

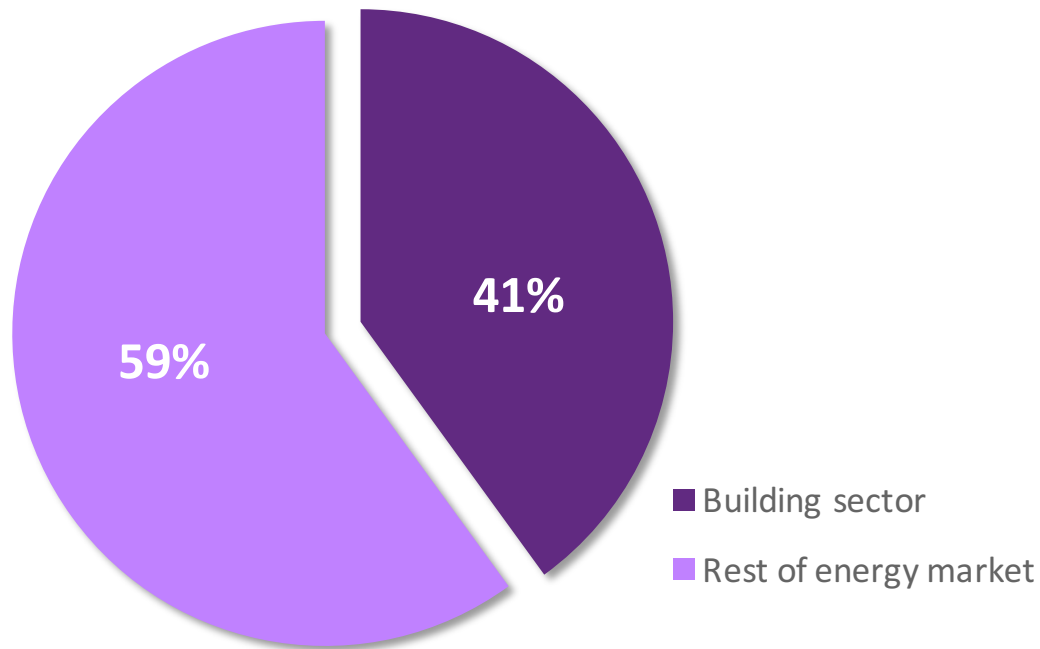


nuances
PUBLIC AFFAIRS

**The new EU strategy:
Financing energy efficient retrofit**

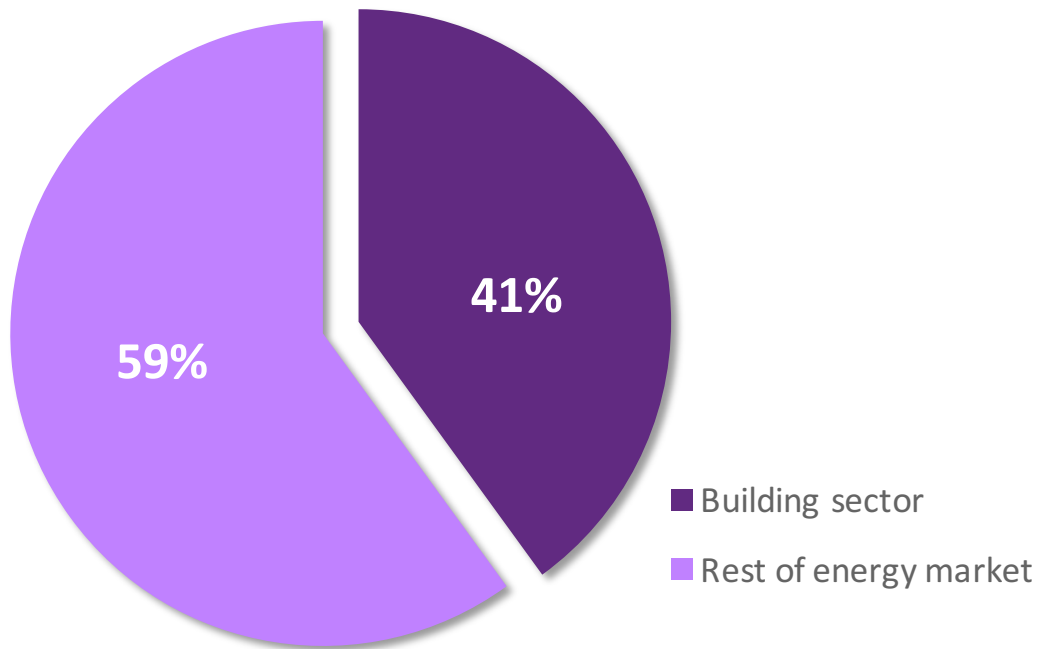
Darmstadt, 09 September 2013

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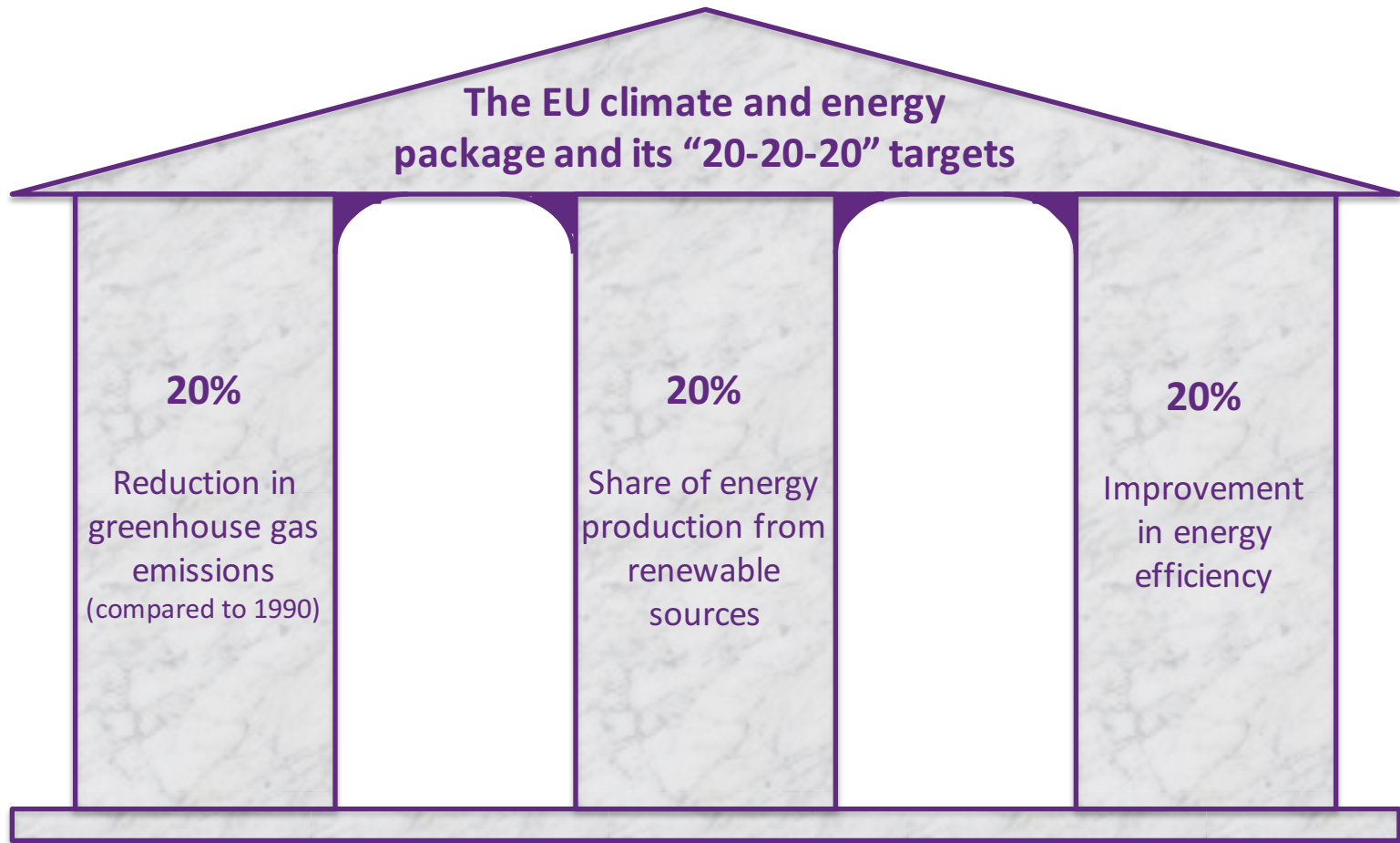


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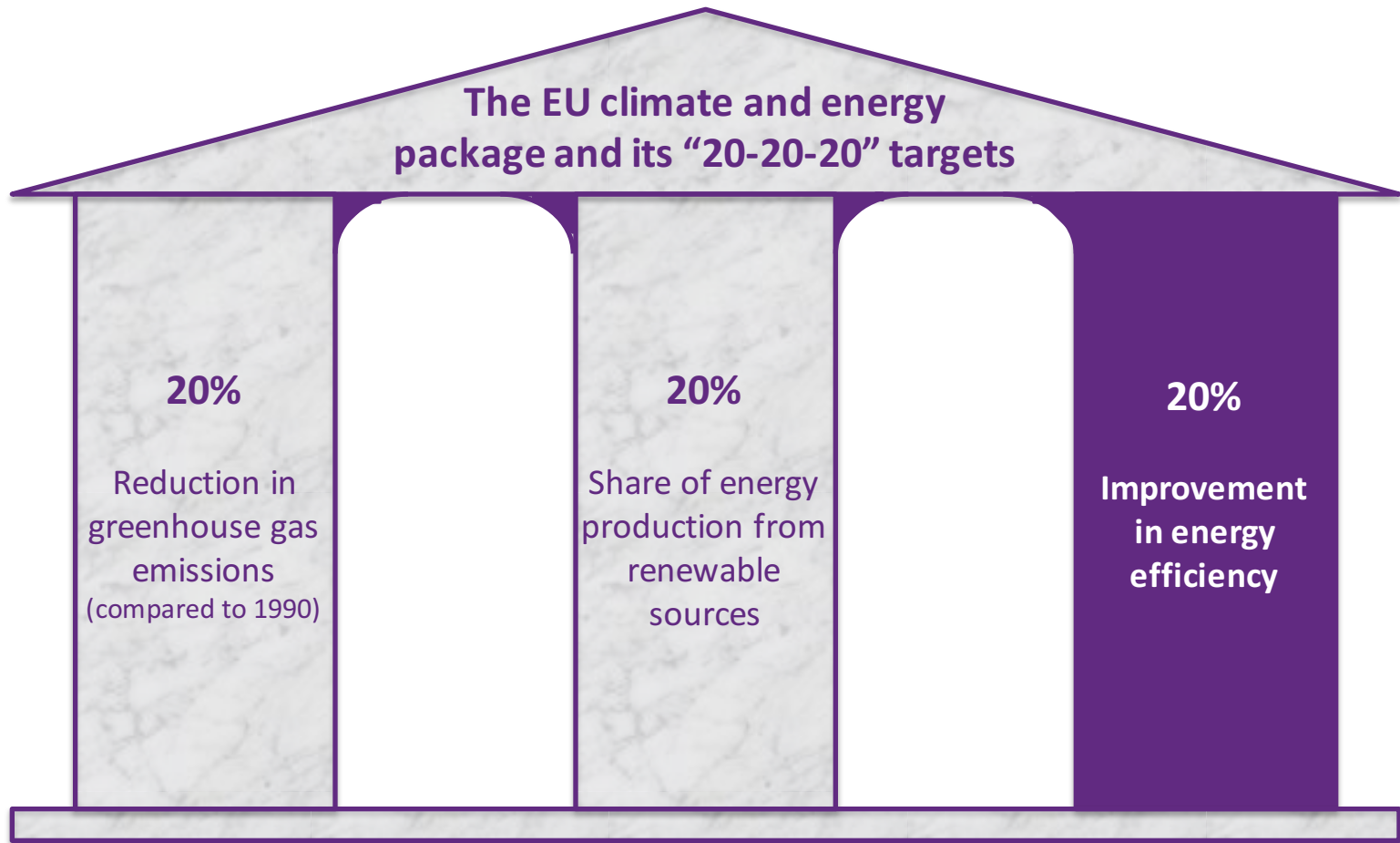
Energy efficiency within the heat market is the main topic of this presentation.

**The EU has ambitious
climate and energy
targets for 2020.**

The targets are based on three pillars



Our focus today is on the energy efficiency target



How does the EU plan to achieve the efficiency target?

By committing the member states...

Committing the member states, e.g. through the Energy Efficiency Directive

- ② Member states have to compile so-called National Energy Efficiency Action Plans (NEEAP) till April 2014. In there, they have to demonstrate the means they plan to take in order to achieve the efficiency target.
- ② As of 2014, energy providers are supposed to sell 1.5% less energy each year. They can offer efficiency measurements to achieve this goal.

...and by financing efficiency measurements via the EU budget

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Financing energy efficiency measurements via the EU budget

- ② One of the focuses of the next multi-annual financial framework 2014 to 2020 is energy efficiency. Through the European Regional Development Fund (ERDF) the EU will provide EUR 17 billion for efficiency measurements to the regions in Europe.
- ② Through the Horizon 2020 programme, the EU will provide EUR 6.5 billion for R&D on energy efficiency in the period 2014 to 2020.

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For 2 years now, the EU Commission has been seeking dialogue with the private sector to find out what the main obstacles are to invest in energy efficiency. A consultation process in 2012 was part of that effort.

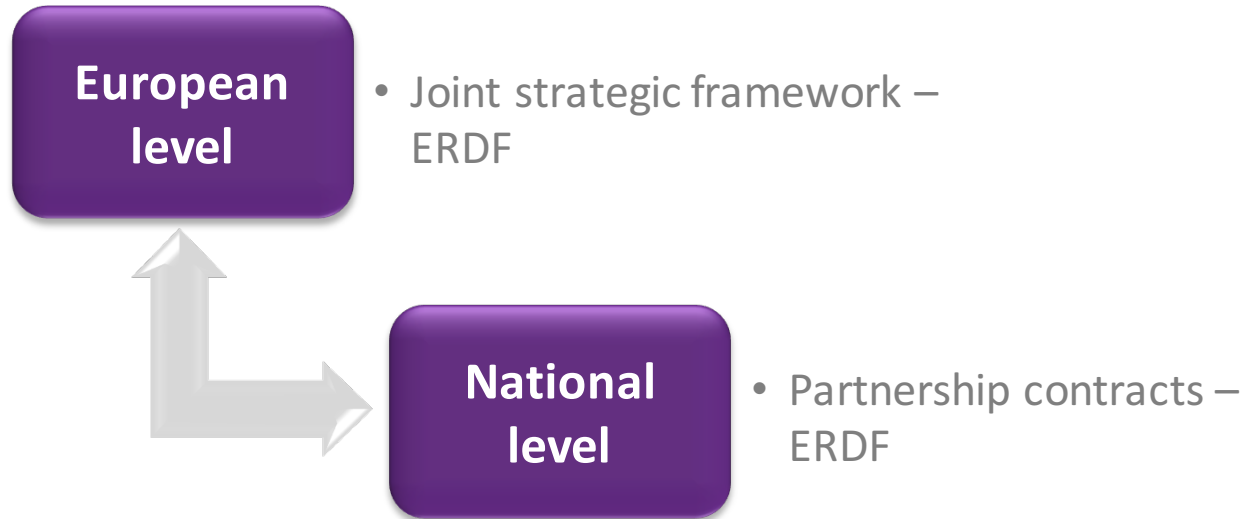
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What is the path of ERDF money from the EU to the regions?

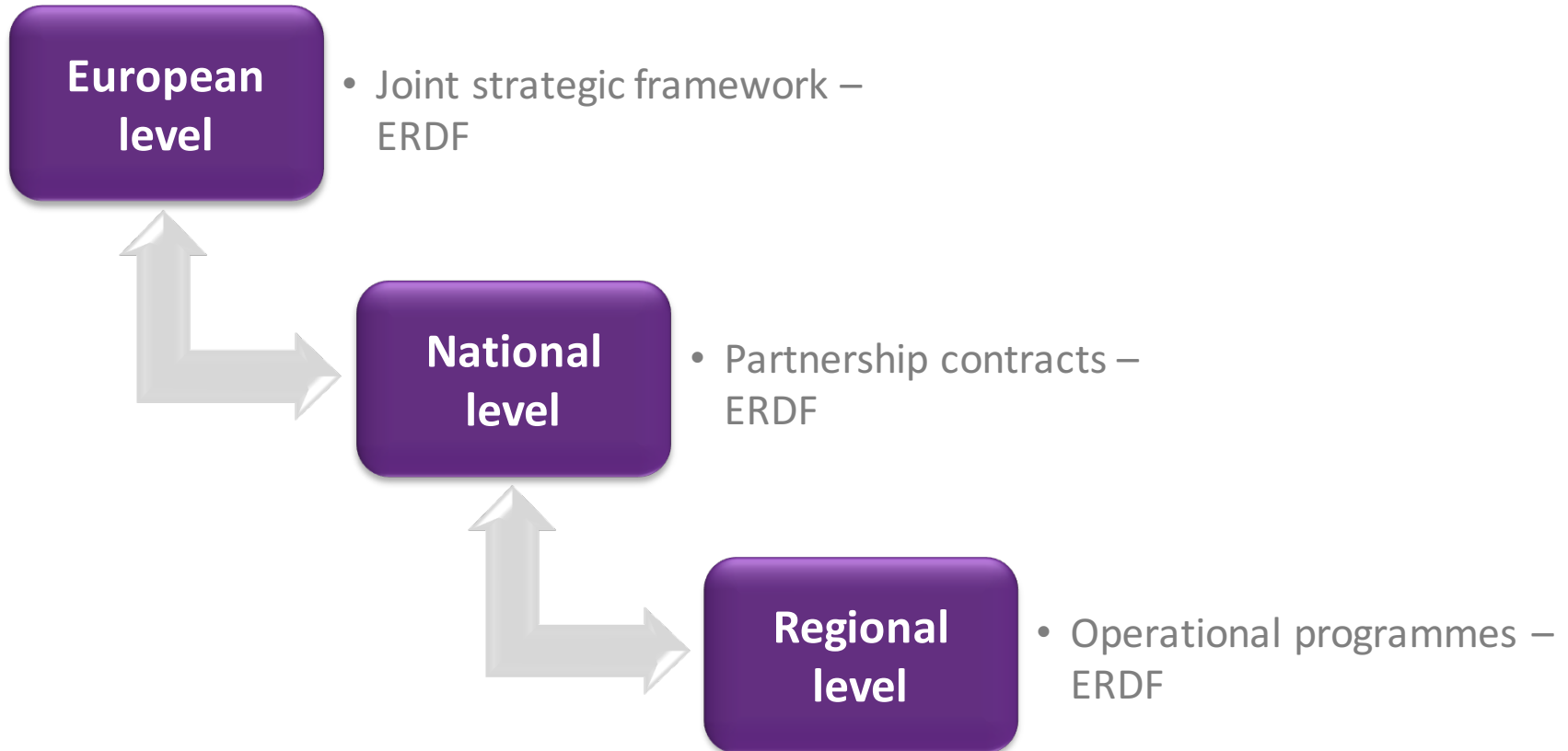
**European
level**

- Joint strategic framework – ERDF

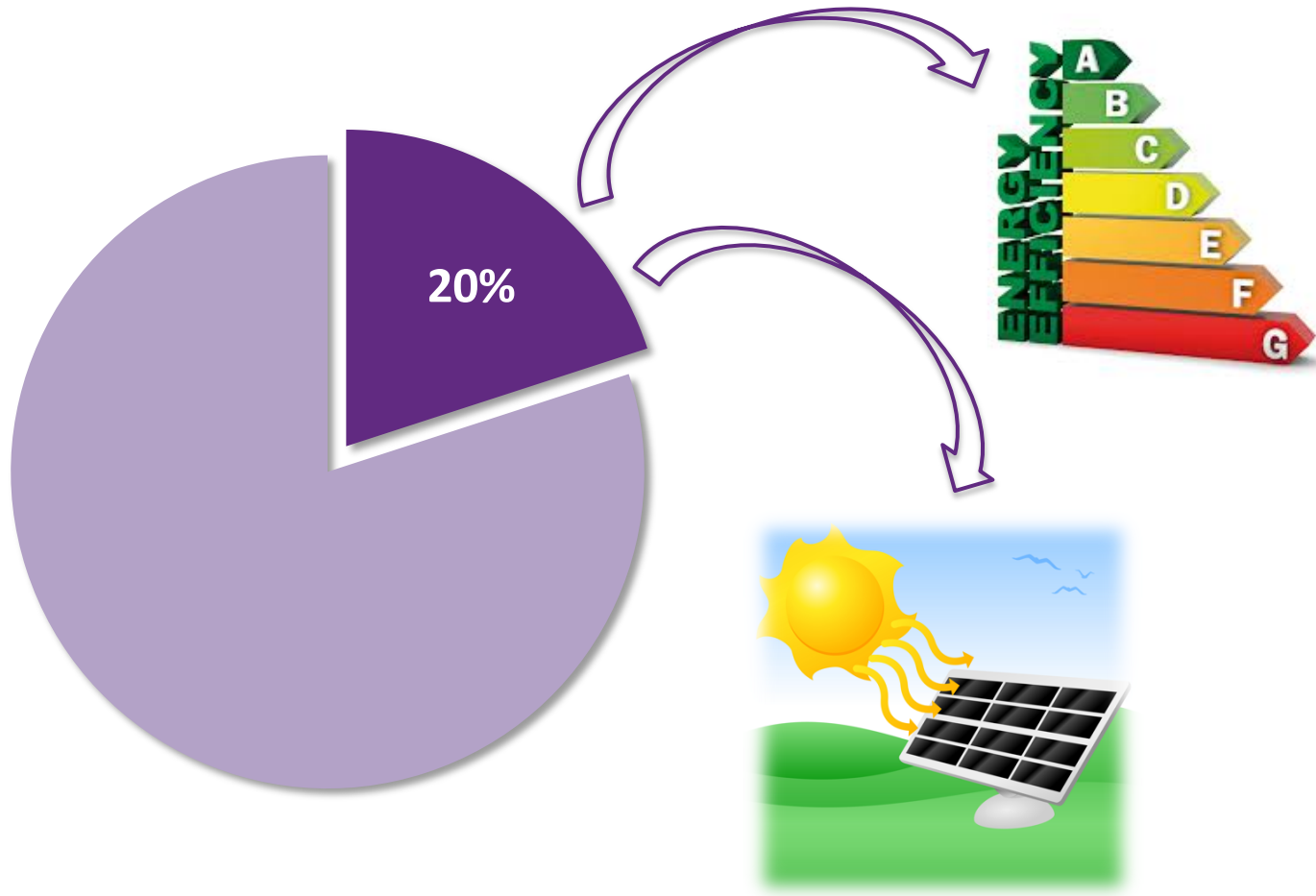
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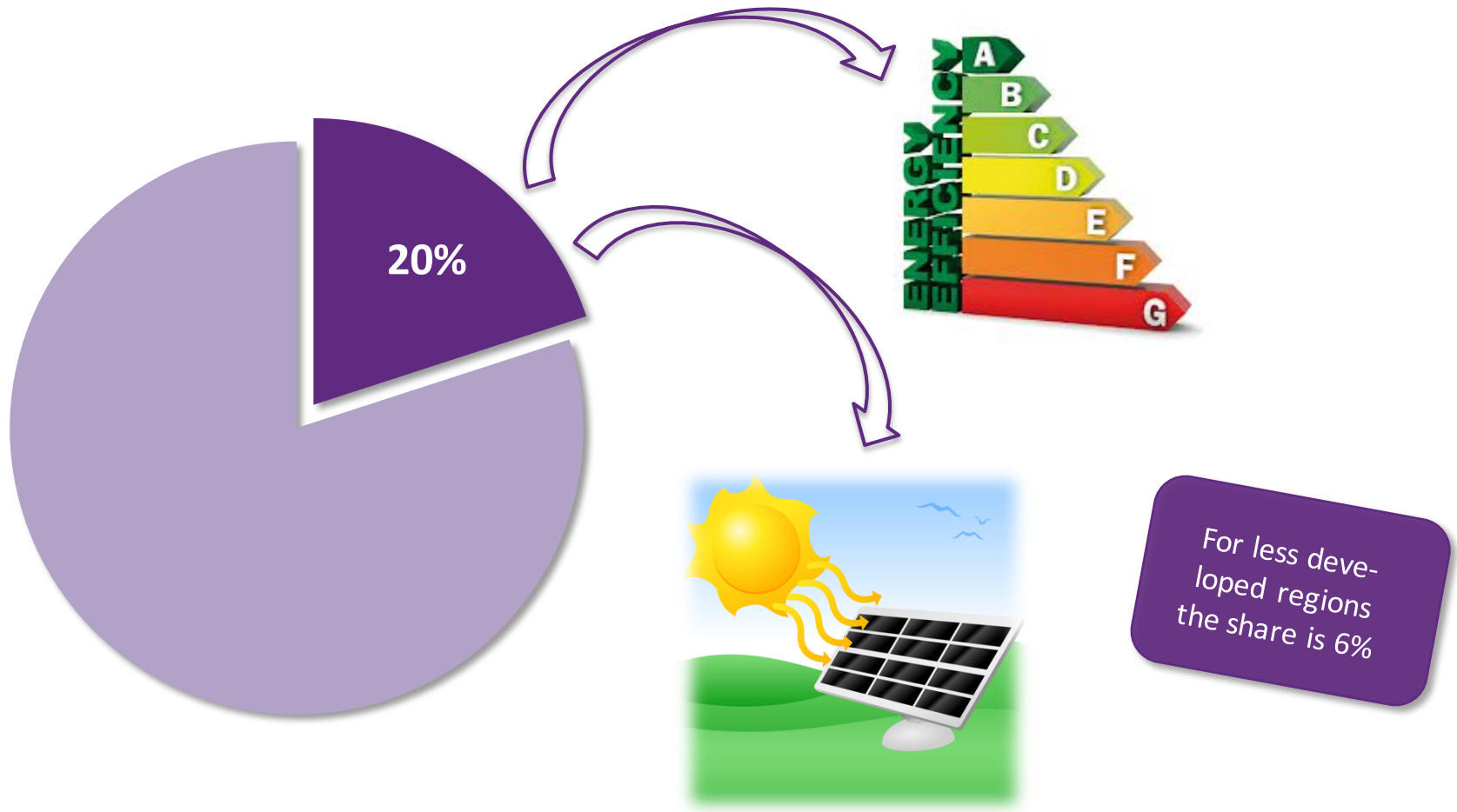
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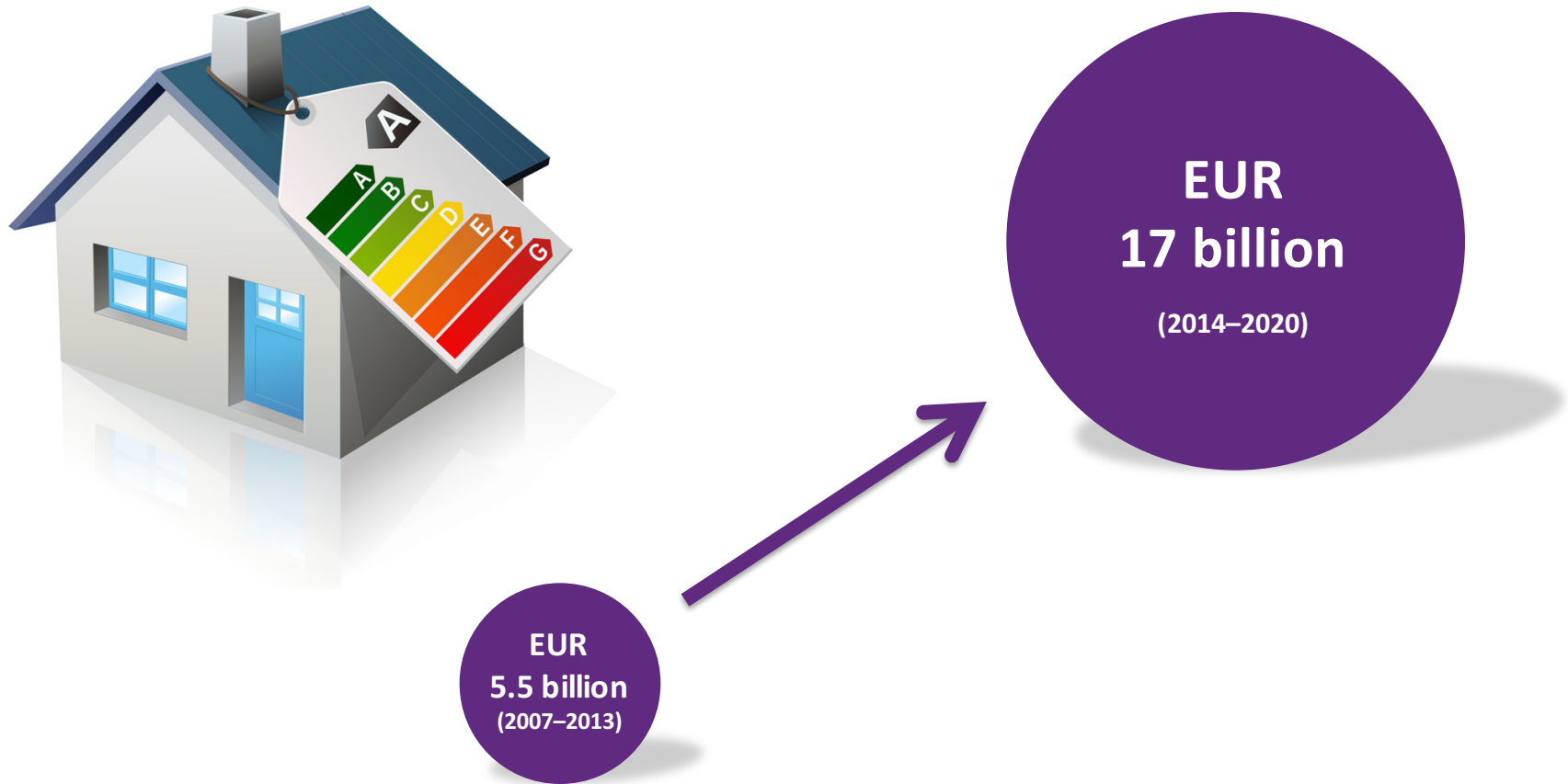
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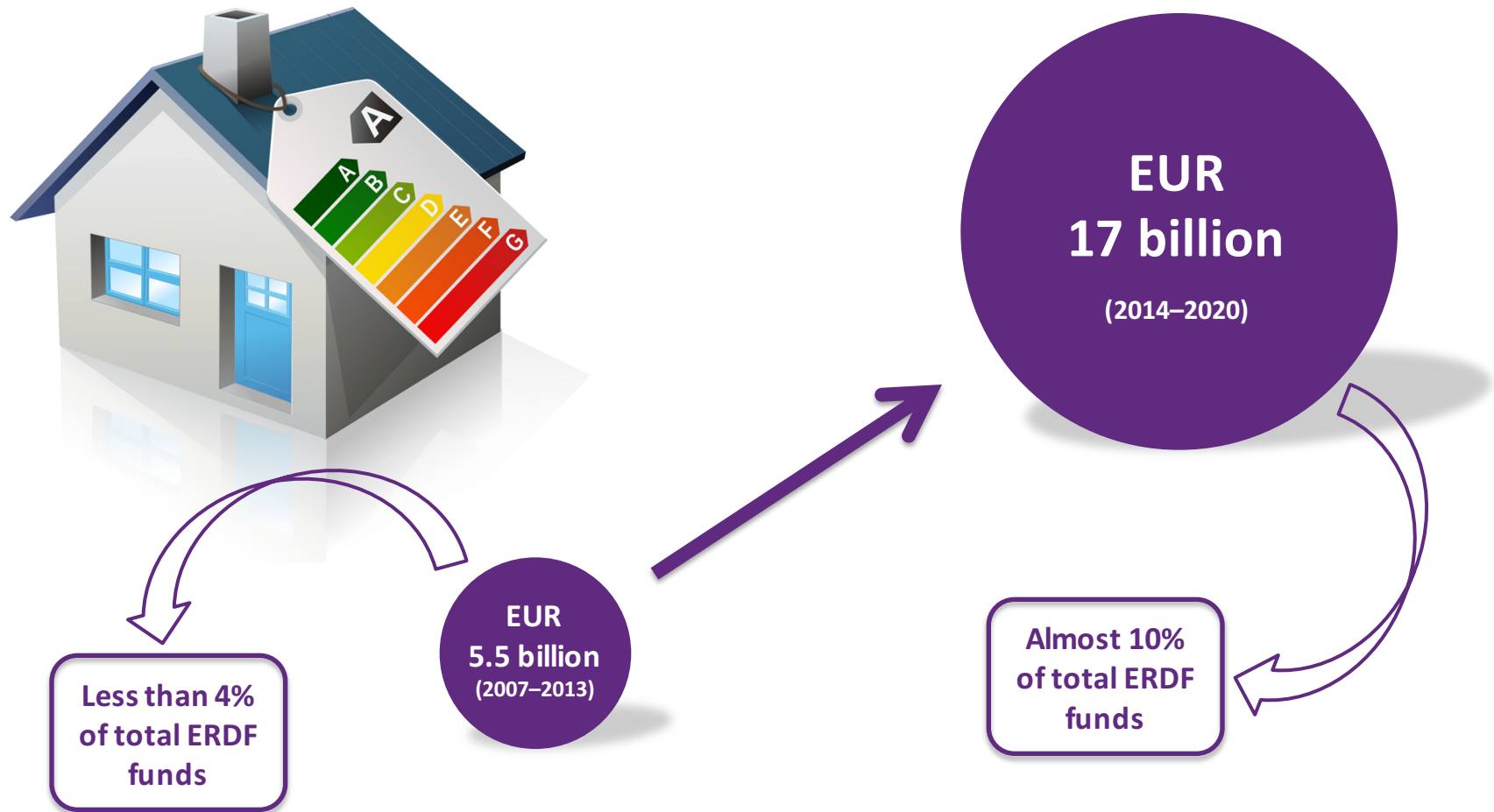
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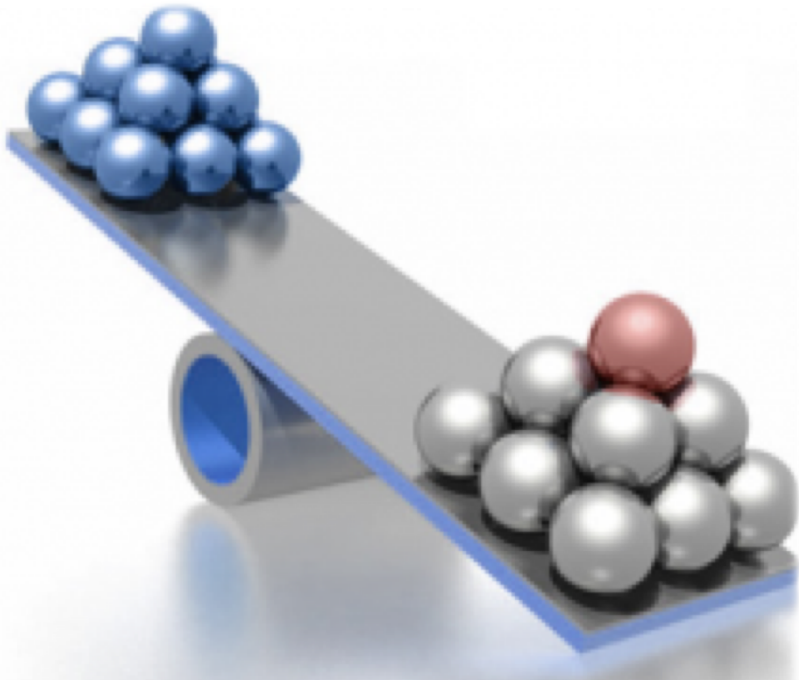


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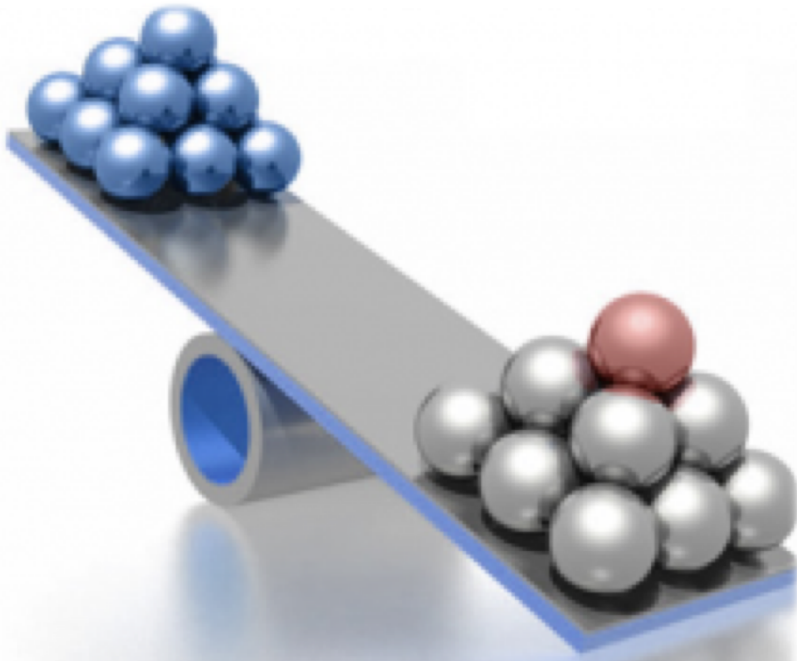


**How can the
impact of the EU funding
be increased?**

The EU funding is supposed to be leveraged to investments of about EUR 60 billion per year by 2020



However...



There are limitations to private investments in energy efficiency measurements

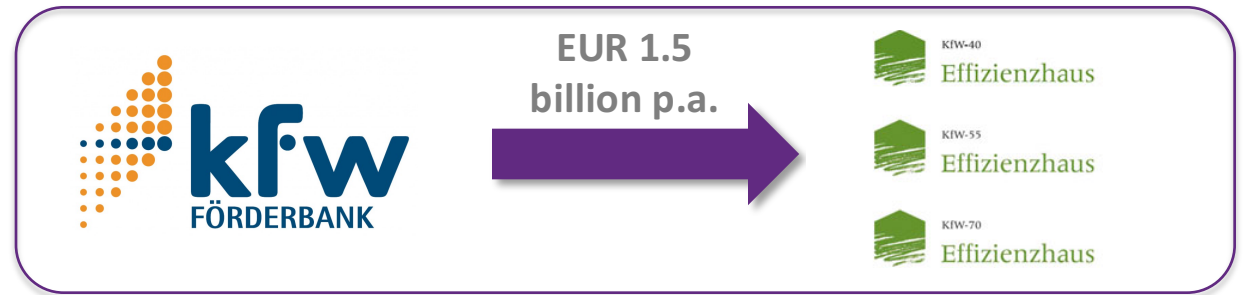
- ② Investments in energy efficiency, such as housing insulation, are usually high and have a long pay-back period of 15 to 20 years. Private banks are often not willing to provide capital for that.
- ② There is a lack of information regarding the most appropriate efficiency measurement for a particular building. Professional energy consulting is needed.
- ② Particularly in the corporate sector, energy costs only apply for about 5% of total costs so that energy efficiency is not on top of the list.

In the EU, the Member States play a key role in implementing energy efficiency

Germany and the UK are offering the two main models to transpose EU energy efficiency policy into action

- ② Germany gives market incentives by subsidising credit rates: doing more by the housing association or the individual landlord does translate into lower interest rates. Under the condition that more is done the legal is required.
- ② The UK government has set up a framework where energy suppliers have to give an interest-free loan to housing associations and individual landlords to pay for energy efficiency refurbishment. The beneficiary will have to pay back this “loan” via its electricity and gas bill.

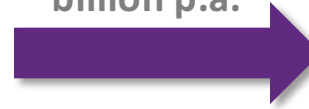
In Germany, state-owned KfW bank supports energy efficiency investments...



In the UK, the Green Deal supports energy efficiency investments...



EUR 1.5
billion p.a.



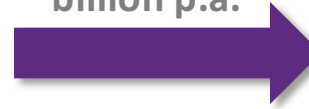
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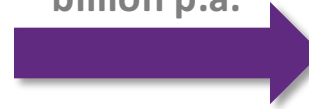


The Green Deal is new and has some teething problems. The key is information and trusting the energy consultant who is giving advice about the best energy efficiency measures.

...on the European level, the EIB could engage more in energy efficiency as well



EUR 1.5 billion p.a.



EUR 235 million



EUR 265 million



The topic of energy efficiency has gone beyond Europe, also becoming a focus of the IEA

In 2011, the IEA updated its 25 Energy Efficiency Policy Recommendations. 5 of the 25 recommendations are particularly dedicated to energy efficiency in buildings



Terminat(or)ing, a quote from Arnold Schwarzenegger, former Governor of California and today Founding Chair of the NGO 'R20 Regions of Climate Action', after a visit to Brussels where he learnt about Europe's energy strategy:

**“We (the U.S.) want to be
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*Well, Arnie, let us
tell you: Energy efficiency
is the key to it!*

Thank you for your time and consideration.

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