

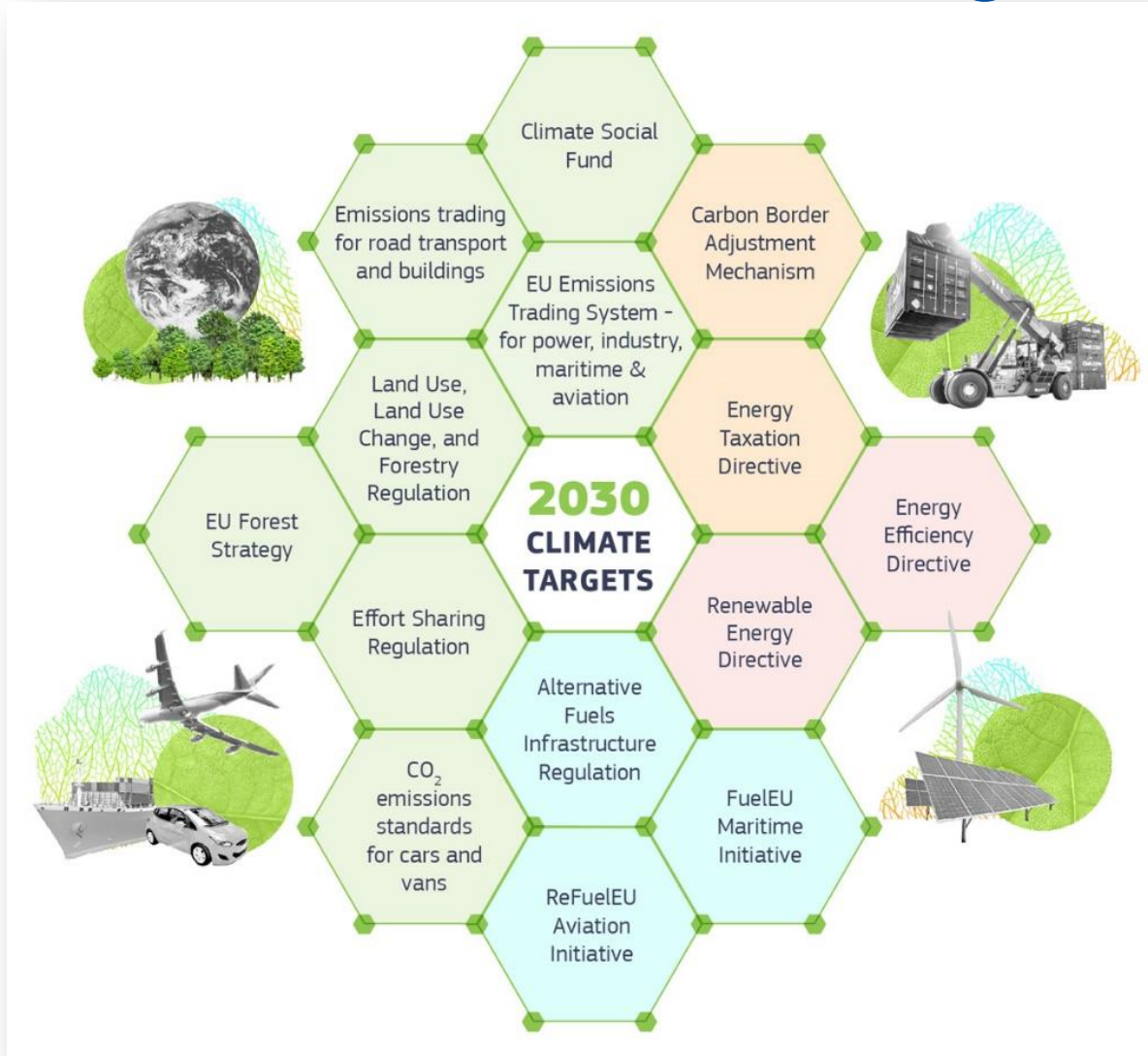


# Update on EU initiatives for promoting energy efficiency investments and ESCO markets

***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

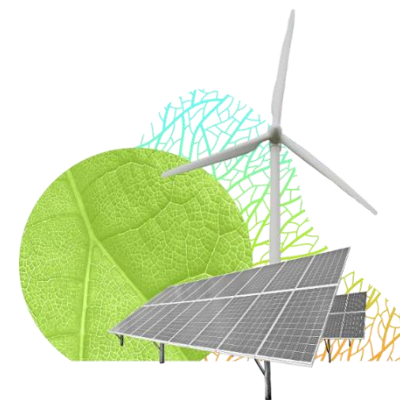
Binding EU energy efficiency target & indicative national contributions

'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

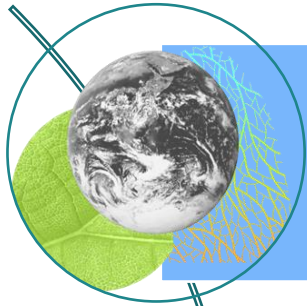
Increased focus on alleviating energy poverty and consumer empowerment



**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

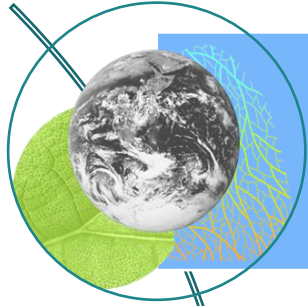


Renovations of large non-residential buildings (above 1000 m<sup>2</sup>): public bodies will have to assess feasibility of using an EnPC



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 m<sup>2</sup>) - 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)

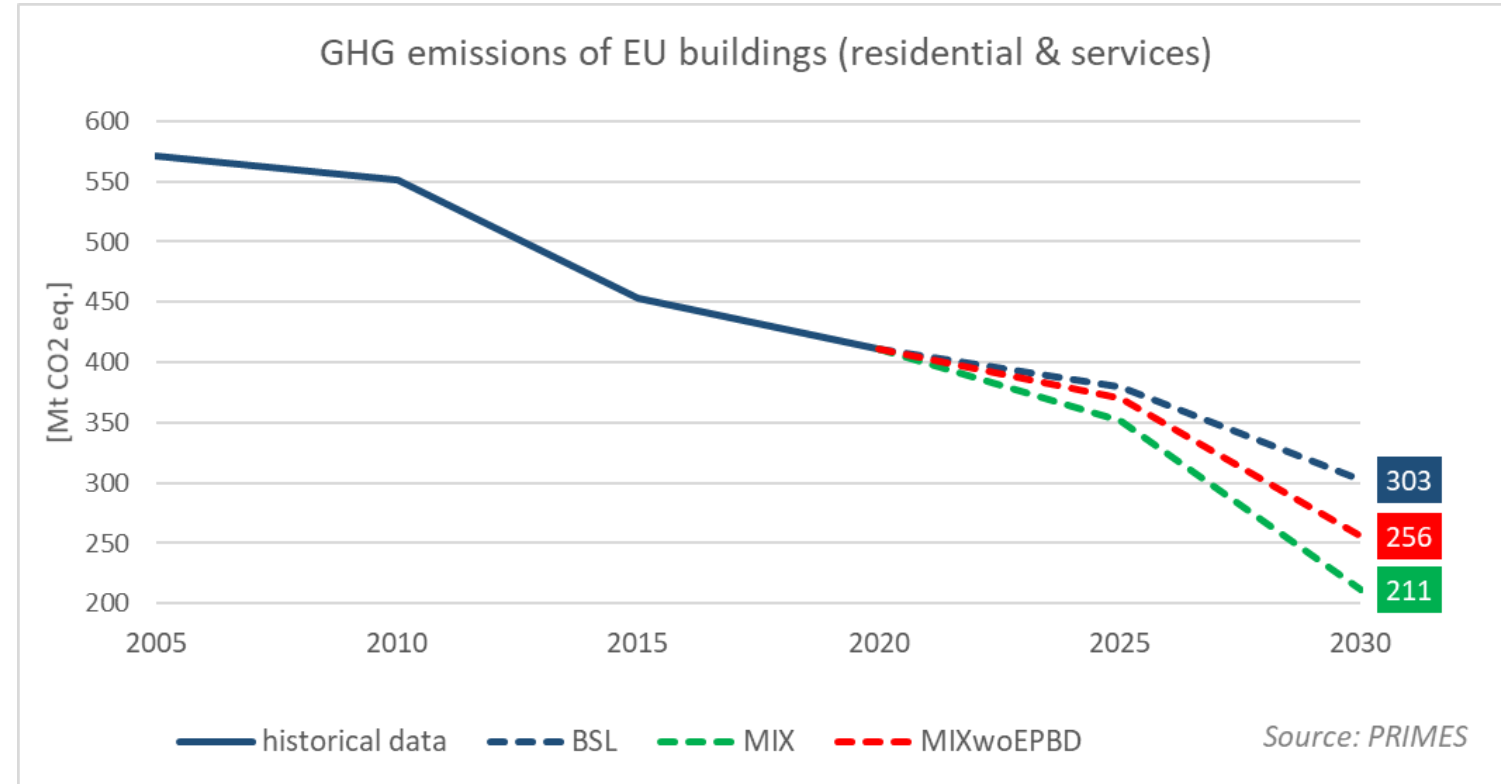
**Climate Target Plan:** by 2030 the EU should

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:**

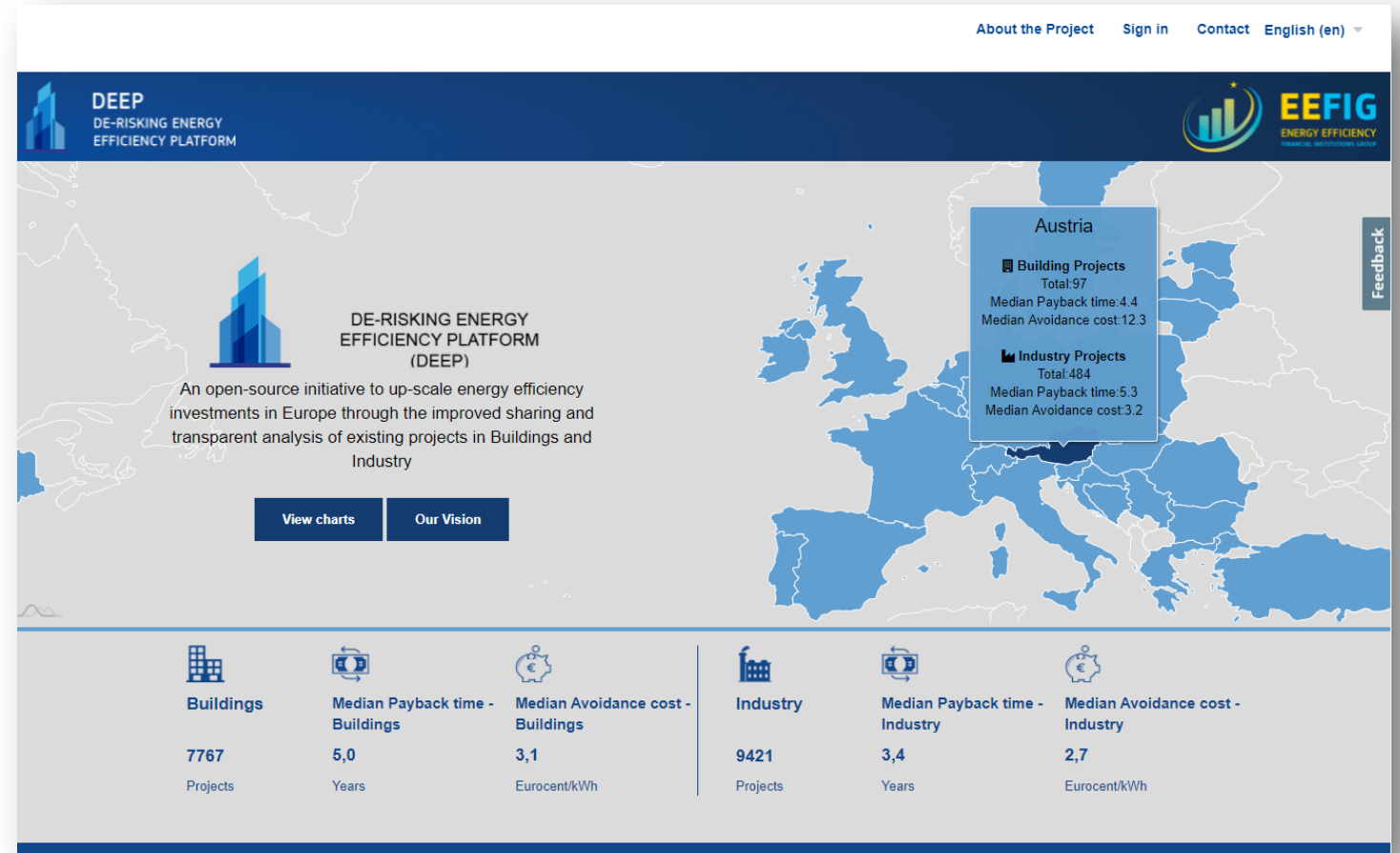
- WG on monitoring and evaluating EE financial practices
- WG on risk assessment for EE financing
- WG on multiple benefits of energy efficiency
- WG on EE in industry
- Expanding DEEP database

## **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](http://deep.eefig.eu)

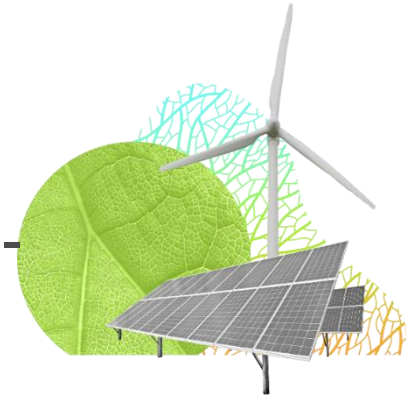


# Barriers to energy performance contracting (EnPC)



# 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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