the NEEAPs dedicated to Article 19. However, MS also reported barriers in other sections of their NEEAPs, namely those dedicated to Article 4 (long term strategies for building renovation) and Article 18 (Energy Services), which were also taken into account.

Table 1 presents barriers reported in the different sections of the NEEAPs by the MS. They are listed in accordance with the common questionnaire presented in Annex I.

The analysis shows that seventeen MS referred to one or more specific barriers to energy efficiency. These are Belgium, Cyprus, Croatia, Czech Republic, Estonia, Germany, Ireland, Italy, Latvia, Lithuania, Luxembourg, Poland¹⁴, Slovakia, Spain, Sweden, Romania and the UK.

Austria, Denmark, Finland, France, the Netherlands, Greece and Bulgaria, did not explicitly mentioned or made reference to any specific barriers to energy efficiency. However, in the case of Austria, Denmark, Finland, France, the Netherlands, split incentives are implicitly linked to the measures taken to remove the barriers and are presented in their NEEAPs. Bulgaria mentioned a dedicated fund which implicitly refers to addressing lack of financing.

Portugal and Malta did not mention specific barriers but referred to broader challenges related to energy efficiency. Portugal highlighted budget restrictions concerning implementation of energy efficiency policies. Malta listed general characteristics and challenges that it faces, such as inability to reap the benefits of economies of scale due to its small size and a small domestic market.

¹² Coalition for Energy Savings, EU Energy Efficiency Directive Guidebook for Strong Implementation for the EED, 2013.

¹³ Further information on barriers to energy efficiency may be found in the Guidebook for Strong Implementation for the EED by the Coalition for Energy Savings, 2013.

¹⁴ Poland mentioned only other barriers than those listed in the common questionnaire (Annex II), these barriers are mentioned in Annex III "Other barriers to energy efficiency and details".

Table 1: Most common barriers to energy efficiency mentioned by MS in the NEEAPs

	Split incentives between tenants and owners or between owners	Barriers to energy efficiency services including Energy Performance Contracting¹⁵	Barriers related to accounting rules and/or annual budgeting for public bodies	Barriers related to rules on public purchasing and procurement	Lack of personalised information
Belgium ¹⁶	✓	✓			
Croatia	✓				
Cyprus	✓	✓			✓
Czech Republic		✓			
Estonia		✓			
Germany	✓	✓			
Ireland	✓				
Italy	✓	✓			
Latvia		✓			
Lithuania	✓	✓	✓	✓	
Luxembourg	✓				
Romania		✓			
Slovakia ¹⁷	✓				
Spain	✓	✓	✓		
Sweden	✓		✓	✓	
UK	✓	✓			✓

¹⁵ Czech Republic, Estonia, Germany, UK, Romania and Wallonia in Belgium reported on barriers to energy efficiency services (EES) under chapters devoted to EES in their NEEAPs.

¹⁶ Flanders and the region of Brussels reported on split incentives between landlords and tenants. Wallonia has listed obstacles to energy efficiency services (EES) in a chapter on perspectives for EES.

¹⁷ Slovakia mentioned additional barriers specific to buildings in its Building Renovation Strategy which is a separate document and is not a part of the Slovak NEEAP. These barriers are described in Annex III.

Twelve MS among the ones that referred to specific barriers to energy efficiency mentioned split incentives dilemma (Belgium, Croatia, Cyprus, Germany, Ireland, Italy, Lithuania, Luxembourg, Slovakia, Spain, Sweden, and the UK). Eleven of them referred to obstacles to energy efficiency services including to Energy Performance Contracting (Belgium, Cyprus, Czech Republic, Estonia, Germany, Italy, Latvia, Lithuania, Romania, Spain, and the UK).

Spain and Sweden reported on barriers related to accounting rules. Spain described the lack of a specific and clear interpretation of Eurostat rules on public debt and deficit, in terms of national accounting for investments made by an energy efficiency service company in publicly-owned buildings or installations, as a particular problem.

Lithuania and Sweden reported on problems resulting from the rules on annual budgeting of public bodies, as well as, public purchasing and procurement.

Cyprus and UK listed lack of personalised information as a specific problem.

Germany reported a need for more information, despite various efforts at different levels and among various players to provide information and raise awareness around energy efficiency. As this was not reported as a barrier, it has not been taken into account in Table 1.

No MS listed barriers related to tax systems including VAT¹⁸.

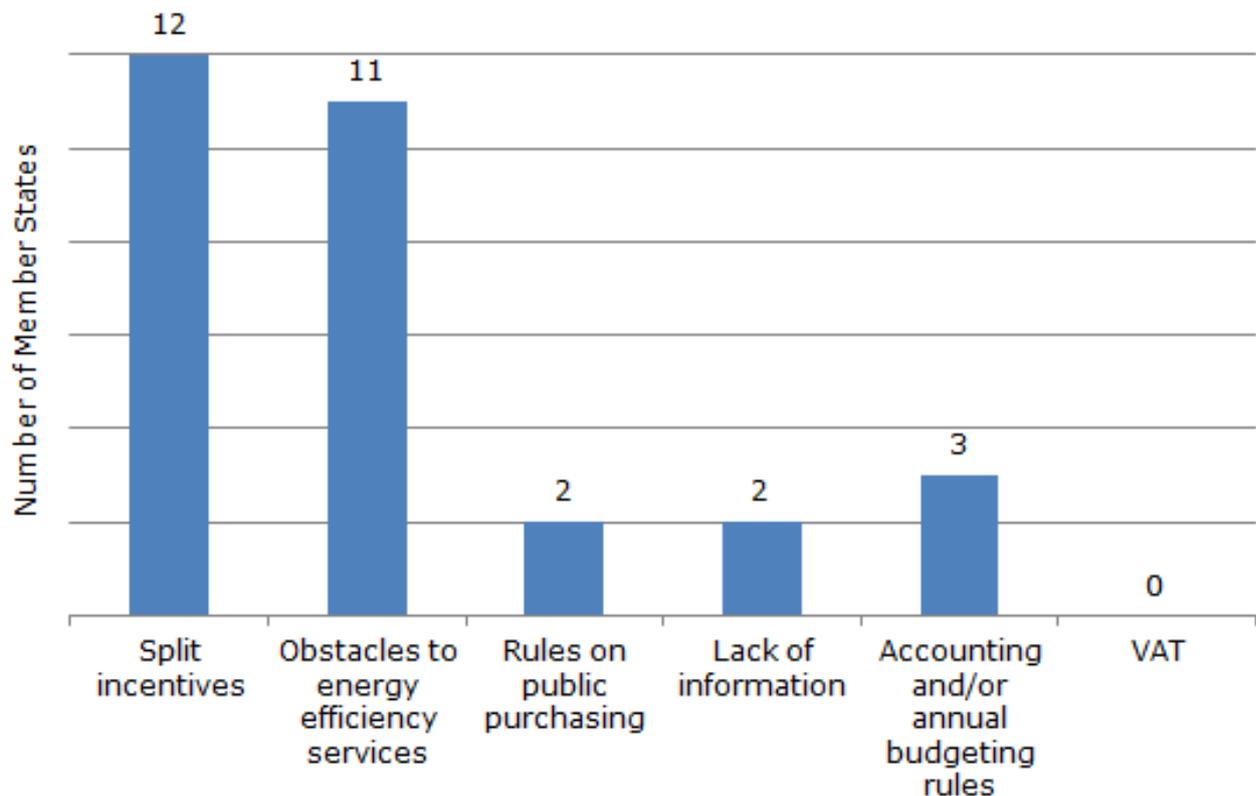


Figure 2: Number of MS reported different groups of barriers

Figure 2 shows that the most common barriers reported by MS are those related to split incentives, followed by obstacles faced by energy efficiency services. Details of the barriers, including others that do not fit in the categories above are listed in Annex III.

¹⁸ Stakeholders identified VAT rules in some Member States as a barrier to energy efficiency in the Guidebook for Strong Implementation, The Coalition for Energy Savings, May 2013.

Measures aimed at removing barriers to energy efficiency

Nineteen MS mentioned measures or just recommendations aiming at tackling obstacles to energy efficiency: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Latvia, Lithuania, Luxembourg, Netherlands, Romania, Slovakia, Spain, Sweden, and the UK. These recommendations are general aspirations of what needs to be done to tackle obstacles that prevent energy efficiency from happening rather than adopted measures.

Out of these nineteen MS, Austria, Denmark, Finland, France and the Netherlands listed measures without explicitly mentioning the corresponding barriers that these measures should tackle. However, from the description of the measures presented by the first five MS, it is possible to identify that the measures are meant to tackle split incentives. The measure presented by Bulgaria seems to address lack of financing.

Sweden listed measures aimed at addressing the issues of accounting as well as related to financing and dedicated information at local authorities and county councils.

Greece also did not link specific measures and programmes to specific barriers except in relation to a programme that is aimed to tackle barriers to energy efficiency services.

Lithuania presented recommendations for specific solutions.

Poland referred only to general ideas for measures needed in the future.

Although Croatia, Cyprus, Estonia and Italy reported on barriers to energy efficiency, they did not report on how they intend to remove these barriers.

In case of Croatia, Portugal and Slovakia national stakeholders have identified measures, which were not reported by these MS in their NEEAPs. These measures are listed in Annex III.

Table 2 presents examples of measures or recommendations to tackle barriers to energy efficiency reported by MS in the NEEAPs¹⁹. Measures are grouped under the specific categories of barriers they are meant to tackle²⁰.

Table 2: Examples of measures reported in the NEEAPs by MS with references to Art. 19 of the EED

¹⁹ In the cases of Austria, Denmark, Finland, France and the Netherlands, which did not link the measures reported under Article 19 to specific barriers, it was possible to identify that those measures were meant to tackle split incentives and group them in the relevant category in Table 2.

²⁰ Grouping of measures is based on own assessment

Barriers aimed to be addressed by measures	Measures	MS
Split incentives between owners and tenants	Housing regulation / programmes aimed at dividing financial contribution or gains from energy saving actions among tenants and owners	France, Denmark, Belgium
	Requirements for dividing financial contribution between tenants and landlords depending on who has a direct agreement with an energy supplier	UK
	Provisions to take into account energy efficiency aspects in property management / lease contracts	Finland, Luxembourg, Slovakia ²¹ , Netherlands
	Considering minimum thermal efficiency performance standards in properties offered for rent or lease in residential and commercial sectors	Ireland, UK
Split incentives between co-owners	Amendments to the housing regulations: voting rules on energy efficiency measures/ loans for renovation projects between co-owners	France, Spain, Austria
Split incentives in social housing	Encouraging energy efficiency investments based on the energy label: an energy-efficient dwelling receives more points under the Housing Value system than a dwelling that is not energy efficient and this forms the basis for the amount of the rental price. Investments in improving the energy efficiency of the dwelling leading to a reduced need for energy can thus lead to an increase in the rental price.	Netherlands
Split incentives/Financing issues	Introduction of an accelerated tax write-off of investments in energy renovations	Luxembourg
Split incentives between owners and tenants in the public sector/ Barriers	Solving funding issues in EE improvements between tenants and owners in public buildings, through	Lithuania

²¹ Slovakia listed more measures in its Building Renovation Strategy (EED Article 4) which is not a part of the NEEAP. These measures are listed in Annex III.

related to annual budgeting for public bodies	amending legislation: introducing an exception that allows actual users of public buildings to use energy efficiency funds for public buildings.	
Barriers to energy efficiency services including Energy Performance Contracting (EPC)	Promoting energy efficiency services (EES) including Energy Performance Contracting (EPC) in private and public sectors, providing definitions of EPC and information about EES contracts and clauses as provided by the Energy Efficiency Directive (2012/27/EU), improving legislative framework for EPC: removing legal obstacles, improving housing regulation, using programmes funded by the EU	Spain, Lithuania, Latvia, Czech Republic, Greece, Romania, Germany
Lack of personalised information/necessary qualifications	Dedicated information campaigns, professionals' training, providing support and advice on improving energy efficiency: training courses, networks and regional projects, exchanging experience	UK, Belgium, Romania, Sweden
Barriers related to rules on public procurement and purchasing	Removing legal barriers to considering energy efficiency and broader environmental aspects in public procurement and purchasing and to being able to take up long-term energy savings contracts (more than 3 years) in public sector	Austria, Lithuania
Barriers related to accounting rules and annual budgeting of public bodies	Provision of a consideration of savings from energy efficiency measures not to be returned to the state budget, but to the body that took the measures	Lithuania
Lack of financing	Implementation of targeted programmes for third party financing, a dedicated fund providing financing, co-financing, guarantees to other financing institutions, state aid regulation for improving energy efficiency at local authorities and county councils	Belgium, Bulgaria, Sweden

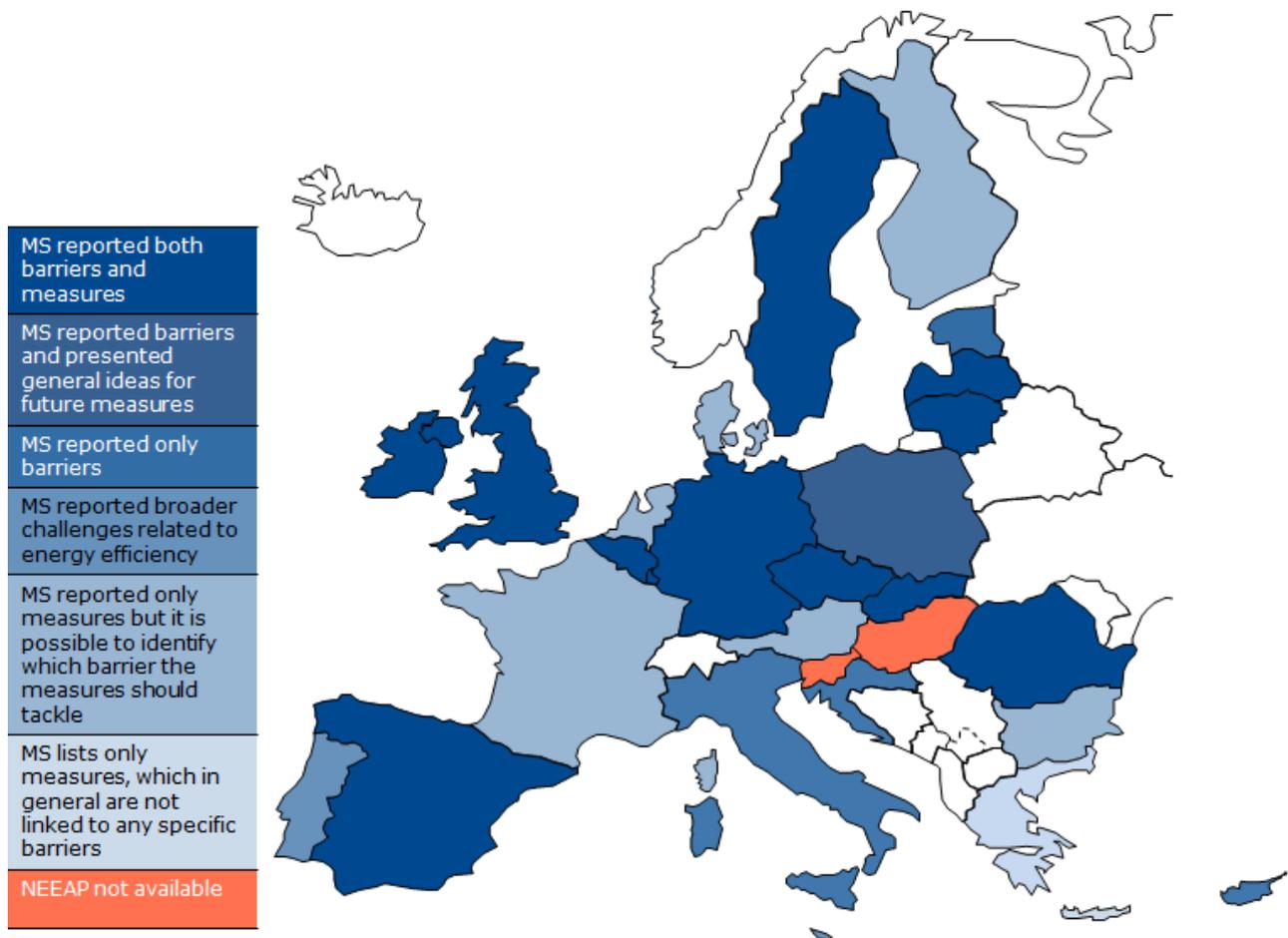
Overall, most MS that reported on measures have referred to solutions addressing split incentives dilemma between owners and tenants or between co-owners.

Instruments listed by MS to tackle barriers to energy efficiency are mostly legislative, often aimed at removing legislative obstacles and amending existing regulations.

Another type of instrument used is programmes focusing on financing and awareness raising/training, but they are used to a lesser extent than legislative measures.

Overall assessment

Generally, MS have not addressed the requirements of Article 19 in a coherent way, taking different approaches in their national plans regarding reporting on barriers to energy efficiency and solutions. Some MS reported only on barriers to energy efficiency, others only on measures and some of them reported on both barriers and measures. Since each MS can decide on the level of detail they include in their NEEAP, this variety in the approaches is perhaps to be expected. This is reinforced by an inconsistency related to Article 19 that causes confusion about what MS have to report²². Starting with an evaluation of barriers provides a robust basis to tailor measures to address these barriers and undoubtedly provides an opportunity for MS to learn from each other.



²² Article 19 of the EED states that MS need to evaluate the barriers and if necessary take appropriate measures to address the barriers, and notify the evaluation of the barriers and the measures in their NEEAP. However, Annex XIV Part 2.3.9, which refers to what MS should report, states that the 1st NEEAPs shall include a list of measures referred in Article 19 (1) without reference to the need to report on barriers.

MS reported both barriers and measures	Belgium, Czech Republic, Germany, Ireland, Latvia, Lithuania, Luxembourg, Romania, Slovakia, Spain, Sweden, UK
MS reported barriers and presented general ideas for future measures	Poland
MS reported only barriers	Croatia, Cyprus, Estonia, Italy
MS reported broader challenges related to energy efficiency	Malta, Portugal
MS reported only measures but it is possible to identify which barrier the measures should tackle	Austria, Bulgaria, Denmark, France, Finland, Netherlands,
MS lists only measures, which in general are not linked to any specific barriers	Greece
NEEAP not available	Hungary, Slovenia

Figure 3: Different approaches of MS in relation to the reporting requirements of Article 19 of the EED

The level of detail of the barriers varies from MS to MS, while the measures reported differ in terms of their number and degree of commitment. Some MS mentioned measures, whereas some listed only aspirations for future action. This raises the question of whether these general aspirations are sufficient to fulfil the reporting requirements of Article 19 of EED.

The inconsistent picture presented by MS makes it difficult to make overall conclusions that apply to all MS, especially on whether MS have reported the full extent of the barriers and the measures taken or whether they address these barriers well through the measures identified.

However, some general conclusions may be made. The analysis has shown that the barriers mostly reported by MS are those related to split incentives. This raises another question of whether the MS that have only reported on split incentives, have made an evaluation of the barriers required by Article 19, or whether they have mentioned split incentives as the most "obvious" barrier being already listed in Article 19. Additionally, among the MS that reported solutions to barriers the most common were those that are linked to introducing new legislation or amending existing laws. This is especially in relation to addressing split incentives between owners and tenants or between co-owners and makes the case of the importance of legislation in relation to energy efficiency.

By 30 June 2018, the European Commission needs to undertake an assessment of progress made by MS in removing the regulatory and non-regulatory barriers referred to in Article 19(1). This task will be challenging given the patchwork of information provided by MS. Furthermore, it is unclear where or how the European Commission will gather the most updated information, since MS are only required to report once, in 2014. Additionally, some Member States reported on barriers and /or measures in their separate reporting on Article 4 of the EED, which makes an assessment of progress even more challenging. The next NEEAP's are due in 2017, yet there is no requirement to report on Article 19 at that time. It could be a reason for the European Commission to consider a dedicated in depth analysis on the issue, including a structured dialogue with the MS or an even less formalised series of bi-lateral discussions.

Recommendations

In a properly designed energy market, there would be sufficient incentives to invest in energy efficiency to deliver the necessary savings to end the waste of energy – for the simple reason that wasting energy is not economic, as it means wasting money. However, there are market failures due to the many barriers that stand in the way of energy efficiency investments.

It is therefore essential that these barriers are identified and addressed to ensure that the huge cost-effective energy savings potential in Europe is fully tapped, alongside the many other benefits that will be delivered, such as increased energy security, creation of local jobs, boosting resource efficient and sustainable economic growth, and protecting Europe's environment and human health. Overcoming the barriers is also the first step to putting energy efficiency first in all decision making related to energy.

MS should:

- Go beyond the minimum requirements of the Directive and make a comprehensive inventory and evaluation of barriers to energy efficiency and solutions to remove them, describing where these could be relevant in other countries and work closely with stakeholders and the European Commission.
- Include information on the timetable for implementation of the measures so that benchmarking of progress can be made easier.
- Share knowledge and experience with other MS.

The European Commission should:

- Address the inconsistencies in the legal text of the Directive regarding reporting.
- Define a common and mandatory template for the NEEAPs to streamline reporting and include detail on progress with addressing barriers and implementing measures.
- Continuously monitor the progress of MS and the effectiveness of measures.
- Facilitate sharing best practice between MS. The EED committee and Concerted Action should be used.
- Consider further studies and guidance notes to facilitate the identification and removal by MS of barriers to energy efficiency investments.
- When common barriers are identified by several MS, consider EU legislation to accelerate the removal of these barriers.
- Call on MS that have not done so, to deliver a sound analysis of barriers to energy efficiency and measures to tackle those barriers. Start with infringement procedures if this analysis is not delivered.

Stakeholders should:

- Coordinate with each other, possibly by creating national platforms, to be involved in the process of implementation of the EED at the EU and national level
- Verify whether there are any additional barriers that were not mentioned by MS in their NEEAPs. If such barriers exist, stakeholders should address clear messages to the implementing authorities and/or to the European Commission, including suggestions for measures to overcome barriers.

Annex I – Common questionnaire

Barriers to energy efficiency (Article 19)	
For more information see Coalition for Energy Savings Guidebook to Strong Implementation of the EED chapter II.6:	
Does the NEEAP list identified regulatory and non-regulatory barriers to energy efficiency?	Yes/No
If yes, which barriers were identified in the country?	<ul style="list-style-type: none"> I. Split incentives: II. Barriers for using Energy Performance Contracting and other types of energy efficiency services: III. Barriers related to accounting rules and annual budgeting for public bodies: IV. Barriers related to rules on public purchasing and procurement: V. Tax systems including rules on VAT less favourable to energy efficiency services: VI. Lack of awareness and information on available tools such as energy efficiency services and financing: VII. Other, please specify
Does the NEEAP elaborate on how the identified barriers will be addressed?	Yes/No
If yes, please elaborate how they will be addressed:	<ul style="list-style-type: none"> I. Split incentives: II. Barriers for using Energy Performance Contracting and other types of energy efficiency services: III. Barriers related to accounting rules and annual budgeting for public bodies: IV. Barriers related to rules on public purchasing and procurement: V. Tax systems including rules on VAT less favourable to energy efficiency services: VI. Lack of awareness and information on available tools such as energy efficiency services and financing: VII. Other, please specify

How were these barriers identified?	<ul style="list-style-type: none"> I. In consultation with stakeholders II. Research project III. Internal government project IV. Unclear V. Other, please specify
Do you consider the way the barriers are addressed appropriate and sufficient to remove those barriers?	Yes/No
Please explain	Open

Annex II - List of organisations who contributed to this analysis

CEE Bankwatch

CLER France

Climate Action Network Europe (CAN Europe)

Coalition for Energy Savings

COGEN Europe

DENEFF

European Alliance of Companies for Energy Efficiency in Buildings (EuroACE)

European Climate Foundation (ECF)

European Environmental Bureau (EEB)

European Federation of Intelligent Energy Efficiency Services (EFIEES)

European Insulation Manufacturers Association (EURIMA)

European Partnership for Energy and the Environment (EPEE)

Knauf Insulation

Rockwool

The Danish Ecological Council

Umweltdachverband

Quercus Portugal

WWF European Policy Office

WWF Spain

Annex III - Summary of barriers to energy efficiency and measures to address these barriers as reported by MS in their NEEAPs²³

Austria	<p>Austria refers to existing solutions aimed at tackling split incentives between owners, ownership law rules aiming at making renovations easier and legal provision involving environmental compatibility in the public procurement processes.</p> <p><u>Barriers</u></p> <p>No specific barriers mentioned</p> <p><u>Measures</u></p> <p>In the Austrian home ownership law there is a requirement about the size of financial reserves of home associations. This should make renovations easier. There is also a requirement of agreement by 100% of the home owners (in a home owners association) for accepting a mortgage loan for a renovation project.</p> <p>Legal provisions stipulating that environmental compatibility must be taken into account in the public procurement process, in particular by including environmental aspects in the performance or technical specifications or by defining environmental criteria for awarding contracts.</p>
Belgium	<p>Each region submitted its own NEEAP. The differences between the regional plans make it difficult to draw overall conclusions regarding the entire country. However, some observations can be made. In general, regions referred to barriers to energy efficiency and mentioned some measures.</p> <p><u>Barriers</u></p> <p><i>Wallonia</i></p> <p>Investors search for short pay-back periods.</p> <p>Volatility of energy prices.</p> <p>Complexity of decision-making systems in the public sector.</p> <p>Maintenance of public technical installations is often under public local control, creating issues for access to professional energy services providers.</p> <p>Many old buildings need initial investment in their envelope which may make investment in EPC, as the second step, not profitable.</p> <p>Lack of skills among public actors to elaborate specifications for EPC contracts.</p> <p>Short rental periods of office spaces (4 years on average).</p> <p><i>Brussels region</i></p> <p>Proportion of tenants to landlords is one of the principal barriers to investment</p>

²³ The text in the Annex III on barriers and measures is directly taken from the NEEAPs or their translated versions.

	<p>in energy efficiency in buildings²⁴.</p> <p><i>Flanders</i></p> <p>Barriers related to renovation of buildings with very poor energy efficiency, renovation of multi-owner apartment buildings, tenant-landlord problems.</p> <p><u>Measures</u></p> <p><i>Brussels region</i></p> <p>A pilot project operational from 2014 to test a calculation method of additional charges for tenants, when investment in energy efficiency has been made by landlords. The amount of new charges cannot cover the entire cost of energy efficiency action, but has to be attractive enough to stimulate such investment by landlords²⁵.</p> <p>The <i>Alliance Emploi-Environment</i> has the objective to enhance employment and reduce spending on energy by households by training workers and job-seekers in new technologies in sustainable construction.</p> <p>Different tools have been developed to enhance energy efficiency in secondary and tertiary sectors, such as encouraging companies to adopt sustainable development strategies (project PACE), and subventions for SME's federations aimed at sharing information on rational energy use and assisting in putting in place energy saving measures.</p> <p><i>Flanders</i></p> <p>The regulations to support local housing policy include an (optional) activity for energy-aware living as part of the activities of the existing and new point of contact for housing.</p> <p>Reform of energy grants expressly stating that for investments related to the communal parts of a building, the owners' association can apply for the energy grant and individual owners or tenants need to apply for a grant only for strictly private parts of the building.</p> <p>Phased introduction of the minimum energy performance standard for roof insulation.</p>
Bulgaria	<p><u>Barriers</u></p> <p>No barriers reported.</p> <p><u>Measures</u></p> <p>The <i>Energy Efficiency and Renewable Sources Fund</i> (FEEVI) adopted in 2004, operates as a financing institution by providing loans or loan guarantees and as a consultation centre. The main donors to the Fund are: the UN Global Environment Fund, the Government of Austria, the Government of Bulgaria and private Bulgarian sponsors.</p>
Croatia	Croatia lists a specific barrier related to split incentives but no solutions.

²⁴ Barrier reported under Article 4, EED - Building renovation.

²⁵ This measure was reported under Article 4, EED - Building renovation

	<p><u>Barriers</u></p> <p>Residential building retrofits are governed by the Act on Ownership and Other Real Rights which prescribes that for the energy retrofits 100% approval of all co-owners in the residential building is needed.</p> <p><u>Measures</u></p> <p>No specific measures listed in the NEEAP but according to national stakeholders, the Law on Energy Efficiency, which was adopted in October 2014, foresees in its Article 30 that the majority of co-owners i.e. 50% + 1 in the residential buildings are needed for the decision on its energy renewal.</p>
Cyprus	<p>Cyprus lists specific barriers related to split incentives but no solutions.</p> <p><u>Barriers</u></p> <p>Lack of legislative framework for public – private partnerships.</p> <p>Lack of verified metering of energy consumption in buildings.</p> <p>Long-term contracts for maintenance of public buildings.</p> <p>Lowest price as the main criteria in the public bids.</p> <p><u>Measures</u></p> <p>No specific measures are reported.</p>
Czech Republic	<p>The Czech Republic refers to a barrier and a measure related to energy efficiency services, with a focus on Energy Performance Contracting.</p> <p><u>Barriers</u></p> <p>The use of the Energy Performance Contracting method in public authorities is prevented by Act No 218/2000 on budgetary rules, which does not allow to these organisations to take loans.</p> <p><u>Measures</u></p> <p>Proposals have been prepared for the provision and promotion of energy services employing the Energy Performance Contracting in the tertiary sector. The purpose of the measure is to remove legal obstacles to the use of Energy Performance Contracting and process methodology for the preparation and execution of EPC projects in public administration so that the EPC becomes the main method of achieving energy savings in buildings.</p>
Denmark	<p>Denmark describes a legal act aimed at addressing split incentives between tenants and owners, a barrier implicitly acknowledged, without stating clearly its existence.</p> <p><u>Barriers</u></p> <p>No specific barriers are reported.</p> <p><u>Measures</u></p> <p>On 5 February 2014, the Bill No L 129 (Proposal for an Act amending the Rent Act, the Housing Regulation Act, the Urban Renewal Act and various other</p>

	<p>Acts) was presented. The aim of the Act is, among others, to make it more attractive for landlords and tenants to carry out energy saving measures. In particular, the proposals concerning cost-effective energy improvements and agreed green urban renewal ensure that, relative to the existing legal situation, the gains from carrying out energy improvements in private rented properties will be divided differently between the landlords and tenants so that it is more attractive for landlords to make energy efficiency improvements without changing the tenants' overall housing costs.</p>
Estonia	<p>Estonia lists specific barriers related to energy efficiency services including Energy Performance Contracting, but no solutions.</p> <p><u>Barriers</u>²⁶</p> <p>Capacity issues with making public sector investments and the legal aspects of off balance sheet investment.</p> <p>The lack of experience in procurement of energy services.</p> <p>Clients' lack of technical knowledge and understanding.</p> <p>Clients' lack of trust and uncertainty about the future.</p> <p>The limited capacity of energy efficiency services companies' to finance projects</p> <p>For Estonian banks and financial institutions, the system of energy efficiency services is new.</p> <p><u>Measures</u></p> <p>No specific measures reported.</p>
Finland	<p>Reference to solutions for non-regulatory barriers, implicitly acknowledging their existence, without stating clearly any specific barriers.</p> <p><u>Barriers</u></p> <p>No specific barriers are reported.</p> <p><u>Measures</u></p> <p>Developing and promoting Green Lease-type rental contracts.</p> <p>Promoting energy-efficient tenancy and services agreement and inclusion of energy efficiency targets in property management contracts.</p>
France	<p>A list of already existing provisions implemented in order to "lift certain limitations on the renovation of dwellings or on the adoption of advantageous uses" is reported.</p> <p><u>Barriers</u></p> <p>No specific barriers are reported.</p>

²⁶ Barriers were reported under the section describing the current status of the national energy services market

	<p><u>Measures</u>²⁷</p> <p>Amendments to the Construction and Housing Code rules regulating decisions concerning co-owners including:</p> <p>A majority vote for the execution of work of common interest in the private areas at the expense of the co-owners involved.</p> <p>A majority vote of the co-owners for the installation of heat meters or heat cost allocators</p> <p>The mandatory addition to the agenda for the general assembly of co-owners of an energy saving action plan or an Energy Performance Contract, following the establishment of an Energy Performance Diagnosis or where appropriate an energy audit, for all buildings equipped with collective central heating.</p> <p>Financial contribution by the tenant after the owner has carried out energy savings work to up to half of the achieved cost savings - the participation is included in the rent.</p>
Germany	<p>Germany refers to barriers and measures related to split-incentives between owners and tenants, as well as, to energy efficiency services.</p> <p><u>Barriers</u></p> <p>Financing risks: lack of financing options, capital restrictions, payback times.</p> <p>Lack of incentives or insufficient prioritisation.</p> <p>Transaction costs.</p> <p>Lack of knowledge among end-consumers.</p> <p>Uncertainty about future developments: volatile energy prices, technical risks.</p> <p>Legal problems such as the tenancy regulation of energy-related modernisation projects in balancing financial incentives for landlords against protection of social housing tenants, planning laws and energy management conditions affecting the generation and distribution of energy.²⁸</p> <p><u>Measures</u></p> <p>Under the provision within the Tenancy Law Amendment Act of 2013 revised Section 556c of the German Civil Code <i>Bürgerliches Gesetzbuch</i>, the tenant has to bear the costs of heat supplies as operating costs when the heat supplies for the rented accommodation are switched to contracting, where the heat is delivered with greater efficiency either from a new plant erected by the contractor or from a heat network and the costs of heat supplies after the switch to contracting do not exceed the operating costs for the previous independent supplies of heat or hot water. If the annual utilisation of the old system before the switch to contracting was at least 80%, conversion to management contracting is also possible.</p>

²⁷ Measures reported under a section devoted to regulatory measures for improvement of the energy performance of existing buildings.

²⁸ Barriers were reported under a section "The market of energy services in Germany"

Greece	<p>A list of diverse programmes that are not linked to any specific barriers, except the case of one programme that is aimed at tackling barriers to energy efficiency services, is reported.</p> <p><u>Barriers</u></p> <p>No specific barriers mentioned.</p> <p><u>Measures</u></p> <p>Programmes such as <i>Information systems for monitoring energy efficiency improvements and achieved energy savings</i>.</p> <p>Programmes to provide financial support for investment in energy - saving technologies and research.</p>
Ireland	<p>Ireland generally refers to barriers related to split incentives and lists a measure related to the same issue.</p> <p><u>Barriers</u></p> <p>Split incentives.</p> <p><u>Measures</u></p> <p>A number of measures are in consideration in the rental and commercial sectors, which were to be featured in the Construction Strategy²⁹ meant to be published in 2014.</p>
Italy	<p>Italy refers to barriers related to split incentives and energy services but reports no solutions.</p> <p><u>Barriers</u>³⁰</p> <p>Specific economic and financial barriers to projects to improve the energy performance of buildings:</p> <p>Difficulties, especially for projects addressing whole buildings, in obtaining loans from private banks, on account of the complex assessment and technical-economic approval of the project, the medium-long timeframe for achieving return on investment, the uncertainties due to the timing of payments, and the interest rates charged. All of which hinder compliance with financial flows in projects implemented via an ESCO.</p> <p>The loan-granting process which remains highly conservative due to limited experience and a high degree of wariness in the financing of energy efficiency projects based on cash-flow.</p> <p>Small-medium financial sized projects are not interesting to large banks.</p> <p>Banks are unequipped to supply financing tools suitable for innovative</p>

²⁹ According to information on the website regarding Construction Strategy, a working group will be established on the feasibility and impact of settling minimum thermal efficiency performance standards in properties offered for rent or lease in the residential and commercial sectors <http://www.merrionstreet.ie/en/wpcontent/uploads/2014/05/Construction-Strategy-14-May-20141.pdf>.

³⁰ Barriers were listed under "Energy efficiency in the building sector".

	<p>schemes.</p> <p>Difficulty in accessing dedicated public funding/tax relief for the development of innovative projects in the residential and non-residential public sector.</p> <p>Split incentives between tenants and landlords.</p> <p>High risk perception, owing to the difficulty in knowing the real costs of advanced/innovative technologies, assessing unforeseen costs, and taking into account the significant fluctuations in energy costs, which alter the return on investment over time.</p> <p>The high risk of payment default, in the event of works in public and private multi-owner buildings, which discourages ESCOs in view of the possible problems in collecting their share of receivables from the energy savings achieved.</p> <p><u>Measures</u></p> <p>No specific measures are reported.</p>
Latvia	<p>Latvia refers to barriers to energy efficiency services and description of a legal act under preparation to address the remaining obstacles to energy efficiency services market.</p> <p><u>Barriers</u></p> <p>Barriers to energy efficiency services.</p> <p><u>Measures</u></p> <p>Legal act under preparation to address the obstacles to energy efficiency services market.</p>
Lithuania	<p>Lithuania refers to the split incentives dilemma, barriers to energy efficiency services and rules on public purchasing and procurement, as well as budgeting. Recommendations for solutions are also reported.</p> <p><u>Barriers</u></p> <p>Split incentives.</p> <p>Barriers to energy efficiency services.</p> <p>Rules on public purchasing and procurement, as well as budgeting.</p> <p><u>Measures</u></p> <p>Recommendations to amend the Rules for dispensing state budget funds from the State Treasury account approved by Order No 195 of the Minister for Finance of 21 July 2000, introducing an exception that appropriations funds to be used to improve energy efficiency in public buildings could be used by the actual users of public buildings, and the surplus of these funds could be left to their discretion.</p> <p>Recommendation to consider a proposal to amend Article 3 of the Procedure for setting criteria for periods of public procurement contracts concluded for longer than 3 years and cases where such contracts may be approved by Resolution No 432 of the Government of the Republic of Lithuania of 5 May</p>

	2006.
Luxembourg	<p>Luxembourg refers to barriers and possible solutions related to split incentives and other barriers.</p> <p><u>Barriers</u></p> <p>High property prices – driven primarily by general economic trends – represent a barrier specifically to the energy renovation of buildings.</p> <p>Split incentives between owners and tenants or between owners.</p> <p><u>Measures</u></p> <p>The current government programme is to introduce an accelerated tax write-off of investments in energy renovations.</p> <p>Other measures to reduce these barriers could include:</p> <p>An obligation, linked to the efficiency standard of the building, to create a reserve for energy renovations.</p> <p>Greater involvement of residential property managers in the dissemination of information on energy efficiency measures.</p>
Malta	<p>No specific information on barriers to energy efficiency is reported. However reference is made to some problems and challenges.</p> <p><u>Barriers</u></p> <p>A list of general characteristics and challenges is reported, such as inability to reap the benefits of economies of scale due to its small size and a small domestic market.</p> <p><u>Measures</u></p> <p>No specific solutions are reported.</p>
Netherlands	<p>The Netherlands did not report any barriers but provided information on solutions to split incentives.</p> <p><u>Barriers</u></p> <p>No barriers are reported.</p> <p><u>Measures</u></p> <p>The Housing Valuation System, to address the issue of split incentives in social housing, in which investments in improving energy efficiency are encouraged by means of a points system based on the energy label: an energy-efficient dwelling receives more points under the Housing Value system than a dwelling that is not energy efficient and this forms the basis for the amount of the rental price. Investments in improving the energy efficiency of the dwelling leading to a reduced need for energy can thus lead to an increase in the rental price.</p> <p>From 2016, the Government Buildings Agency will also always take energy costs into account in housing costs. The Government Buildings Agency will therefore also take on the costs of energy for offices and will be entirely</p>

	<p>responsible for the energy management of the buildings owned by it.</p> <p>For other buildings, different market participants will work together to remove obstacles in a Platform for Sustainable Housing. A possible solution to the split incentive problem is sustainable building leases and this is currently being investigated and worked out in more detail by the Platform for Sustainable Housing.</p>
Poland	<p>Poland refers to barriers to buildings' renovation and presents general ideas for future measures.</p> <p><u>Barriers</u></p> <p>Barriers to energy efficiency in buildings³¹:</p> <p>High costs of investment in deep renovation.</p> <p>Lack of skilled workforce in construction sector.</p> <p>The necessity to move out the occupants during works.</p> <p>Ownership structure.</p> <p>Limitations regarding historical buildings.</p> <p><u>Measures</u></p> <p>Recommendation to focus in the future on raising the level of public knowledge (this include owners and users of buildings, and specialists from the financial and construction sectors), providing reliable information regarding energy savings and the considerable benefits arising from measures aimed at improving the condition of existing building stocks (primarily financial benefits), as well as, the development of adequate standards and monitoring methods for works and their results.</p>
Portugal	<p>No specific information on barriers to energy efficiency is reported. However reference is made to some problems and challenges.</p> <p><u>Barriers</u></p> <p>Budget restrictions concerning implementation of energy efficiency policies.</p> <p><u>Measures</u></p> <p>No specific solutions are reported.</p> <p>However, according to national stakeholders, Portugal is implementing some measures to remove barriers to energy efficiency, namely with the funds under the Consumption Efficiency Promotion Plan (PPEC) and the Energy Efficiency Fund (FEE).</p>
Romania	<p>Barriers to energy efficiency and solutions to tackle them are not explicitly described in the Romanian NEEAP, but an indirect reference is made in relation to different horizontal energy efficiency measures such as training</p>

³¹ Barriers were reported under a section presenting an analysis of barriers to renovation of buildings in the NEEAP.

	<p>programmes and energy services.</p> <p><u>Barriers</u></p> <p>The energy services market in Romania is insufficiently developed and there is a need for constant support by the local authorities as well as addressing the sceptical attitudes of the public.</p> <p><u>Measures</u></p> <p>Improving the legislative framework for ESCOs, promoting Energy Performance Contracting at municipality level by 2016.</p> <p>Putting into practice, in collaboration with EPEC (European PPP Expertise Centre), the action points of the Energy Performance Contracting Campaign (EPCC).</p> <p>Programmes for stimulating the development of professional skills, with energy efficiency workshops for architects, engineers and auditors, through several European and UN projects.</p>
Slovakia	<p><u>Barriers</u></p> <p>Reference to barriers presented in the first NEEAP without proposing solutions to these "old" problems.</p> <p>Slovakia has identified additional barriers in its Building Renovation Strategy, which is not a part of the NEEAP. It lists barriers in buildings including lack of awareness by owners of buildings, lack of knowledge and capacity in the construction and installation sector, and public procurement procedures focusing primarily on the lowest price.</p> <p><u>Measures</u></p> <p>A new law that stipulates separate energy payment and a meter to be installed for renters of a building >1000m².</p> <p>More measures are listed in the Building Renovation Strategy, which is not a part of the NEEAP, focusing on buildings' renovation using such instruments as JESSICA, Integrated Regional Operational Programme 2014-2020, and the state Housing Development Fund to be complemented by training and awareness raising activities.</p>
Spain	<p>Spain reported on a few barriers and existing solutions.</p> <p><u>Barriers</u></p> <p>Split incentives.</p> <p>Barriers to energy efficiency services.</p> <p>Barriers resulting from Eurostat rules on public debt and deficit.</p> <p><u>Measures</u></p> <p>The law 19/2009 has transformed the voting process so that the community of household owners in the apartment blocks can take decisions with a majority of 3/5, instead of unanimity, when these decisions concern installations that</p>

	<p>improve the energy efficiency of the building.</p> <p>Measures being taken to eliminate the barriers to establishing energy output agreements in the public administration.</p>
Sweden	<p>Sweden mentions barriers related to split incentives, related to accounting rules and annual budgeting for public bodies and public procurement. A solution to the accounting issue is mentioned.</p> <p><u>Barriers</u></p> <p>Tenants' lack of willingness or ability to pay for rental increases due to renovations.</p> <p>Lack of collaboration between administrations.</p> <p>Lack of skills within local authorities for imposing and following up on energy requirements that are imposed in the context of procurement and purchasing.</p> <p>Financing problems.</p> <p>Knowledge-related barriers.</p> <p>Problems concerning the accounting of costs at local authorities and county councils where high maintenance costs must be entered in the accounts directly as costs, and this may result in organisations reporting a deficit.</p> <p><u>Measures</u></p> <p>The barrier regarding accounting of costs at local authorities was to be eliminated by the forthcoming rules on component depreciation, which were estimated to enter into force in 2015. An Ordinance on State aid for improving energy efficiency at local authorities and county councils has existed since 2010. The programme by the Swedish Energy Agency together with the County Administrative Boards provides support and advice on improving energy efficiency in the form of training courses, networks and regional projects. The Sustainable Municipalities project facilitates exchanging experience and network partnerships.</p>
UK	<p>The UK describes the split incentives dilemma, barriers to energy efficiency services, difficulties with accessing trusted and appropriate energy efficiency information, embryonic markets and undervaluing energy efficiency. Measures include addressing tenant-landlord dilemma and other issues such as actions aimed at supporting energy efficiency investments in public sector, even though public purchasing, budgeting, accounting provisions have not been reported as a barrier in the UK.</p> <p><u>Barriers</u></p> <p>Barriers to energy efficiency services³².</p> <p>Embryonic markets.</p> <p>Lack of access to trusted and appropriate energy efficiency information.</p> <p>Misaligned financial incentives such as split incentives between tenants-</p>

³² These barriers were reported under a chapter devoted to energy services in the NEEAP.

	<p>owners.</p> <p>Undervaluing energy efficiency.</p> <p><u>Measures</u>³³</p> <p>With the Landlords Energy Saving Allowance (provisions within the Energy Act 2011) - the Government intends to use its powers to ensure that domestic private landlords in England and Wales will not be able to unreasonably refuse requests from their tenants for consent to energy efficiency improvements, where financial support is available (such as Green Deal finance and ECO).</p> <p>The first tenants' energy efficiency improvements regulations come into force by 1 April 2016.</p> <p>Energy efficiency standards for rented properties come into force 2018.</p> <p>The Private Tenancies Order 2006 and CRC Energy Efficiency Scheme, where a landlord receives an energy supply and provides part of that supply to its tenants (e.g. in a multi-let building), the landlord must observe the requirements of the CRC scheme and will be responsible for making energy efficiency improvements. Conversely, where the tenant has a direct agreement with the energy supplier, the CRC liability for energy use will be allocated to the CRC participant to which the tenant belongs, if any. In Phase 2 of the CRC scheme, the tenant will have responsibility if their lease lasts for at least 30 years (Northern Ireland).</p> <p>A toolkit to assist public sector organisations to develop business cases for energy efficiency for energy efficiency investments in being considered.</p>
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³³ Recent changes in government policies mean that these measures may not happen as reported in the NEEAP.