



Energy Efficiency, a pillar of the EU energy & climate policy

**LIFE Capacity building
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European Commission**

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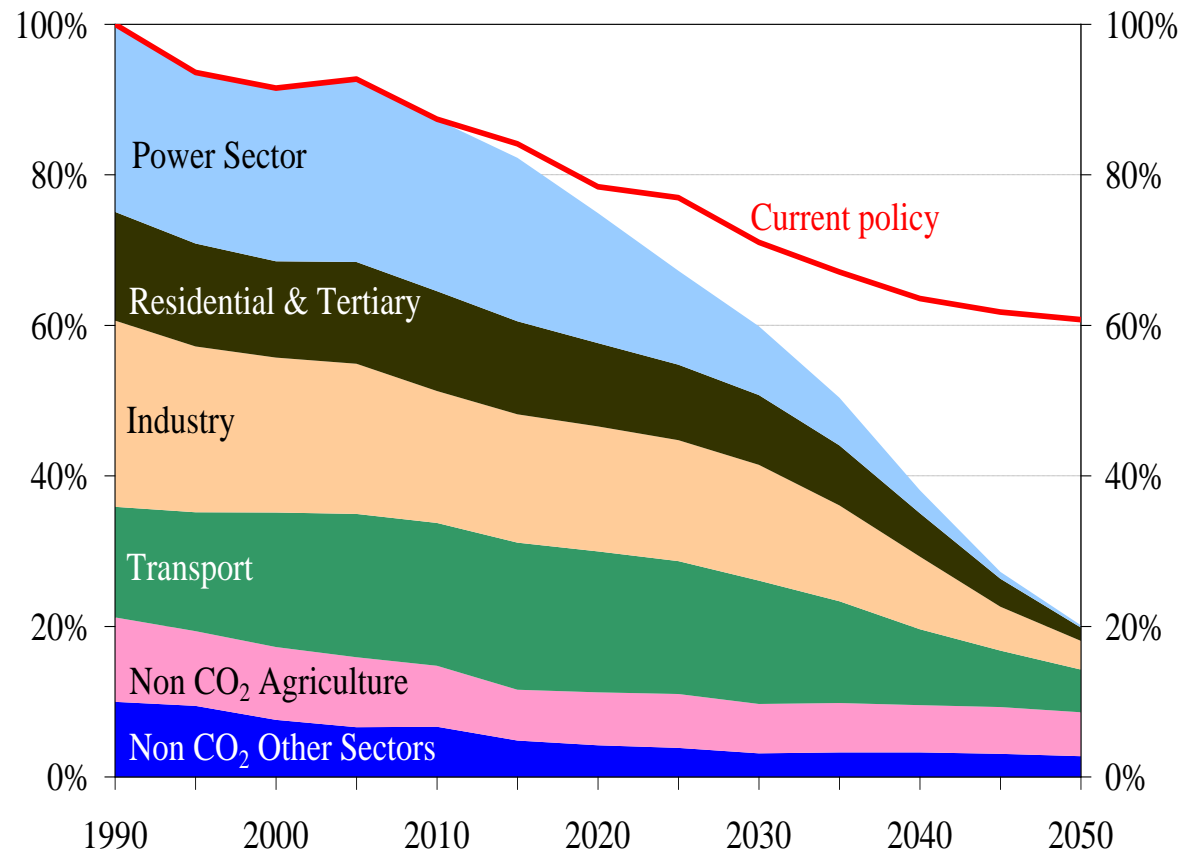
1.1 Getting the EU on track to well below 2°C

80% domestic reduction in 2050 is feasible:

- With currently available technologies,
- If all economic sectors contribute to a varying degree & pace.

Staying below 1.5°C requires:

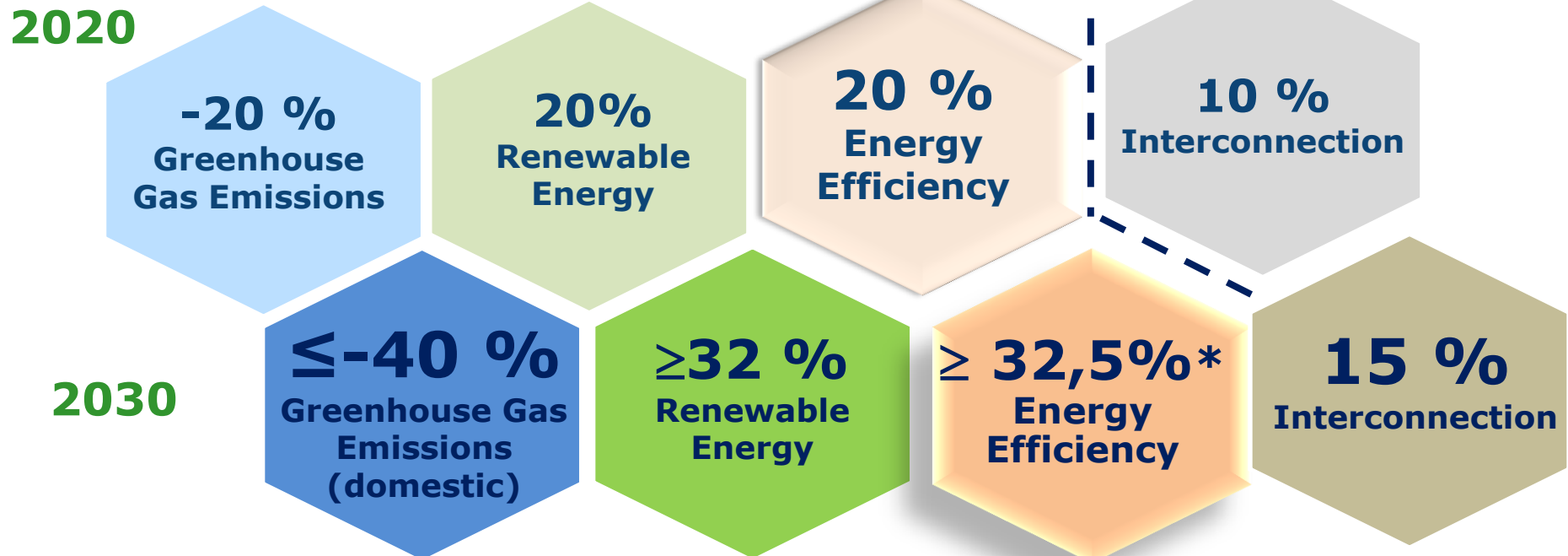
- EU to reach net 0 emissions by 2050
- Cross-cutting efforts, breakthrough technologies



→ EU Long-term strategy

1.2 The Energy Union framework

“Clean energy for all Europeans”: A set of Directives to pave the way to post-2020 policy action



* According to the new Directive proposal

1.3 Buildings, a policy priority

Energy Efficiency is the most cost-effective way of achieving Energy Union objectives.



- ❖ investments in energy efficiency have to triple (increase by €70 bn per year) to reach EE goals
- ❖ EFSI and financial instruments



- ❖ Buildings consume 40% of energy and generate 36% of EU GHG emissions;
- ❖ 75% of housing stock is energy inefficient; renovation rate is too low (~1%/year) and renovation depth too shallow



- ❖ Over 70% of the additional investment needed to reach Europe's 2030 objectives (around €130bn out of €177bn) should be invested in improving the energy performance of buildings

ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE

- Reinforced longer term building renovation strategies;
- Smarter buildings, better connected;
- Support E-mobility

ENERGY EFFICIENCY DIRECTIVE

- New EE target for 2030 -> 32.5%
- Real annual saving rates set at 0.80%
- Clear requirements on metering and billing thermal energy

1.4 Focus on **SUSTAINABLE** finance

High level expert group Report (January 18) recommends that the Commission:

- *Examine further how EE investments improve underlying asset value.*
- *Consider the wider impact of energy savings for financial risk management*
- *Promote more sustainable finance*

Action Plan (AP) adopted by the Commission in March 2018 with 3 objectives:

- Reorient capital flows towards sustainable investments,
- Manage financial risks,
- Foster transparency and long-term outlook for financial and economic activities.



NEW Practitioners' Guide – May 2018

- Standardised & preferential mortgages for EE improvements
- Mobilise financing

- unlock the EPC market across Europe in the public sector ;
- Ex-ante informed view ;
- Improve understanding of statistical treatment

The "Omnibus" regulation

- Facilitation of ESIF – EFSI combination

2.1 Current MFF: the LIFE Programme

The LIFE programme is the EU's funding instrument **€ 3,457 billion** for the environment (75%) and climate action (25%), for the period 2014-2020;

De-carbonisation requires **unlocking private financing** for energy efficiency, through:

More effective use of public funds

*Deploying Financial
Instruments and
innovative business
models to attract private
finance*



Assistance and aggregation

*Supporting the
project pipeline at
EU and local level*



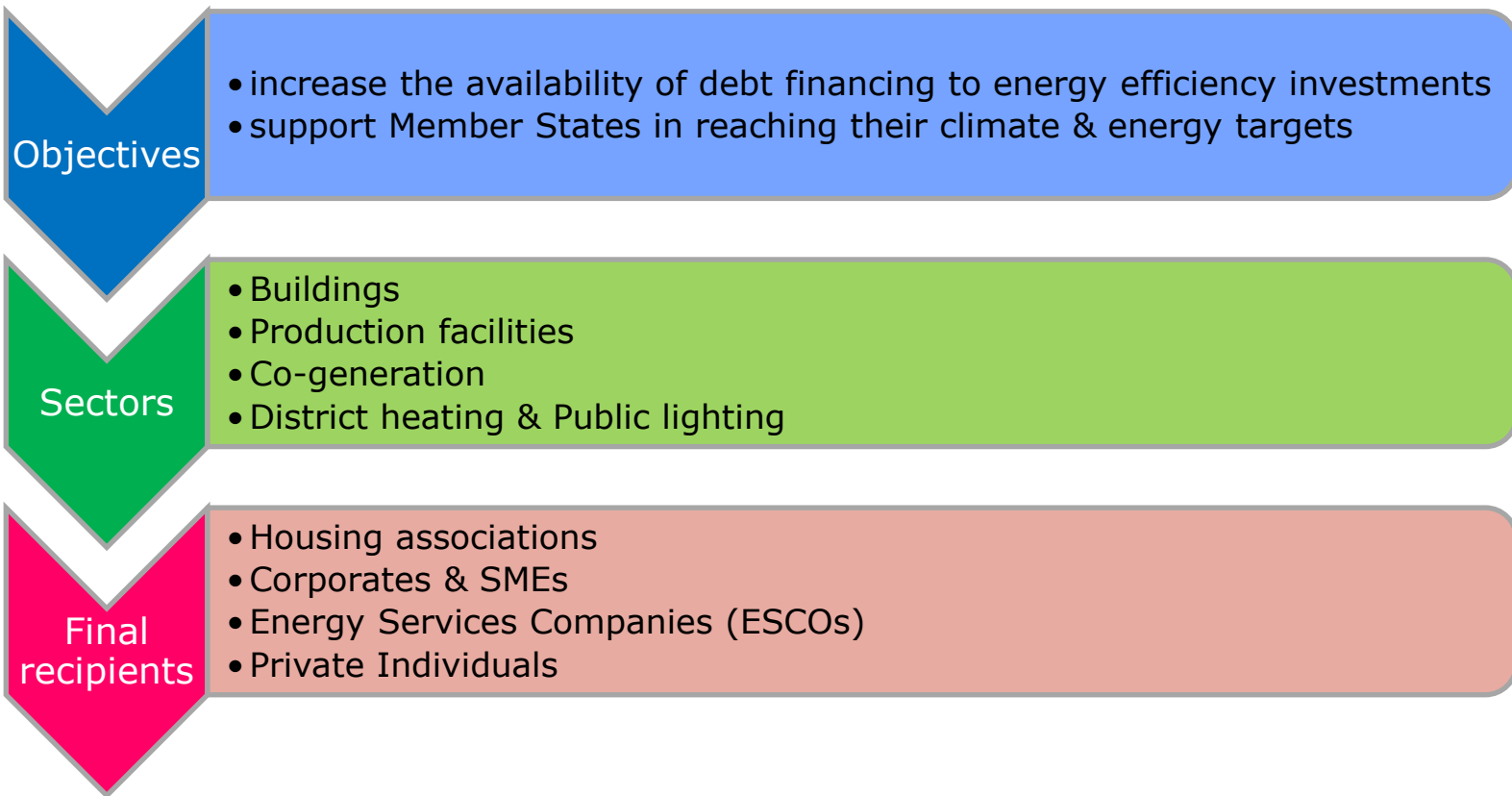
De-risking

*Understanding the
risks and benefits for
financiers and
investors*



2.2 PF4EE objectives and markets

€80M from 2014 to 2017 in order to:



2.3 PF4EE Structure



1. Expert support facility (ESF)

- Consultancy services to financial intermediaries (FIs)
- Helps FIs to create tailored products to their clients



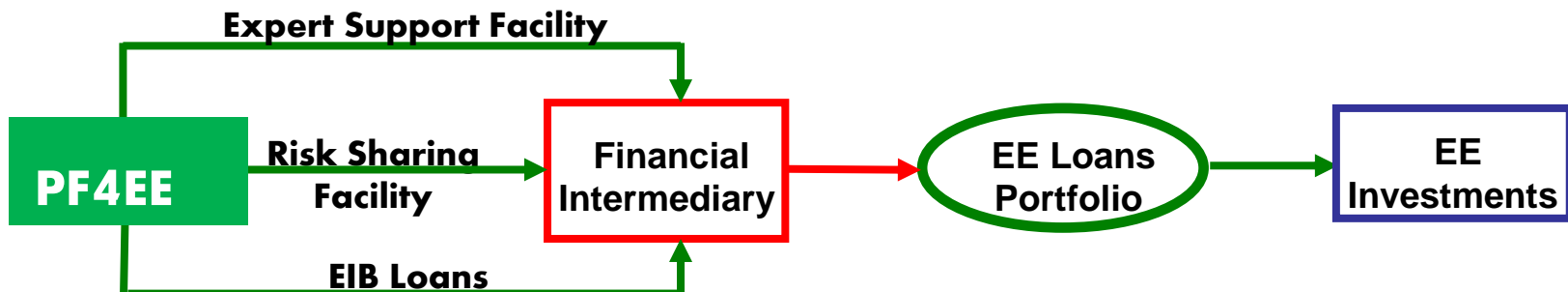
2. Risk-Sharing facility (RSF)

- 1st Loss guarantee to covers losses incurred in the portfolio of EE loans
- Covers up to 80% per loan, capped at 20% of the portfolio



3. EIB Loans

- Up to 75% financing (min. 25% from FIs)
- Tenor: from 3 up to 20 years - From €40.000 to €5M per loan



2.4 Learnings and next phase

Achievements

Market Demand

- 25 applications
- 9 ops. signed
- Raising interest

Leverage

- Targeted: 6
- Achieved: 11

Challenges

Deployment limitation

- 1 operation per MS

Technical assistance

- Pre-signature support
- Essential for take-off

PF4EE II

- **€75M covering 2018-2020** (implementation period 2020 – 2022)
- Increased support to ESF
- Possibility of more than 1 FI / MS

3.1 Smart Finance for Smart Buildings

- ✓ *Objective: unlock a total of €10 billion in public and private funds between now and 2020 for energy efficiency projects.*
- ✓ *Scope: Private individuals, Homeowners' associations, SMEs*
- ✓ *Implementation: National pilot programmes. 18 months to implementation*



Complementarity with PF4EE

3.2 SFSB Structure

Layered guarantee

- 1st loss piece: ESIF
- 2nd loss piece: EFSI (“Juncker Fund”)
- Senior tranche (conditional): EIB, EIF, NPBs

Technical assistance

- Upstream assistance: EIAH
- Downstream assistance: ELENA

Grant contribution

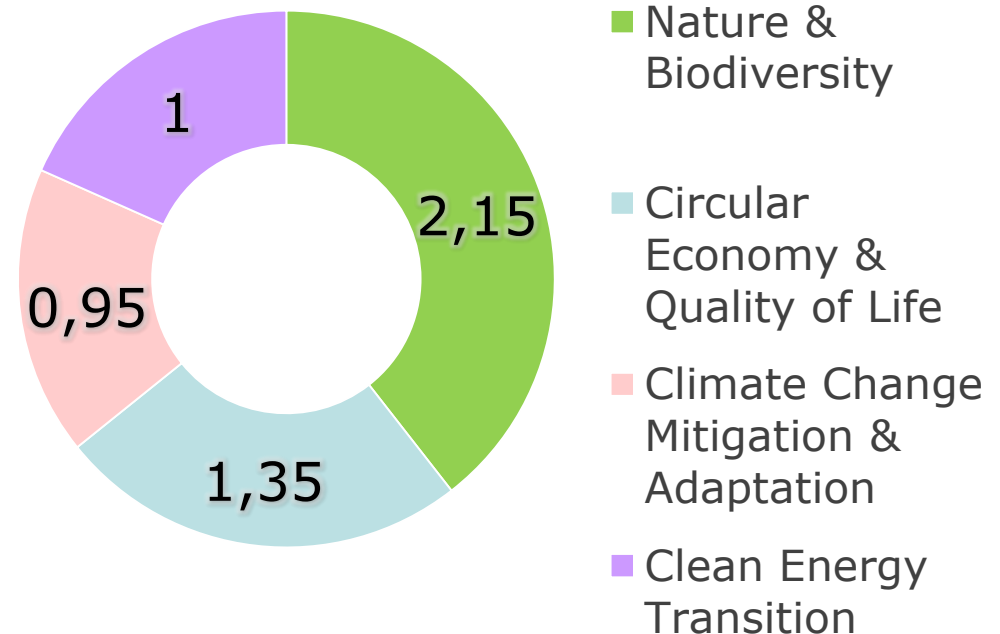
- ESIF
- National grant funding programme...

3.3 New LIFE Programme 2021-2027

Improvements:

- Total budget of €5.45 billion = an increase of almost €2 billion from the present LIFE
- New Clean Energy Transition subprogramme
- Increased support to LIFE National Focal Points to build capacity for programme access across all MS

Sub-programmes



3.4 Synergies with Other Programmes

- Uptake and development of innovations first tested in Horizon Europe in Standard Action Projects
- Technical Assistance Projects can assist beneficiaries to upscale successful projects in larger instruments (CAP, ERDF, InvestEU...)
- Strategic Integrated Projects mobilise funding from other sources, including other EU instruments, for complementary actions that contribute to implementation of the target plans.