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# **Post-2020 EU budget: Opportunities and risks for energy efficiency investment**

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# Overview



**The politics:** the dynamics of MFF negotiations

**The basics:** why the EU budget matters for energy efficiency

**The opportunity:** 5 battles to win

# Political dynamics: key tensions

Increased spending for new priorities



Lower spending after Brexit

Protect cohesion spending and common agricultural policy



Reorient spending to research, innovation and growth

New "own resources" for EU budget



No direct funding streams

No change to conditionality



Greater conditionality on MFF spending

Earmarking for specific priorities, e.g. climate



More flexibility and no earmarking

# The basics: efficiency and the EU budget



- Meeting Europe's climate and energy goals is cost-effective but requires upfront investment. **This is estimated at an additional €170 billion per year to 2030, with the majority going to energy efficiency.**
- The scale of investment needed means that the majority of spending will come from private rather than public sources.
- EU budget investment in energy efficiency creates European public value where it:
  - Leverages in private finance and overcomes market failures
  - Delivers significant co-benefits such as energy security and public health
  - Strengthens innovation and competitiveness
  - Addresses inequalities between regions and strengthens the EU market.

# The opportunity: 5 battles to win



1. **Storyline:** efficiency as a priority European investment
2. **Earmarking:** tools for increasing climate-related spending
3. **Efficiency as infrastructure:** opening infrastructure funds to demand-side investments, and prioritising efficiency in cohesion policy investment
4. **Innovation:** Energy productivity as a R&I “mission”
5. **Project pipelines:** Investment in project development and technical assistance



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# About E3G

E3G is an independent climate change think tank operating to accelerate the global transition to a low carbon economy. E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere. In 2016, E3G was ranked the number one environmental think tank in the UK.

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