Online Mini Workshops on the Renovation Wave

Financing for Energy-Efficient Buildings & Renovation

31st of March 2020
9:30-10:15

For more information:
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Moderated by:

Adrian Joyce
Secretary General of EuroACE
Instructions

• You are kindly asked to remain muted
• No cameras for the whole duration of the webinar
• Only speakers and moderator will stay unmuted
• A 20-25 minutes Q&A session will follow the presentation
• Ahead and during the Q&A session, questions will have to be sent to “Everyone” in the GoToMeeting chat box.
• Questions should be as concise as possible
• The moderator will group questions and then address them to the speakers
• If time does not allow to cover all questions, they will be forwarded to the speaker for later response
• The PowerPoint presentation and questions will be shared with you in due course
Introduction

Julie Kjestrup
President of EuroACE
“Financing for Energy-efficient Buildings and Renovation”

Presented by Hélène Sibbleau
Senior EU Affairs Manager EuroACE
EuroACE

- The European Alliance of Companies for Energy Efficiency in Buildings
- Formed in 1998 by Europe’s leading companies involved with the manufacture, distribution and installation of energy saving goods and services
- A business association working together with the European institutions to help Europe move towards an efficient use of energy in buildings (new and renovated)
** More than 200,000 employees & more than 900 production facilities and office locations in the EU **

**Our specificity: our cross-sector representativeness**
We represent all energy efficient technologies
>>> heating & cooling equipment, insulation, lighting, maintenance regimes and controls, ventilation equipment & windows
We believe that improving the energy efficiency of buildings, especially renovating existing buildings, is the most cost-effective method of

- Creating employment and securing economic growth
- Alleviating energy poverty on the long-term
- Providing people with comfortable and healthy homes
- Meeting carbon reduction targets
- Achieving energy security
• EU-wide political communications campaign
• Focuses exclusively on ambitious energy renovation of the building stock, motivating EU and national institutions to take action
• 38 partners, including 14 at national level
• High political support with the Champions Together for Renovation

#PrioritisePeople
#AccelerateRenovation
Showcasing best practices...

- All information about exhibition available at https://www.renovate-europe.eu/reday/reday-2019/online-resources/

- Financing programmes
  - Public-Private Partnership (Slovenia)
  - RENESCO Project (Latvia)
  - KredEx Programme (Estonia)
Today’s discussion

Financing energy efficient buildings & renovation in the context of the Renovation Wave

1) Investing in energy renovation of buildings - the basics
2) What has been done so far, and limitations
3) The way forward: how to include financing aspects in the Renovation Wave?
1) Investing in energy renovation of buildings - the basics

- **Investment Needs**

  - High volume needed: overall, at EU level, deep energy renovation of the building stock is estimated to be worth €300 billion a year between now and 2050.

  - Biggest needs are in this decade: additional €260 billion per year between 2021 and 2030 necessary to reach the 2030 targets, with the biggest part going to residential building renovation (Commission Communication on Draft NECPs, June 2019).
1) Investing in energy renovation of buildings - the basics
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**Barriers**

- Limited amount of public financing > need to mobilise private financing (as in any other sector)
- But more than a problem of volume, it is difficult to access financing
  - Fragmented market > need aggregation to reach a critical mass
  - High upfront costs and long payback times
  - One step financing vs. step by step renovations
  - Lack of (reliable) data, which is the basis for commercial banks
- Barriers linked to financing are not more (or less) important than other barriers
2) What has been done so far, and limitations

- A thorough overview of (120+) financial and fiscal instruments across all Member States
- Mostly subsidies (61%), but also loans (19%) and tax incentives (10%)
- Overall €15 bn spent each year on renovation by public resources in the EU
- Classified by type of instruments (public and private), but also by Member State
- ‘Identifying good practices’, using criteria such as impact, cost-effectiveness, scalability potential...

LINK HERE
2) What has been done so far, and limitations

- **(Lots of) funds available!**

  - **Multiannual Financial Framework (MFF)**
    - European Structural & Investment Funds (ESIF): €14 billion allocated to energy efficiency in buildings (2014-2020)
    - Other funds: Horizon Europe, LIFE, InvestEU...

  - **European Investment Bank (EIB)**
    - New Energy Lending Policy, focus on building renovation
    - Strong on advisory services (ELENA facility, €97 million until 2023)
    - Finance up to 75% of eligible capital expenditure
2) What has been done so far, and limitations

- **(Lots of) funds available!**

  - Carbon Revenue Recycling (EU ETS)
    - 7 to 9 times more emissions reduced with carbon revenues invested in energy efficiency than by carbon pricing alone (analysis from RAP - the Regulatory Assistance Project)
    - Example from Czechia (New Green Savings): €440 million distributed to more than 50,000 projects since 2014

- But most of renovations paid by own capital - between 53 ad 72% (Commission study)
2) What has been done so far, and limitations

- EU policy tackled the challenge

  - Creation in 2013 of EEFIG - *Energy Efficiency Financial Institutions Group* by DG ENER & UNEP FI

  - Stronger EPBD (2018) in terms of financing

    - From « long-term strategy for mobilising investment in the renovation of the national stock » (EED Art. 4) to « long-term renovation strategy to support the renovation of the national stock » (EPBD Art. 2A), but still financing aspects included (aggregation, reduction of perceived risk, use of public funding to leverage private investment, advisory tools)

    - Art. 10: Member States shall link their financial measures to targeted or achieved energy savings

    - SFSB (Smart Finance for Smart Buildings) with the EIB, a guarantee to further mobilise private investment
2) What has been done so far, and limitations

- **But still limitations...**
  - Lack of absorption of EU funds, especially ERDF/CF
  - Difficulty of blending different funds together, notably public & private
  - Aggregation is difficult to reach set thresholds (e.g. €30 million for ELENA)
  - Complexity: of financing landscape + financing ‘process’
3) The way forward: how to include financing aspects in the Renovation Wave?

- **Direct financing aspects in the Renovation Wave**
  - *Segment Approach*
    - Matrix based on building type / ownership structure / consumer preference
    - Would enable easier aggregation
    - Need a variety of financing streams to adapt to the variety of buildings & people (link to Trigger Points)
  - *Area-Based Approach*
    - Enable financing of small-scale projects, creating a locally driven supply chain
    - Projects basing financing on property rather than owner (EuroPACE)
    - Some activities such as re-skilling funded by the Just Transition Fund? The area needs to draw a Territorial Just Transition Plan.
3) The way forward: how to include financing aspects in the Renovation Wave?

- **Direct financing aspects in the Renovation Wave**
  - *Both Approaches (Segment or Area)*
    - Better link between advisory services (one-stop-shops, Renovation Passports, work coordinators) & financing
    - Those services need financing to get started and sustained (find a business model)
    - Those services also need to advise on financing (and would facilitate the work of commercial banks)
    - Need stability of support schemes, and continuous communication
3) The way forward: how to include financing aspects in the Renovation Wave?

- **Enabling (Financing) Conditions for the Renovation Wave - where else to plug it?**

- Strong link to be made with EIB Initiative for Building Renovation > Open Platform for Renovation should liaise with EIB for tailored advice

- **MFF: Just Transition Fund, preparation of Partnership Agreements at national level and Operational Programmes at regional level**

- Sustainable Europe Investment Plan: EU Taxonomy, State Aid Rules, Energy Taxation Directive
Conclusion

- Financing is only one part of a wider eco-system of policies and measures in favour of a strong and vibrant construction and renovation market.

- To mainstream successful financing schemes for energy efficient buildings and building renovation throughout Europe, we need qualified people.
Thank you!

Hélène SIBILEAU, Senior EU Affairs Manager

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Q&A Session

Please be patient while Adrian Joyce reads your questions to the speaker.
Conclusions

Julie Kjestrup
President of EuroACE
Next webinars

Online Mini Workshops on the Renovation Wave

« The Ecosystem of the Renovation Wave: What policies and measures? What links to other EU initiatives? »
3rd of April 2020

For more information:
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Thank You For Your Attention!

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