



# Financing Energy Efficiency improvements in buildings

Juan Alario

Associate Director  
Senior Energy Advisor  
European Investment Bank

Second POWER HOUSE nZEC Symposium Château de Versailles, 3 July 2014



## 1. Substantial Energy Efficiency (EE) investment in buildings in the EU

- ❖ About 60 billion EUR per year to meet the targets
- ❖ Current investment unknown, but substantially less than needs
  - ❖ Need to accelerate renovation of existing building stock (new buildings through regulations)
  - ❖ Promote application of the most EE technologies/techniques in buildings
- ❖ Market context favorable to EE, considering expected development of energy prices



## 2. How to expand investments in EE in buildings?

- ❖ Policies to address the non-financial barriers: access to information, split incentives in the case of renting, etc.
- ❖ Facilitate financing, including grants (when required)



### 3. Issues to finance EE investments in buildings

- ❖ Develop the role of certain players in financing EE investments: households, public sector, ESCOs and energy companies
- ❖ Constraints on the capacity to finance investments of some players: limited public budgets, low incomes, ESCOs, etc
- ❖ Uncertainties on the risk characteristics of new business models, such as energy performance contracting



## 4. Type of EE projects financed by the EIB

- **Buildings has become the main sector: mostly public buildings, incl. social buildings**
- EE in industry
- CHP and District heating networks
- Credit lines to finance small projects. Sometimes supporting RE&EE regional programmes



5. We have defined our eligibility criteria in order to better support EU EE policies in buildings:
- Support of cost efficient investments and EE should be a significant element of the investment
  - Streamlined approach to support small projects of national (regional) programmes
  - Support roll-out of near zero energy buildings
  - Support deployment of new and innovative EE technologies

EIB's Energy Screening and Assessment Criteria have been recently reviewed and are published on our website ([www.eib.org](http://www.eib.org))



## 6. EIB contribution to promote EE goes beyond lending

- Mainstreaming EE in all projects it finances
- Support to promoters and financial intermediaries to develop EE projects: TA and developing financial instruments, on its own behalf or in cooperation with the Commission or other entities
- Main instruments for the EU, in cooperation with Commission:
  - ELENA: TA to develop EE&RE programmes by public authorities
  - JESSICA: Urban Funds using structural funds
  - EEEF: Fund to support ELENA type projects
  - Deep Green initiative (under development): financial instruments to support EE investments



## 7. ELENA results as of December 2013



- 26 projects approved
- Grants: 44.5 MEUR
- Investments supported: 2.6 bn EUR
- Average ratio investments/grants: 58





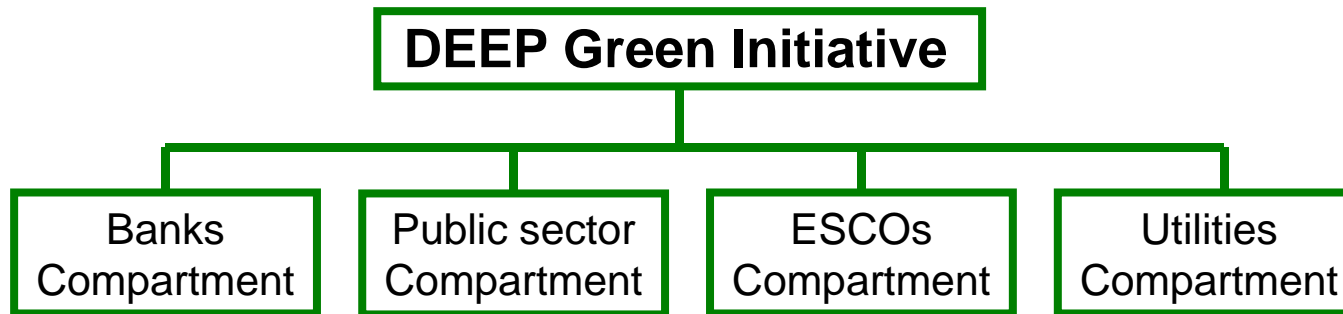
## 8. European Energy Efficiency Fund



- ❖ Capital of the fund: 265 million
- ❖ Managed by Deutsche Bank ([www.eeef.eu](http://www.eeef.eu))
- ❖ Beneficiaries: Local & regional Public authorities, but PPPs are possible.
- ❖ Financing in form of loans, guarantees, forfeiting schemes (to finance ESCO).
- ❖ Technical assistance (grant) is available to structure projects (EUR 20 Mio).
- ❖ 70% of the investment will be targeted towards Energy Efficiency in buildings



## 9. DEEP Green Concept



- **D**ebt for **E**nergy **E**fficiency **P**rojects Initiative aims at developing a suite of new financial products, namely banks, public sector, ESCOs and Utilities.
- These new products will increase access to lending to EE projects.
- New products under DEEP Green will aim at aggregation and de-risking of EE projects to allow for debt financing.



## 10. Example of EIB projects: Bucharest S6 district

- ❖ 270 buildings with 23,000 apartments
- ❖ Current consumption 190 kWh/(m<sup>2</sup>a)
- ❖ 50% average energy savings
- ❖ Investment costs of 140 MEUR  
Financing:
  - ❖ EU funds: 50%
  - ❖ Municipality: 50%
  - ❖ EIB loan: 70 MEUR (50%)

Project: BUCHAREST S6 THERMAL REHABILITATION - Romania

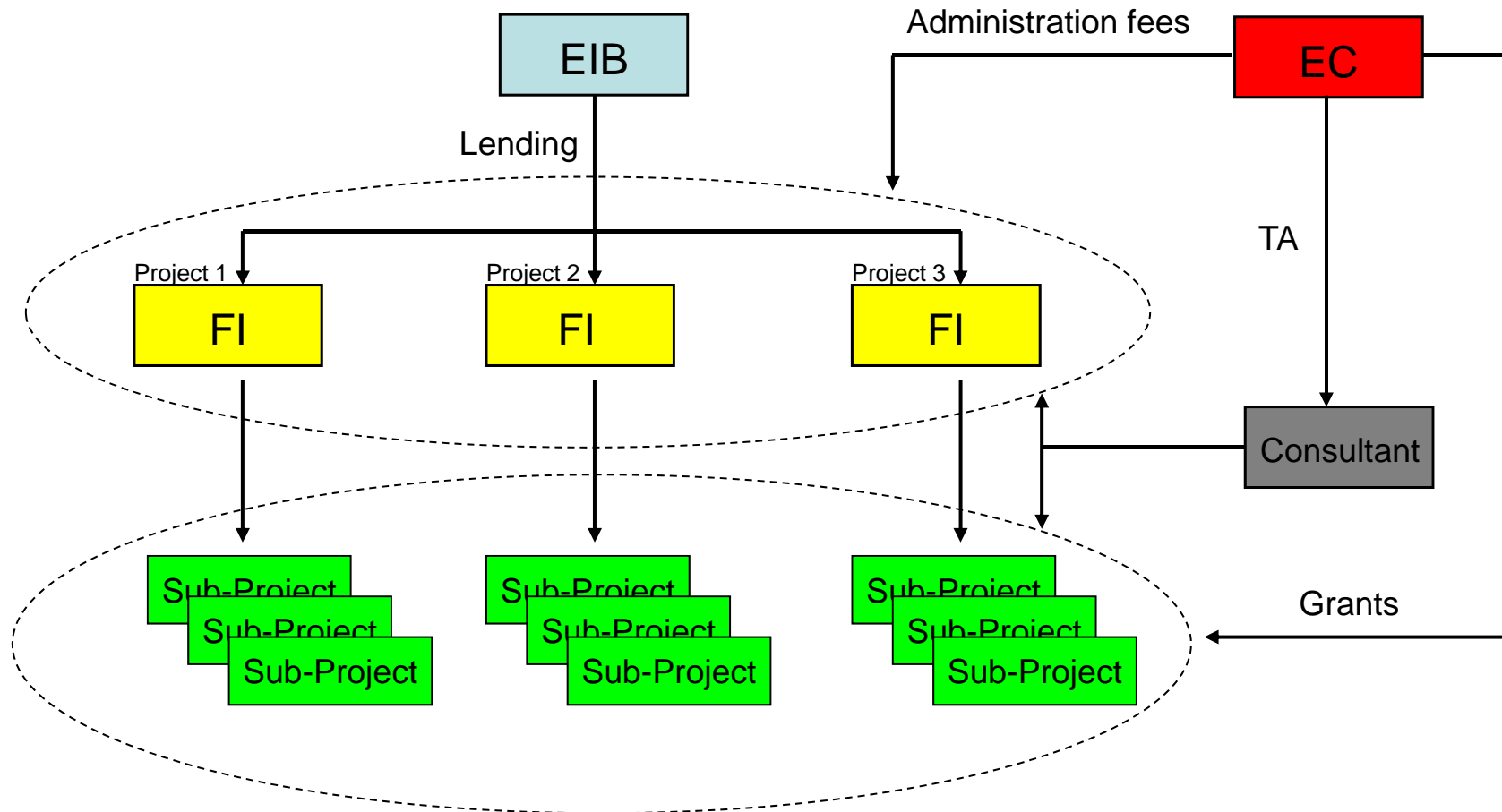


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## 11. Example of EIB projects: SME FF



Countries: Turkey, Croatia, Poland, Romania, Hungary, Slovakia.





## 13. Preferred approaches



- ❖ Public sector:
  - ❖ Develop large programmes: capacity to implement them
  - ❖ Grants just for TA and for measures with long payback
  - ❖ ESCOs for renovation of existing buildings. Tighter regulations for new buildings
  - ❖ Facilitate access to finance, particularly in some countries (debt constraints): pay attention to bankability
  
- ❖ Private buildings: Combining TA with grants and loans.
  - ❖ Information/TA to help identify what to do and who can do it
  - ❖ Incentivise investment: right combination of grants/finance/regulatory measures
  - ❖ Different approaches depending on the owners



## 14. Conclusion



- We note growing policy action to develop EE investments in buildings in the EU
- Finance can develop investments if the right policies are in place:
  - Right mix of information/TA, regulation and financial incentives
- The EIB can boost EE investments in buildings by:
  - Supporting EU EE policies (blending EIB financing with cohesion funds, supporting initiatives related to the EE Directive, etc.)
  - Facilitating access to financing and developing new financial instruments
  - Expertise on best practices to implement EE programmes; transfer of experience