

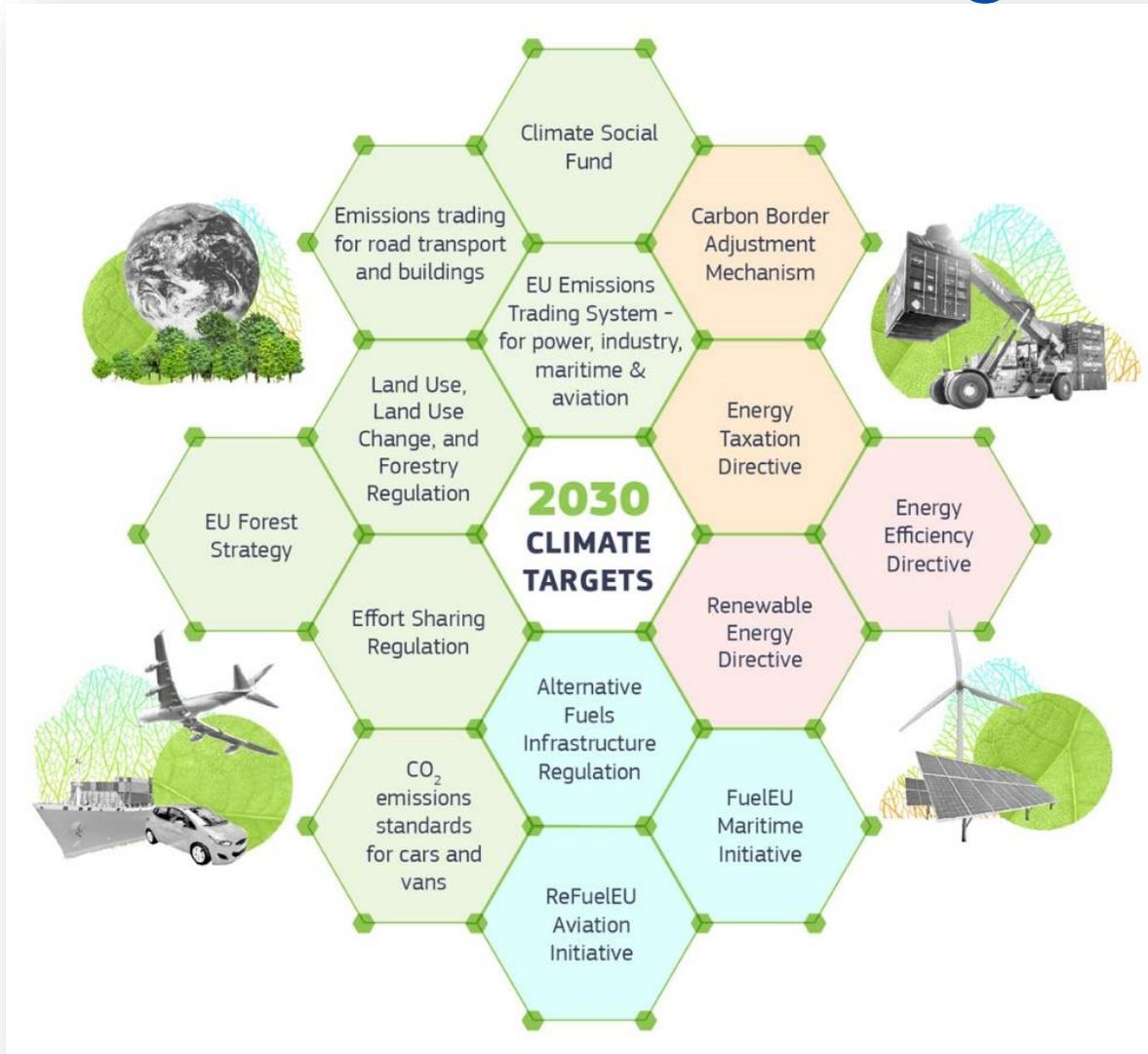


Update on EU initiatives for promoting energy efficiency investments and ESCO markets

***RoundBaltic* learning event on accelerating energy efficiency investments, 10 February 2022**

Mārtiņš Zemītis
European Commission

The Fit for 55 Package – Overview



The package aims to make the EU ‘fit for 55’ and **deliver the transformational change** needed in a

- **fair,**
 - **cost-efficient** and
 - **competitive**
- way.**

It cements the **EU’s global leadership** by action and by example in the **fight against climate change**

Policy framework

Key elements of recast Energy Efficiency Directive

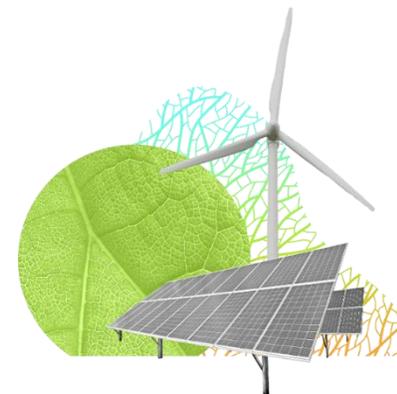
Binding EU energy efficiency target & indicative national contributions

'Energy Efficiency First' Principle – making it an integral part of policy and investment decisions

Strengthened energy savings obligation in end-use

Stronger exemplary role of public sector

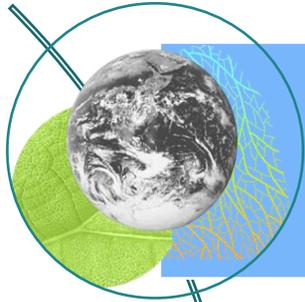
Increased focus on alleviating energy poverty and consumer empowerment



9% binding EU energy efficiency target corresponds to the 36% FEC and 39% PEC compared to 2007 projections

Adopted on 14 July 2021 as part of the 'Fit for 55' package

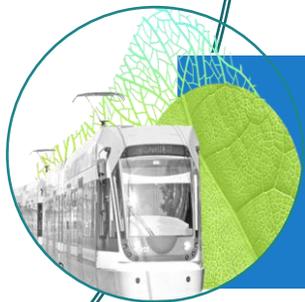
Energy services markets (Art. 27 EED)



Uptake of EnPC by public bodies for renovation of large buildings

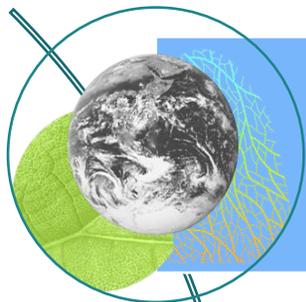


Renovations of large non-residential buildings (above 1000 m²): public bodies will have to assess feasibility of using an EnPC



Increased role of advisory bodies, independent market intermediaries, one stop shops

Exemplary role of public sector (Art. 5-7 EED)



Obligation of annual reduction of energy consumption of 1.7% in public sector (MS to select public bodies) – Article 5

NEW



Annual renovation of at least 3% of useful floor area of all public buildings (>250 m²) - Article 6



Contracting authorities to assess the feasibility of long-term EnPCs in public procurement for contracts with significant energy content

Revision of the Energy Performance of Buildings Directive (15 Dec. 2021)

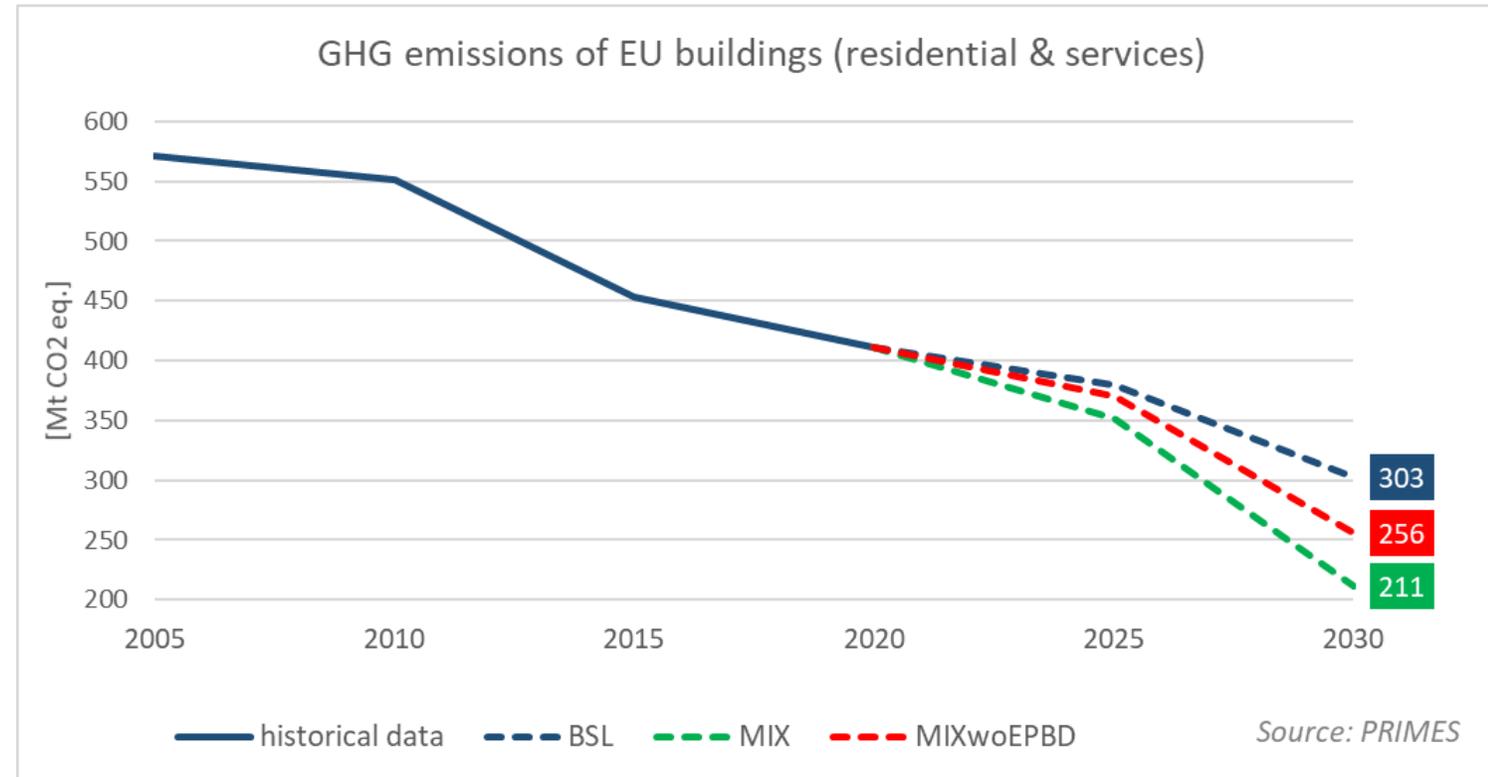
Climate Target Plan: by 2030 the EU should

reduce buildings’:

- **GHG emissions by 60%**
- **final energy consumption by 14%**
- **energy consumption for heating and cooling by 18%**

Objectives of the EPBD revision:

- **Contribute to reduce GHG emissions and final energy consumption by 2030**
- **Provide a long-term vision for buildings and ensure contribution to climate neutrality in 2050**



Renovation Wave Strategy – aims to doubling renovations by 2030

Focus areas of the EPBD revision

Renovation

- **Minimum Energy Performance Standards**
- **Energy Performance Certificates**
- **National Building Renovation Plans and renovation passports for individual buildings**

Decarbonisation

- **Introduction of zero-emission buildings as new standard for new buildings**
- **Consideration of whole life cycle carbon**
- **Phasing out incentives for fossil fuels and new legal basis for national bans**

Financing

- **Sustainable finance and energy poverty alleviation**
- **Deep renovation standard**
- **Renovation passports for individual buildings**

Modernisation & system integration

- **Infrastructure for sustainable mobility**
- **Smart Readiness Indicator**
- **Indoor air quality: ventilation and other technical building systems**

Main provisions on existing buildings

- **Minimum Energy Performance Standards:**
 - **Union-wide MEPS to phase out worst-performing buildings**
 - **Public and other non-residential buildings: at least EPC class F by 2027 & EPC class E by 2030**
 - **Residential buildings: at least EPC class F by 2030 & EPC class E by 2033**
 - **MS to set up timelines for further improvement of their building stock in their building renovation plans**
 - **Supporting framework with a focus on vulnerable households and monitoring of social impact**
- **National Building Renovation Plans (replacing the long-term renovation strategies)**
 - **BRP to be integrated into the NECP process, except the first plan**
 - **Common template with only national goals and key mandatory indicator, several elements opening to other dimensions beyond energy remain voluntary (accessibility, safety,...)**
- **Definition of „deep renovation“**
- **Strengthened requirements for recharging of e-vehicles** in case of major renovation
- **Stronger provisions on the removal of obstacles and barriers to renovation** (right to renovate)
- **Member States must not subsidise fossil-fuel boilers as of 2027.**

Financing framework

EU funding landscape to support energy efficiency

To directly co-finance investments

- Recovery and Resilient Facility
- Cohesion Policy Funds (ERDF, ESF) and Just Transition Fund (JTF)
- Modernisation Fund

To mobilise and leverage investments

- Financial instruments and technical assistance under InvestEU EIB including the ELENA Facility

To support technology development, research & innovation

- Horizon Europe and specifically: Cluster 5, Destination 4 (energy efficiency of buildings and industry)
- Innovation Fund

To address market barriers and provide capacity building

LIFE and specifically: the Clean Energy Transition sub-programme

European Local Energy Assistance ELENA

- Established in 2009 as European Local Energy Assistance
- Grant for preparation (not implementation) of investment programmes
- Nearly EUR 220m awarded to projects supporting approx. EUR 7,3bn investments
- High leverage achieved: above 30
- Leads to implemented investments in EE showing very efficient use of public grants



Picture: Aarhus tram project

LIFE 2021 Clean Energy Transition (CET) Call

Building a national, regional and local **policy framework** supporting the clean energy transition

Accelerating technology roll-out, digitalisation, **new markets, services and business models** and enhancement of the related professional skills on the market

Attracting private **financing** for sustainable energy

Supporting the development of local and regional **projects**

Involving and **empowering citizens** in the clean energy transition

- 7 years budget of almost €1 bn
- Continuation of market uptake Coordination and Support Actions under Horizon 2020- Energy Efficiency
- LIFE-2021-CET: 18 topics, deadline: 12th January 2022
- Call published on [the Funding & Tender portal](#)

EEFIG

EEFIG was established in 2013 by the European Commission and UNEP FI

It was a reliable partner and supported the development of policy in the field of energy efficiency (e.g. EEFIG report in 2015; the de-risking project – DEEP, the Underwriting toolkit)

Since 2018 EEFIG work is based on working groups.

Existing working group/projects:

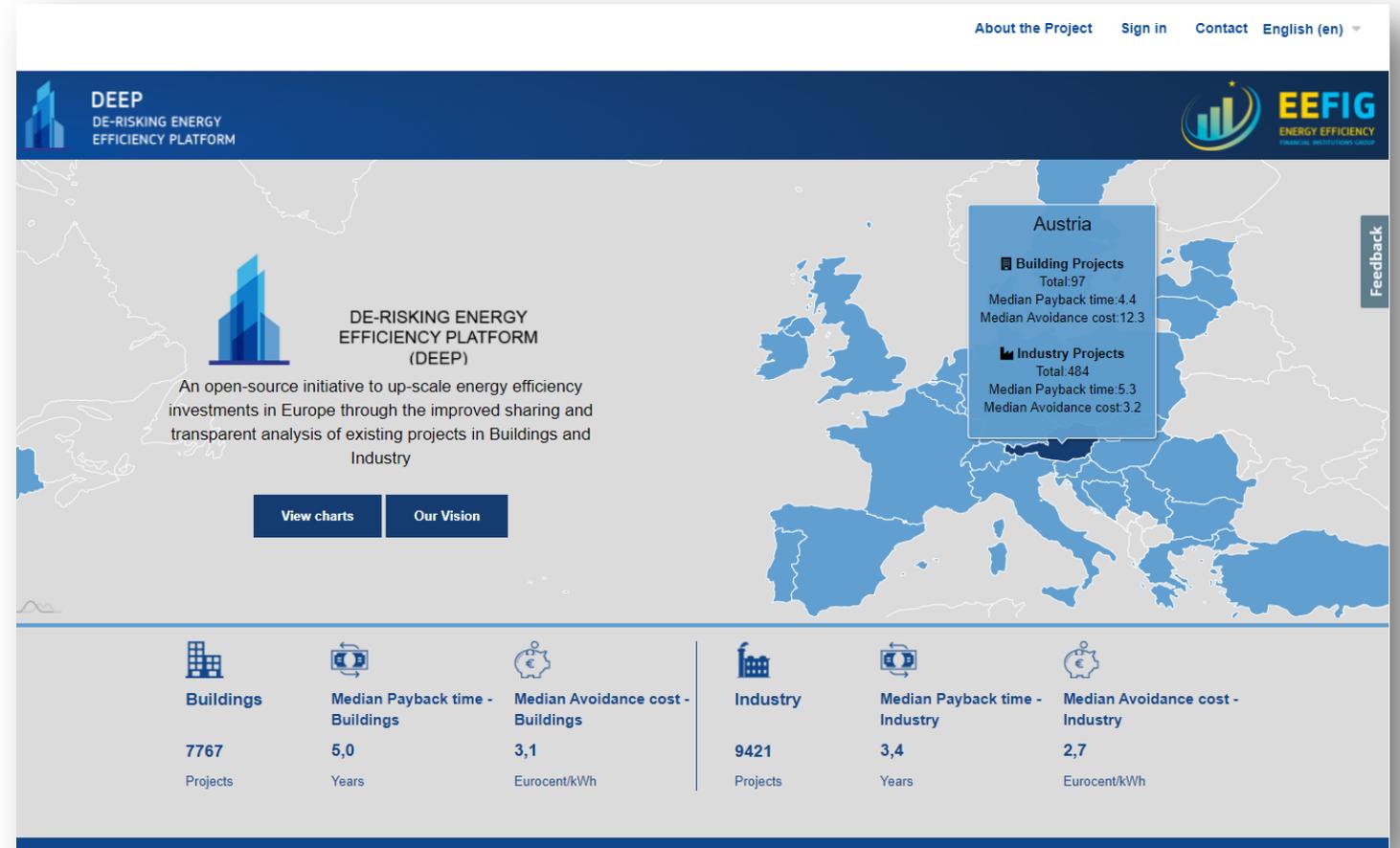
- WG on monitoring and evaluating EE financial practices
- WG on risk assessment for EE financing
- WG on multiple benefits of energy efficiency
- WG on EE in industry
- Expanding DEEP database

New working groups (launch: Q3 2021)

- WG on applying the EE1 principle in finance
- WG on stimulating demand for EE measures
- WG on collection and monitoring of data for EE investments and financing

The De-risking Energy Efficiency Platform (DEEP)

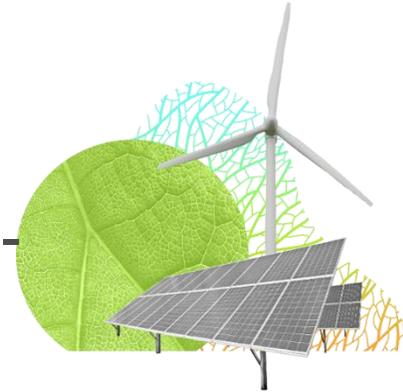
- DEEP is an open-source database for energy efficiency investments performance monitoring and benchmarking.
- DEEP provides an improved understanding of the real risks and benefits of energy efficiency investments by providing market evidence and investment track records.
- Includes 17,000+ energy efficiency projects in buildings and industry from 30 data providers.
- New data and improved functionality is added regularly.
- DEEP can be accessed at deep.eefig.eu



Barriers to energy performance contracting (EnPC)

Issues to consider to unlock EnPC in Latvia

- Remove **barriers** to EnPC in legislation (to allow long-term contracts for public sector in line with Eurostat rules).
- Need for a **model contract** in line with Eurostat rules to ensure off-balance energy performance contracting.
- Need for a **financing mechanism** allowing forfeiting/refinancing of EnPC contracts (to reduce the costs for public sector).
- Combination of **EnPC with EU grants** to allow deep renovation projects while remaining off-balance.
- **Capacity building** – exchange of best practice and use of ELENA technical assistance for preparing the project pipeline.



Thank you



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