

TRACE

Funding Programmes/Possibilities for the Improvement of Energy Efficiency in Building





Funding Programmes/Possibilities for the Improvement of Energy Efficiency in Building

One of the main purposes of the TRACE project is:



The transfer of know-how and the exchange of experiences and good practices in EEB among the project partners in the TRACE consortium.

=>The report on current funding programmes/possibilities for the improvement of EEB includes the collection of data on funding possibilities, their classification and analyses and finally conclusions on their influence on the investing in energy efficiency measures implementation in buildings.

=>The findings help to indicate how financial support instruments for EEB are utilized in the South East European countries and how they can be improved.

Funding Programmes for EEB - Rationale

Access to finance remains one of the most important obstacles for achieving energy efficiency in real life because of:

- Lack of private and especially public financial resources due to the financial crisis;
- High perceived risk of energy efficiency investments and lack of relevant expertise in banks and other financial institutions;
- Lack of knowledge on the "bank-ability" of energy efficiency projects among beneficiaries.



Funding Programmes for EEB - Rationale



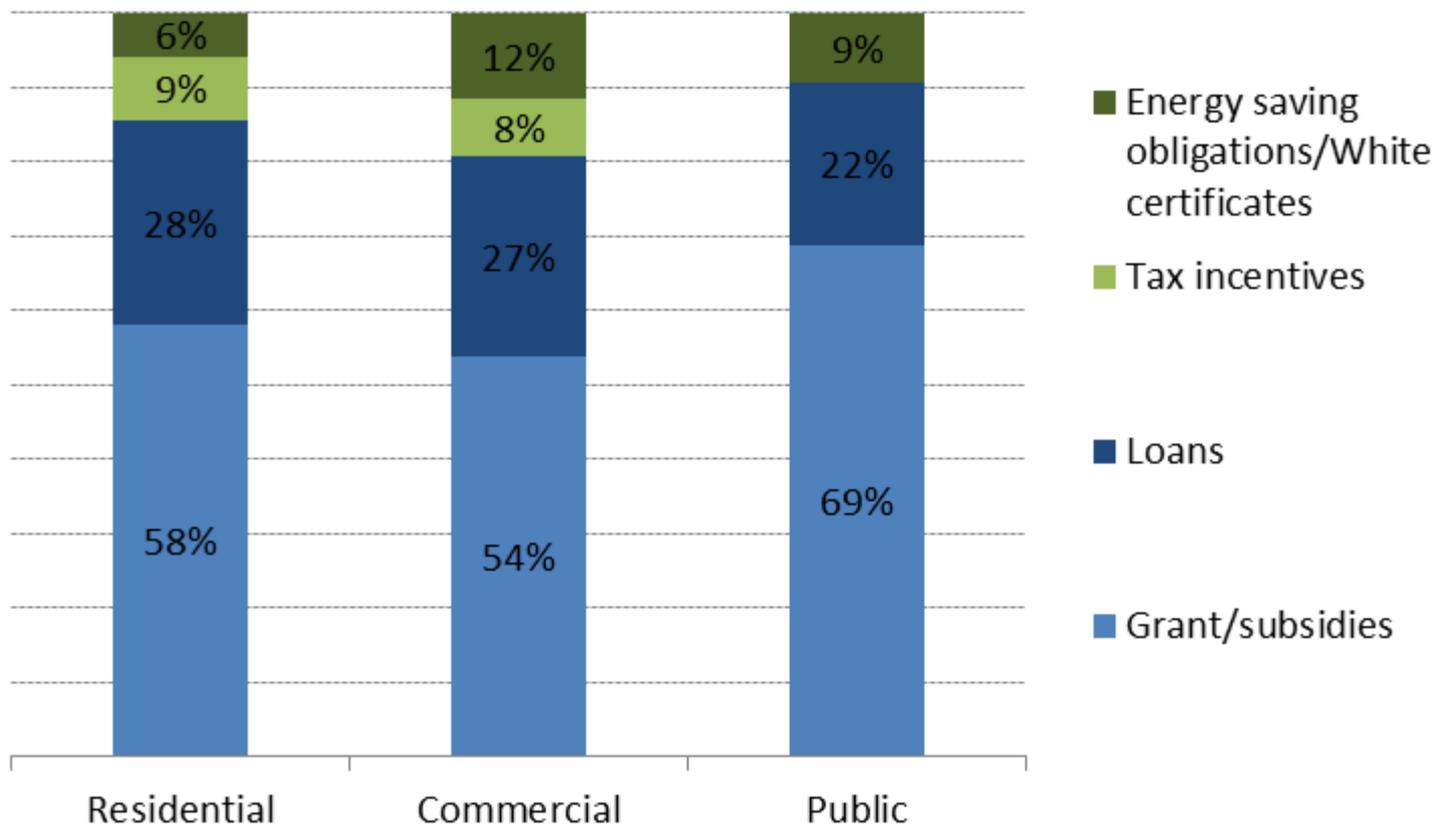
EC estimates that energy savings potential across sectors in the EU could absorb investments of around € 850 billion (2011-2020).



- ➔ **Around € 85 billion per year;**
- ➔ **Buildings take lion's share of ~ € 60 billion per year;**
- ➔ **There is a long list of barriers to energy efficiency, therefore active involvement of public authorities is unavoidable.**

Funding Programmes for EEB

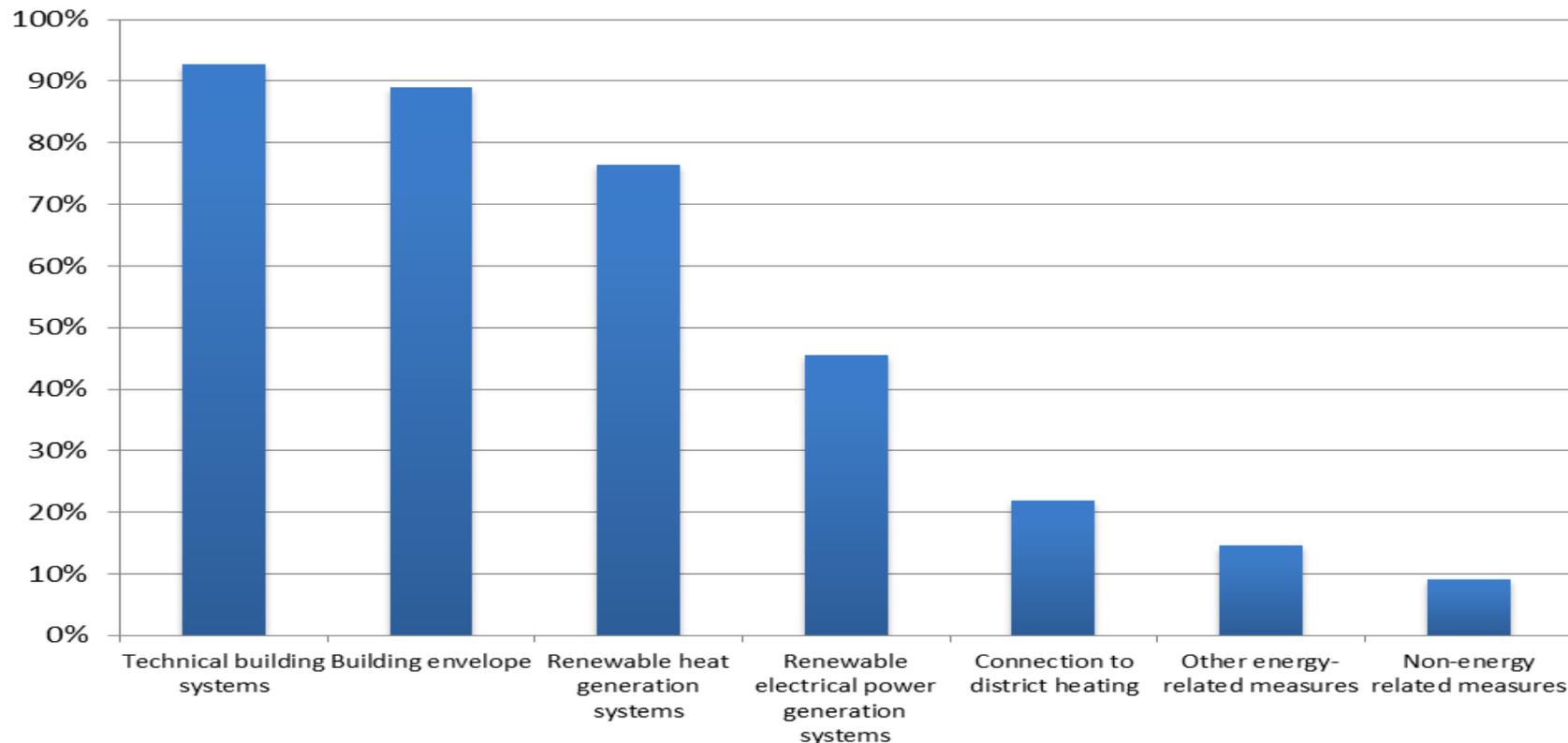
Share of EU28 economic instruments by instrument type for residential, commercial and public buildings



Source: Draft Report on financing in buildings, JRC, 2014

Funding Programmes for EEB

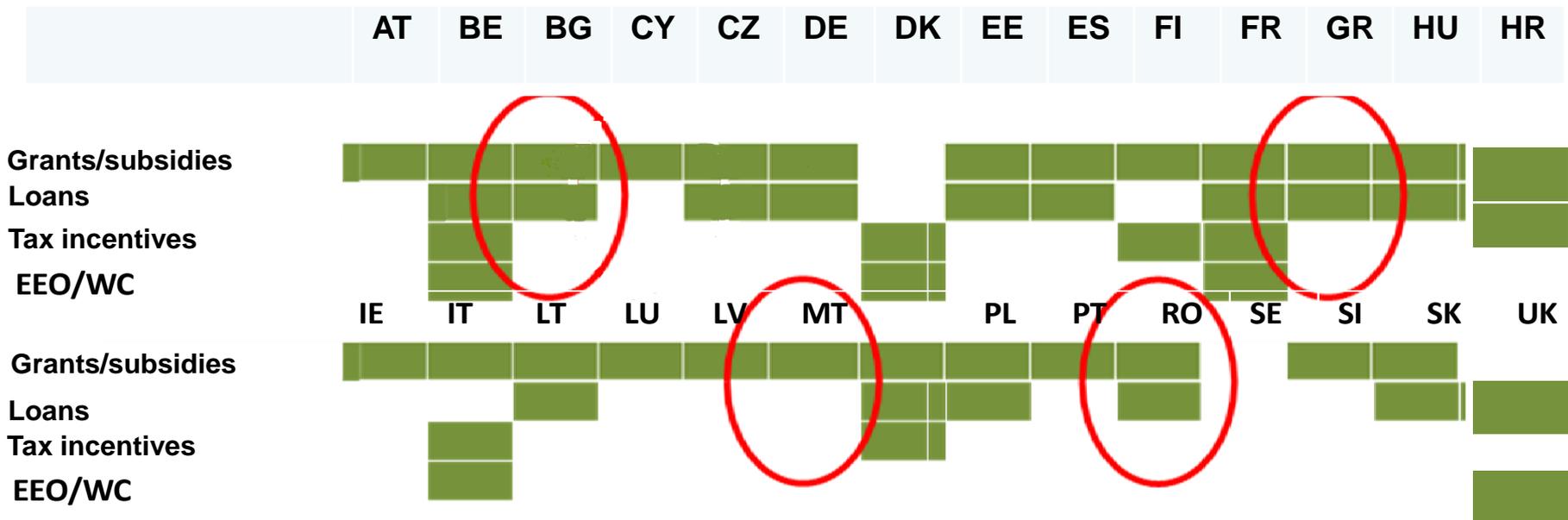
Types of eligible intervention measures offered by the EU28 economic instruments



Source: Draft Report on financing in buildings, JRC, 2014

Funding Programmes for EEB

Main EU28 economic instruments in 2013 targeting energy renovations



Source: Draft Report on financing in buildings, JRC, 2014



Main Sources of Financing for EEB

- A. European Union financial support for energy efficiency in buildings;
- B. Funding for energy efficiency in buildings by International Financial Institutions (IFIS);
- C. Funding for energy efficiency in buildings by National Programmes;
- D. Private sector funding for energy efficiency in buildings.



A. EU Financial Support to Energy Efficiency in Buildings

➤ **Cohesion policy funds (2007-2013):**

Operational Programmes incl. Financial Instruments (e.g. JESSICA);

- 5,1 billion € for energy efficiency (up to 8 billion € if all MS re-allocate 4% for housing improvements under the ERDF).



➤ **Intelligent Energy Europe Programme (2007-2013):**

The European Local Energy Assistance (ELENA) Facility, financed under IEE II, provides grants to local and regional public authorities for developing, structuring and launching investments in EE and renewable energy.

- 735 million € for 'soft' energy efficiency/renewables projects;
- Capacity building, awareness raising, best practices sharing.
- 120 million € for technical assistance to mobilise investments;
- To scale up projects and reduce transaction costs and support project development – 2,5 bil. €.

➤ **European Energy Efficiency Fund (EEE-F):**

The fund provides debt, equity and guarantee instruments, as well as technical assistance grants to support project development;

- 265 million € for investments into mature, bankable efficiency/renewables projects;
- 20 million € for technical assistance;
- Role model projects, leverage effect, EPC support...

➤ **Research Funding - FP 7 (e.g. CONCERTO, E2B PPP, SMART CITIES);**



A. EU Financial Support for Energy Efficiency in Buildings

AN OVERVIEW OF THE MAIN EU INSTRUMENTS AND AVAILABLE FUNDING FOR EEB

Funding Source	Instruments/mechanisms	Total funding available	Funding for EE
Cohesion Policy Funding	Operational Programmes incl. financial instruments (e.g. JESSICA)	€ 10.1 billion planned for sustainable energy (RES & EE)	€ 5.5 billion planned for EE, co-generation and energy management
Research Funding	FP 7 (e.g. Concerto, E2B PPP, Smart Cities)	€ 2.35 billion for Energy research	€ 290 million for energy efficiency
Enlargement Policy Funding	IFI facilities (SMEFF, MFF, EEFF)	€ 552,3 million (381,5 +117,8 +53 respectively)	About one third of total funding for projects in industry and buildings
Programme for European Energy Recovery (EEPR)	European Energy Efficiency Fund (EEE F)	€ 265 million	70% of funding to be dedicated to energy efficiency
Competitiveness and Innovation Funding (CIP)	Intelligent Energy Europe Programme (including ELENA) Information and Communication Technologies Policy Support Programme (ICT PSP)	Approximately € 730 million for each programme	About 50% of the funding was dedicated to energy efficiency in all sectors



B. Funding for Energy Efficiency in Buildings by International Financial Institutions

- *THE EUROPEAN INVESTMENT BANK (EIB);*
- *THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD);*
- *THE COUNCIL OF EUROPE DEVELOPMENT BANK (CEB).*

THESE BANKS OPERATE THEIR OWN INVESTMENT INSTRUMENTS FOR ENERGY EFFICIENCY IN BUILDINGS.



C. Financial Support for Energy Efficiency in Buildings by the National Programmes

➤ **GRANT /SUBSIDIES /FUNDS:**

- *Grants are targeted at households, industrial or other energy consumers to pay for part or all of the cost of introducing energy efficient processes in buildings.*
- *Subsidies allow prices to be kept low. They may be provided, for example, to MANUFACTURERS OF ENERGY efficient equipment such as compact fluorescent light bulbs.*

➤ **LOANS:**

- *Loan schemes to encourage EE practices can be introduced with subsidised interest rates or credit risk support. Subsidies are provided by the local authority or state budget to banks offering low interest rates.*

➤ **TAX/VAT INCENTIVES;**



D. PRIVATE SECTOR FUNDING FOR ENERGY EFFICIENCY IN BUILDINGS

- **ENERGY SUPPLIER/EFFICIENCY OBLIGATIONS:**
 - *Energy Efficiency Obligation (commonly known as white certificates) is a requirement on a group of market actors in one or more sectors of the energy industry in a given territory to achieve a specified energy saving target.*
- **INNOVATIVE EEB FINANCING INSTRUMENTS -TPF / EPC / CEM;**
 - *Third Party Financing (TPF), Energy Performance Contracting (EPC) and Contract Energy Management (CEM) are all terms used to cover a wide variety of contracting and financing techniques for energy efficiency and renewable energy projects.*





Main Findings on Current Funding Programmes/Possibilities for EEB Improvement

THE FINANCIAL INSTRUMENTS/FISCAL INCENTIVES BY COUNTRY OF THE TRACE PROJECT PARTNERS.

Member of TRACE	Financial Mechanism / Instrument						Fiscal Incentives	
	Grant/ Subsidy	Fund	Preferential loans	Loan guarantees	ESCO	Other	Tax reduction	Other
Albania		X	X					
Austria	X	X				X		
Bosnia	X	X	X			X		
Bulgaria	X	X	X	X	X		X	
Croatia					X			
Greece	X				X		X	
Italy								
Romania		X						X
Slovenia					X	X		



Main Findings on Current Funding Programmes/Possibilities for EEB Improvement

EXAMPLES OF TAX REDUCTION PRESENT IN SOME EU COUNTRIES

EU Member	Fiscal Incentive	Tax Reduction		
	Level of Support	On Individual Household Income	On Property Tax	On Taxable Profit
Austria	25 % (envelope, equipment)	X		
Bulgaria	100 % (for 7/10 year Class A and 3/5 y Class B for buildings commissioned after 1.01 2005)		X	
Greece	Up to €700 (equipment)	X		
Netherlands	41.5 % of annual investment costs (equipment)			X

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Financing Tools Reported by Member States in their second NEEAPs

Member State	Grants	Soft loans	Tax incentives	Sale of AAU's to finance EE	Energy Performance Contracting	EU Structural & Cohesion Funds
AT	x	x	x		x	
BE	x	x	x		x	
BG	x	x			x	x
CY	x	x				
CZ	x	x	x	x	x	x
DK	x		x			
EE	x	x	x	x		x
FI	x	x	x			
FR	x	x	x		x	x
DE	x	x	x		x	
GR	x	x	x			x
HU	x	x		x		x
IE	x		x		x	
IT	x	x	x		x	x
LV	x	x	x	x	x	x
LT	x	x	x	x	x	x
LU	x	x	x			
MT	x	x	x		x	x
PL	x	x		x	x	x
PT	x		x		x	x
RO	x	x	x		x	x
SK	x	x	x			x
SI	x	x	x		x	x
ES	x	x	x		x	
SE	x		x	x	x	
NL	x	x	x		x	
UK	x	x	x		x	x





RECOMMENDATIONS & CONCLUSIONS

- FINANCING FROM A WIDE RANGE OF RESOURCES HAS TO BE OFFERED.
- GREATER USER OF NEW BANKING PRODUCTS AND DIFFERENT TYPES OF FINANCIAL INTERMEDIARIES, SUCH AS ESCOs AND LEASING COMPANIES has to be supported.
- NEW INITIATIVES, SUCH AS FINANCING FACILITIES AND TECHNICAL ASSISTANCE PROGRAMMES for the public sector, esp. municipalities has to be initiated. The public sector in the SEE countries has to include EE requirements in public procurement, to renovate the public building stock, to move towards EPC, and to support the Covenant of Mayors' commitments for energy saving.
- EE IMPROVEMENTS SHOULD BE PART OF ALL INVESTMENT PROJECTS. This duality characterizes the planning and implementation of TA schemes and allocation of funding
- A KNOWLEDGE SHARING PLATFORM ON THE EU LEVEL should be established where detailed and sector specific case examples will be available.
- The new OPs have to be ACCURATELY PLANNED AND RECOMMENDATIONS OF IMPLEMENTED PROJECTS SHOULD PROVIDE USEFUL INPUTS.



EU FINANCIAL FACILITIES TODAY – ENERGY EFFICIENCY AT THE CENTRE OF ATTENTION

- Next Multi-Annual Financial Framework (2014-2020)
- EU Cohesion funding to allocate around 23 billion Euro to energy efficiency and renewable energy (doubling current allocations)
- Horizon 2020: around 5,6 billion Euro is allocated to research and innovation in "Secure, clean and efficient energy" – incl. ELENA





Thank You for Your Attention!

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