



Investor Days 2016



MAKING MONEY FLOW – STRATEGIES TO INCREASE ENERGY INVESTMENTS IN THE EUROPEAN BUILDING SECTOR

FEBRUARY 22-23

REPRESENTATION OF THE STATE OF NORTH RHINE-WESTPHALIA TO THE EU

PANEL AND DISCUSSION ON THE ENERGY EFFICIENCY FINANCIAL INSTITUTIONS GROUP (EEFIG) IMPLEMENTATION: WHAT WAS ACHIEVED FROM EU AND MEMBER STATE PERSPECTIVES?

Moderation: Peter Sweatman (Climate Strategy and Partners)

Roman Doubrava (DG Energy, European Commission), Annie Degen (UNEP-FI), Stefan Besser (German Federal Ministry for Economic Affairs and Energy - BMWI, Germany), Françoise Refabert (Vesta Conseil & Finance)



Energy efficiency finance, EEFIG and policy development

Roman Doubrava

Finance Team Leader

ENER C3

+32 2 299 8452

roman.doubrava@ec.europa.eu

EEFIG work and Report – impacts so far

- Significant increase of knowledge about EE investment drivers across the board – Report widely used by stakeholders in EU and beyond (G20)
- Creation of strong policy and market momentum
- Activities rolled out in Germany, Czech Republic, Slovakia, France, Bulgaria, Spain, both top-down and bottom-up; further actions under H2020 calls.
- The recommendations became essential part of the EU policy considerations under the "Energy efficiency package that includes the SFSB Initiative" planned for September 2016.

Energy Efficiency – the first fuel
for the EU Economy

How to drive new finance for energy
efficiency investments



Energy Efficiency
Financial Institutions Group

FINAL REPORT

covering Buildings, Industry and SMEs

February 2015

Challenges related to Energy Efficiency financing

- High upfront investments
- Sometimes long payback periods
- **Lack of performance data**
- **Fragmentation/transaction costs/lack of standardisation**
- Complexity of financing
- **The market is not "readable"**
- **Financing products do not reflect the EE fundamentals**
- Lack of knowledge and information = lack of demand!

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Forthcoming EE Package: Addressing challenges of EE financing through actions for:

Aggregation

e.g. Project development assistance



De-risking

Performance data, risks/benefits implications, market evolution & benchmarking



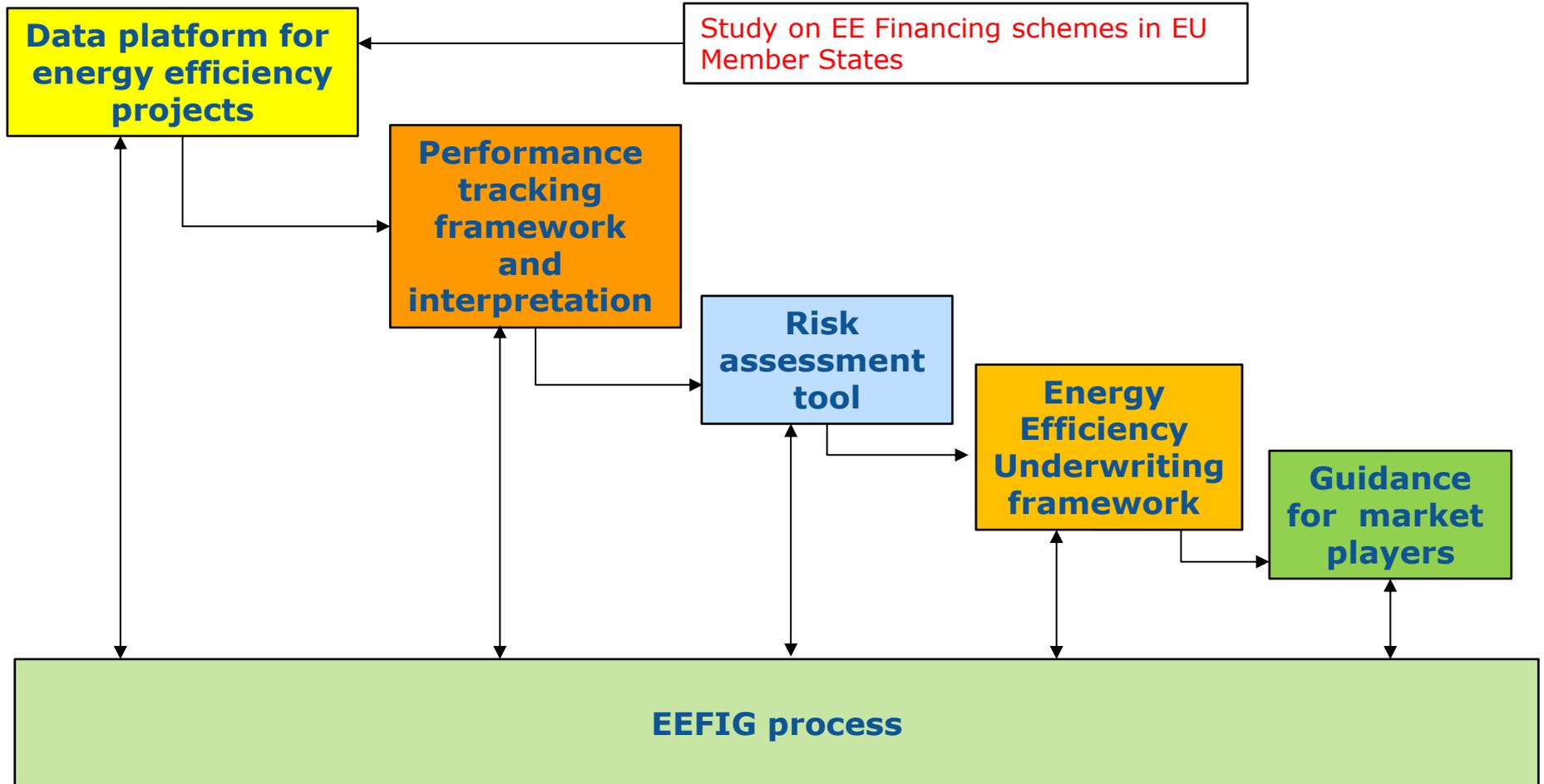
Market-based culture

financial instruments, new business models



European
Commission

EEFIG 2016/2017 – core focus: "energy efficiency business case" demonstration:





Annie DEGEN

Special Advisor Energy Efficiency, UNEP Finance Initiative, & EFIG co-convener

INVESTOR DAYS, BRUSSELS, 22-23 FEBRUARY

2016 = LET'S BE AMBITIOUS FOR ENERGY EFFICIENCY IN EU BUILDINGS AFTER THE PARIS AGREEMENT

- **Finance side = work with financial institutions and in Member States**
 1. **Investors: Sustainable real estate investment report “Implementing the Paris climate agreement: an Action Framework”**
<http://www.unepfi.org/work-streams/property/>
 2. **Banks: Energy Efficiency in UNEP FI’s incubator on positive impact**
 3. **Reach out to insurance companies**
 4. **Leverage on the EU as a member of the G20 Energy Efficiency Finance Task Group (EEFTG)**
- **Policy side**
 1. **Strong policy signal to upscale EE investments,**
 2. **Approach Buildings as a priority sector given its impacts, and the need for deep retrofits to happen at scale**
 3. **Stimulate the demand side**





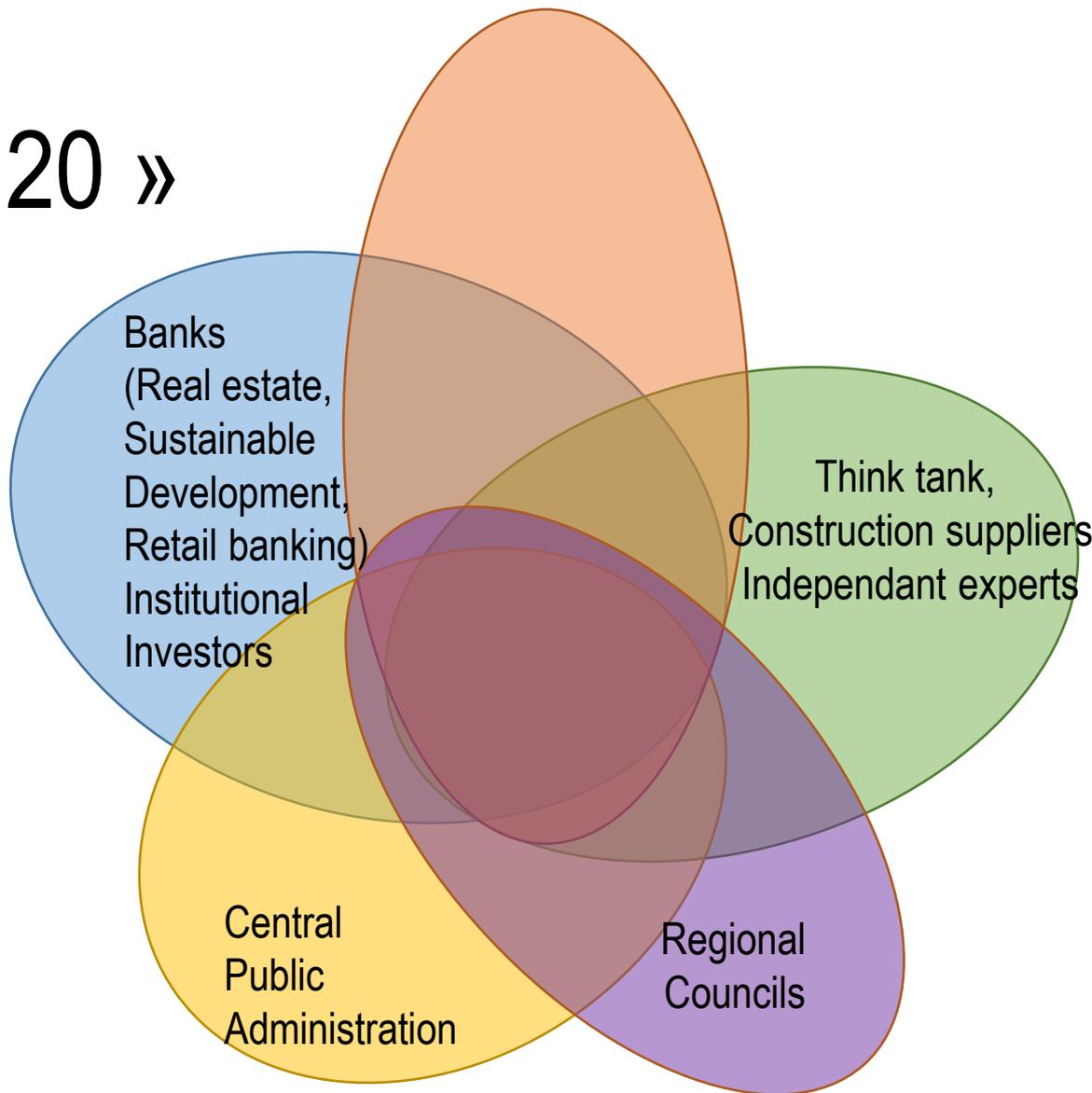
THANK YOU

ANNIE.DEGEN@UNEP.ORG

Energy Efficiency Financial Institutions Group implementation in France

« Groupe des 20 »

- Group formed in September 2015, with professionals coming from various horizons, willing to make “improvement proposals” using finance as a lever to remove all other barriers to the energy-efficient renovation market in France
- Participated in the EEFIG France survey
- Decided to focus on private housing segment because it is where establishing sustainable business model is the most difficult



Top 10 Drivers of Demand and Supply of EE Investments in France...

DEMAND	SUPPLY
(Individual/ Owner) Payment Capacity	Regulatory Stability
Measurement, Reporting & Verification (MRV) and Quality Assurance	Body of Evidence (including Social Benefits and Costs)
Regulatory Stability	Buildings Regulation, Certification and Energy Performance Certificates
Facilitation/ Technical Assistance	Measurement, Reporting & Verification (MRV) and Quality Assurance
Tailored Financial Product availability	Increased Investor Confidence & Change in Risk Perception
Behavioural Economics (personal priorities)	Price of energy
Awareness. Communication & Marketing	Risk-return targets
Awareness at Key Decision Maker Level & Leadership	Standardization
Effective enforcement of regulation	Definition and common understanding of the value of energy cost savings
Body of Evidence (including Social Benefits and Costs)	Availability of Data

Analysis: France vs EU Difference in Demand Drivers

We note the following key trends and points of interest from the Survey Results for Demand Drivers:

- **“MRV and Quality Assurance” is CONSIDERABLY more important in France vs EU**
- **“Individual Owner Capacity” is much more important in French Commercial and Public buildings; and Behavioural Economics impacts French Commercial not in EU**
- **“Human Capacity” is much more important in France in the Residential sectors, but not other**
- **Non-Residential sectors in France much less impacted by Regulation which impacts at key Investment moments in the Natural Upgrade Cycle (vs EU)**
- **“Clear Business Case” “Regulation and Certificates” and**

Analysis: France vs EU Differences in Supply Drivers

We note the following key trends and points of interest from the Survey Results for Supply Drivers:

- **The body of evidence, including the multiple societal benefits is much more important in France than in the EU**
- **Many of the other supply factors are closer to the EU and more harmonized than in other countries**
- **Price of Energy is more important in Residential sectors and less in Public buildings and social housing in France**
- **MRV and Quality Assurance is considerably less important in Public buildings and Commercial segments in France than it was seen in the EU survey**
- **On-bill mechanism and data availability more important in the EU and Standardization much less important in Commercial**

Focus on Private residential sector

- Findings regarding issues preventing the up-scale of energy efficiency investments in French residential buildings :
 - The market to-date has been developed on a “top-down” basis, driven by politics and incentives and subsidies.
 - A sustainable business model for advising households on how to carry-on an energy-efficient refurbishment is still not present.
 - Households are not willing to pay for advice before works are performed and there is no “bundle” market where sellers of one measure incorporate other measures to benefit the homeowner.
 - Banks are potential stakeholders of this “bundle-market” of energy-efficient renovations, but it is difficult for them to meet the requests of local governments to develop specific lending programs.

Next steps

- Proposals to be issued by the Groupe des 20 shortly
 - **Rather than increasing subsidies for all refurbishments, focus on offers dedicated to comprehensive energy improvements**
 - Need to increase consumers confidence....:
 - bundling advice, financing facilitation
 - and create access to a solvent market for professionals engaging themselves on quality standards
- Considering to enlarge the group so as to dig into implementation conditions?