

Afternoon Debate

Investing in Energy Efficient Renovations for Europe's Regions

Sources of Funding for Renovation Projects

LESSONS LEARNED

Finance still remains the main obstacle to unlocking the vast economic, environmental and societal benefits in Europe's buildings, particularly at the local/ regional level. This Afternoon Debate brought to the surface 'best practice cases' in order to demonstrate the economic viability of energy efficient renovation projects, and their positive impact on the local economy. The financing models selected reflected 3 different opportunities for financing:

Public Funding

- **Opportunities in the next EU Structural Funds**
Mathieu Fichter, DG REGIO, European Commission
- **Investing EU Funds into a Revolving Renovation Loan: KredEx Model**
Mirja Adler, KredEx, Estonia

Public-Private Funding

- **A Regional Partnership for Deep Renovation of Multi-Occupancy Apartment Buildings: EnergiesPosit'if**
José Lopez, Directeur Financier, SEM EnergiesPosit'if, Ile de France
- **Triggering Investment through the European Energy Efficiency Fund (EEEF)**
Zarpana Massud-Baqa, Deutsche Bank AG

Private Funding

- **Deep Energy Renovations via Rent Agreements**
Chiel Boonstra, Trecodome



Adrian Joyce

Renovate Europe Campaign Director



Public Funding

Opportunities in the next EU Structural Funds



"The Structural Funds for the upcoming budgetary period 2014-2020 offer huge possibilities for investments in energy efficient renovations. Regional and local authorities must seize the investment opportunities for buildings in the European Regional Development Fund, Cohesion Fund and in the European Social Fund."

Mathieu Fichter, DG REGIO, EC

Key policy recommendations from DG REGIO:

Leverage private funding: The Structural Funds are not intended to crowd out private funding – on the contrary, they should be used as a tool to encourage investment in projects to go beyond cost-optimal.

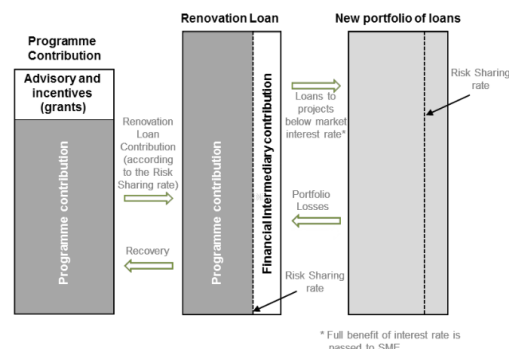
Capitalise on the new Renovation Loan: Under the new MFF, the Renovation Loan (funded up to 85% from the Operational Programme and a minimum of 15% from the financial intermediary) can be used to finance the eligible costs of an energy efficiency project.

Devise Multi-Fund Operational Programmes: Energy Efficient renovation of buildings is eligible for funding in the ERDF, Cohesion Fund and ESF. These funding opportunities could also be drawn together through Multi-Fund Operational Programmes.

Align EU Funding with Transposition of EU Regulations: Ex-ante conditionalities will be imposed to ensure that the funding granted by the EU is properly used.

Set up effective assessment criteria: A rigorous set of conditions should be applied to projects to ensure that the intended performance levels are reached. This implies that adequate independent monitoring and evaluation should also be put into place.

Loan for energy efficiency and renewable energies in the residential building sector (Renovation Loan)



Investing EU Funds into a Revolving Renovation Loan



"Since 2001, Estonia invests the EU Structural Funds (ERDF and ESF) as seed money into a revolving fund 'KredEx', stimulating investment in energy efficient renovation of buildings. The KredEx Fund has supported the renovation of more than 500 buildings containing more than 20,000 dwellings and more than 47,000 inhabitants."

Mirja Adler, KredEx, Estonia

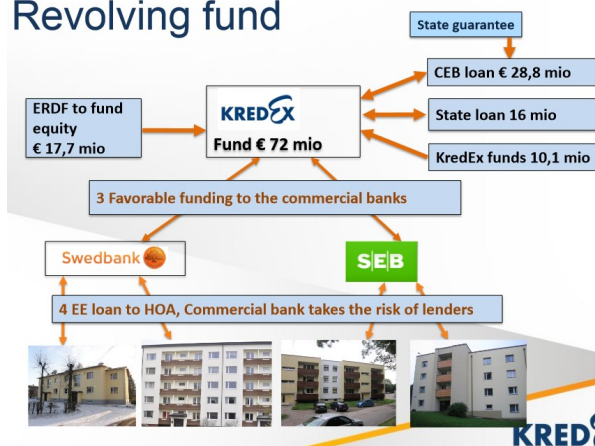
Key success factors from the KredEx experience:

Use a sliding scale to achieve deeper renovations: The greater the energy savings achieved, the greater the funding that is provided. This is encouraging more and more building owners to go for deep renovations (>60% energy savings).

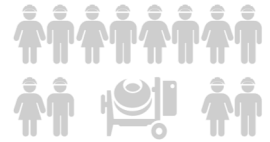
Invest in continuous awareness raising at national level: The success of the KredEx Scheme is heavily based on good awareness raising campaigns, on a continuous basis. This involves a high frequency of campaigning and a changing approach to the way the messages are transmitted.

Ensure monitoring of real performance: KredEx requires that there is monitoring of the real performance of the renovated building for a period of ten years or for the life of the loan, whichever is longer. This means that the scheme is leading to the establishment of a valuable data base of reliable information on the real improvements that can be achieved through energy efficiency renovation.

Revolving fund



Public-Private Funding



A Regional Partnership for Deep Renovation



"Energies Posit'IF is a public-private partnership model focused on the deep renovation of multi-occupancy apartment buildings in the Ile de France region. Energies Posit'IF provides co-financing of up to 35% for the works."

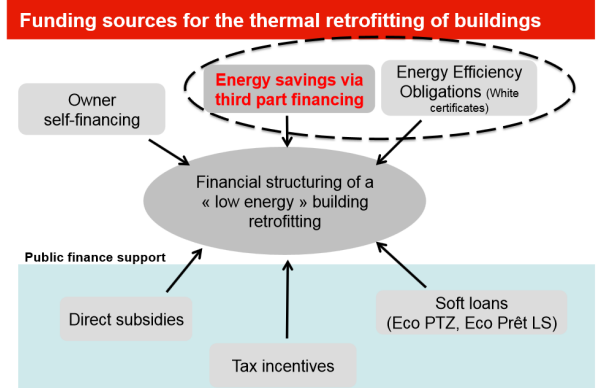
José Lopez, Energies Posit'IF

Key success factors from the Energies Posit'IF example:

Act as a one-stop shop: The renovation sector remains a very fragmented and complicated market for private property owners. Energies Posit'IF helps owners to devise an economically viable project through an assessment of their energy bills and accompanies them through the decision making process until the end of the project.

Mobilise and reduce perceived risk of investments: Energies Posit'IF takes the responsibility of mobilising third party financing, which lifts the burden from the building owners. The financing is securitised by Energies Posit'IF on the basis of future energy savings and the income they generate.

Ensure effective monitoring to check performance: After the works are completed, there is at least one full year of on-site monitoring in order to ensure that the targets set are actually achieved.



Triggering Investment through the EEEF



"The European Energy Efficiency Fund (EEEF) aims to develop the market for energy efficiency in buildings. EEEF beneficiaries are municipal, local and regional authorities or public and private entities acting on behalf of those authorities such as utilities, public transportation providers, social housing associations, ESCOs"

Zarpana Massud-Baqa, EEEF

Key recommendations from EEEF projects:

Towards more loans and private investment: The money provided from the EEEF is not a grant, but a financial vehicle in the market that leverages private investment to flow into projects that would otherwise struggle to get investments. Projects funded must go beyond the cost-optimal standard.

Use the EEEF to fund the Project Development: The EEF's Technical assistance facility of €20m supports the development of projects by providing grants to cover up to 90% of initial project development costs.

Provide a one-stop shop solution: The EEEF provides a one-stop solution for the projects it undertakes.

Establish concrete objectives and assessment criteria: EEEF projects must achieve at least a two letter improvement in energy performance when assessed under the EPBD.

European Commission
(Initiator)



European Investment Bank
(Founding investor)



Cassa Depositi e Prestiti
(Founding investor)



Deutsche Bank
(Investor and investment advisor)



Private Funding



All presentations and PowerPoint's are available on renovate-europe.eu

Deep Energy Renovations via Rent Agreements



"De Kroenen, in Roosendaal (The Netherlands) is a residential development owned by a Social Housing Provider where an innovative renovation scheme was implemented. An average savings of 65% was achieved for the group of houses as a whole. In addition, the indoor climate in the houses improved and thus the well-being of the tenants increased."

Chiel Boonstra, Trecodome

Key recommendations from the De Kroenen example:

Apply a renovation technique that involves little disruption to tenants:

In this scheme, an approach using pre-fabricated elements in allowed four house per week to be deep renovated without having to ask the tenants to vacate, even for a day.

Make rent regulations more flexible: To finance this renovation, the tenants accepted a rent increase of €65 per month, which equals the calculated energy savings. This approach could be replicated in other EU countries, if rent regulations were adapted accordingly.

Maximise on any standard renovation to make it energy efficient: To retain their value and rent-ability, housing associations have to renovate the properties on a 30 year basis, on average. When you add an energy performance dimension to the standard renovations that would occur in any event, the additional cost is not high and can be funded by an agreement to raise the rent of the renovated properties.

Total cost of renovation modernisation	maintenance and renovation € 55,000
	energy improvements € 25,000
	modernisation / urban redesign € 27,500



About the Campaign



The **Renovate Europe Campaign** is an initiative of **EuroACE**, the European Alliance of Companies for Energy Efficiency in Buildings. Its headline objective is to reduce the energy demand of European building stock by 80% by 2050 as compared to 2005 levels

REDay is a yearly event organized by the Campaign.



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