The Paper outlines the EuroACE position on the topic of considering energy efficiency in buildings as an infrastructure, especially in the perspective of financing building renovations. It explains why we should consider energy efficient buildings as infrastructure, and shows that there is an increased political support for this idea. It finally outlines some specific, easy and quick-to-implement policy recommendations.

1. Considering energy efficiency in buildings as infrastructure: a solution to better mobilise financing

According to the International Energy Agency, and in order to respect the Paris Agreement, 75% of EU actions to reduce GHG emissions by 2030 should come from energy efficiency, and half of that should come from the buildings sector.\(^1\) Other benefits from energy efficiency projects, notably in buildings, have largely been documented, and policy, including at EU level, has repeatedly called for doing more on the topic. However, one of the remaining issues is to match financing, which exists, to energy efficiency projects. It is estimated that around €60 to 100 billion of investment could be done annually, only in buildings.\(^2\) However, today, less than half of this amount is being effectively mobilised.

Therefore, energy efficient buildings should be considered as an infrastructure, as they are a “long-lasting capital stock, provide input to a wide range of goods & services, and [free] up capacity elsewhere in the economy”.\(^3\) This would enable public authorities to treat investment in buildings with the same importance as other investments, such as in transport or broadband networks, i.e. assessing both their costs and benefits.

Funding building renovation is an essential investment in our infrastructure. When we renovate buildings, we are investing in the future productivity and prosperity of the EU. As any other infrastructure, buildings require investment and renewal in order to stay effective and competitive.

This is actually a prerequisite for applying the Energy Efficiency First principle, when deciding on how to allocate funds.\(^4\) Finally, it also makes sense to consider energy efficient buildings as infrastructure, as those are de facto connected to the energy system. They help to build a resilient energy system, and avoid investing in ‘stranded assets’. A first logical step could be to consider this for public buildings, such as schools or hospitals, as they deliver public services to European citizens.

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\(^2\) EEFIG Report, Energy Efficiency, the first fuel for the EU economy: how to drive new finance for energy efficiency investments, February 2015, available here.
2. An increased political support at EU and local level

The Scottish example shows that considering investments in energy efficient building renovation as infrastructure investment is possible. In 2015, the Scottish Government made energy efficiency, especially in buildings, a priority in its infrastructure investment plan. This will enable Scotland’s Energy Efficiency Programme to offer financial support to building renovation, both in the residential and non-residential sectors, for the next 15 to 20 years, while leveraging private funds. The creation of 9,000 jobs is forecast by 2025.

There is currently a positive political context about energy efficient buildings being considered as infrastructure, notably when it comes to allocation of investment.

In 2015, the European Commission launched the European Fund for Strategic Investment (EFSI), which aims at funding infrastructure projects. Although no specific amount has been ‘reserved’ for buildings, €100 million has been dedicated to a renovation project in France. This shows that for the European Investment Bank for example, a large project in energy efficient renovation of buildings, can be considered as a strategic infrastructure investment.

In June 2016, the European Parliament called in its resolution on the implementation of the Energy Efficiency Directive (PIPER Report)⁵ to treat investment in energy efficiency projects as infrastructure investment. EuroACE welcomes this willingness from EU Institutions to act on the topic, and encourages fruitful discussions.

3. Policy Recommendations

EuroACE fully supports several of the recommendations put forward by the EEFIG and the think-tank E3G.⁶ Our building stock should be considered as a strategic infrastructure. Therefore, energy efficiency projects and building renovation should be considered as a major structural reform having a direct long-term positive budgetary effect, raising potential sustainable growth. In line with the Commission’s position,⁷ investments in energy efficient buildings and energy renovation, should be granted some kind of flexibility within the Stability and Growth Pact.

Other, shorter-term, recommendations are to:

- Revise EUROSTAT’s definition of an asset (‘the 50% rule’) from relating it to the value of the entire building to the value of the building’s elements on which energy efficiency work is performed;
- Recognise cash savings from energy efficiency in the ‘scoring’ of investments;
- Review EUROSTAT rules on debt & deficit, authorising (local) public authorities to consider energy efficiency investments in an off-balance sheet treatment (i.e. productive debt), and fund energy efficiency programmes from ‘capital expenditure’ (rather than operational) budgets;
- Develop standardised operational guidelines & procurement processes;
- Review State Aid treatment of energy efficiency, as today, a maximum of 30 to 50% of an energy efficiency project is eligible to state aid, when other energy infrastructure projects are 100% eligible.

5 §47 “Calls on the Commission to treat energy efficiency as an infrastructure priority, recognising that it fulfils the definition of infrastructure used by the IMF and other economic institutions, and to make it a crucial element and a priority consideration in future investment decisions on Europe’s energy infrastructure.”


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About EuroACE
EuroACE represents Europe’s leading companies involved with the manufacture, distribution and installation of energy saving goods and services for buildings. EuroACE members employ over 280,000 people in these activities in Europe, and have around 900 production facilities and office locations. The mission of EuroACE is to work together with the EU institutions to help Europe move towards a more efficient use of energy in buildings, thereby contributing to Europe’s commitments on climate change, energy security and economic growth.

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