



CONCERTED ACTION  
ENERGY EFFICIENCY  
DIRECTIVE

Core Theme Series Report:  
Concerted Action Energy  
Efficiency Directive

4

# Funds and financing for energy efficiency

Krisztina Ligetvári, ÉMI, Hungary

July 2015

# Content

1	Introduction and context .....	3
2	Involving banks in energy efficiency financing .....	4
3	Financing renovation of 3% of central government buildings .....	8
4	Best practice in leveraging market finance through public funds .....	12
5	Selecting appropriate financial instruments to deploy 2014-2020 structural funds on energy efficiency and building renovation .....	15
6	Facilitating access to private financing .....	16
7	Concluding remarks .....	19
	Legal disclaimer .....	20

# 1 Introduction and context

The Concerted Action for the Energy Efficiency Directive (CA EED) was launched in spring 2013 in order to support the effective implementation of the Directive on Energy Efficiency (2012/27/EU) in all EU Member States (MS) as well as Norway.

Specifically, Article 20 of the Energy Efficiency Directive calls for Member States to facilitate the establishment of financing facilities, or use of existing ones, for energy efficiency improvement measures to maximise the benefits of multiple streams of financing.

This report summarises the work carried out between January 2013 and March 2015 by the CA EED on funds and financing for energy efficiency. It focuses on analysing financial measures used for energy efficiency (EE) and finding successful examples of funding and financial mechanisms within the CA EED.

Energy efficiency measures and projects are supported in different ways. The public sector, national and local governments and the European Union are continuously working on incentives to encourage investment in energy efficiency in different sectors. In principle, EE financing should rely more on market mechanisms, and public funds should only be used where market failure occurs: the preamble of the EED says that "Member States should encourage the use of financing facilities to further the objectives of this Directive". DG ENER stipulates that €100bn are needed to achieve the EU EE target<sup>1</sup>. The importance of securing the appropriate financing mechanisms to support energy efficiency measures cannot be underestimated and this topic relates to all other areas of energy efficiency. Involvement of bank financing in energy efficiency will gain even more attention in the future across all sectors.

An intensive desk research exercise was undertaken of European Union legislation, studies and project outputs alongside interviews and questionnaires to gather knowledge of overall circumstances of EE funding within the countries and highlight national examples of successful approaches. This can be

shared among participants and foster the adaptation of well-established financial solutions to national circumstances.

**This report describes in more detail the work that has been carried out to investigate the following topics:**

- Involving banks in energy efficiency financing
- Financing renovation of 3% of central government buildings
- Best practice in leveraging finance through public funds
- Selecting appropriate financial instruments to deploy 2014-2015 structural funds on energy efficiency and building renovation
- Facilitating access to private finance

<sup>1</sup> [ec.europa.eu/energy/en/topics/energy-efficiency/financing-energy-efficiency](http://ec.europa.eu/energy/en/topics/energy-efficiency/financing-energy-efficiency)

## 2 Involving banks in energy efficiency financing

Bank financing is critical for developing energy efficiency projects at scale and Member States' ability to reach carbon reduction targets will in part be reliant on the deployment of private sector as well as public finance in the right packages and at the right scale.

Many banks have recognised the potential of energy efficiency financing and have developed specific packages for households and companies to support EE, renewable energy and broader green investments or to complement national EE programmes (to cover own contribution, match funding). Bank financing also supports energy services, where loans are taken by the end user or the energy service provider.

Examples already exist in many countries using finance from private as well as national banks. Not all countries have national banks but where they exist they tend to support commercial banks, e.g. with dedicated financial sources or guarantees.

### Types of instruments/mechanisms

Many different economic instruments are in place, from fiscal instruments to financial mechanisms, used by governments to support energy efficiency improvements. Economic instruments can be categorised under four main headings:

- Fiscal instruments, e.g. tax relief, taxes, charges, levies.
- Financial measures, e.g. loans, grants.
- Trading schemes, e.g. emission trading schemes, White Certificate schemes.
- Direct investments, e.g. public procurement rules, public infrastructure, research and development investments.

Economic instruments can also be categorised by their origin, i.e. they can be either public or private. They can also be used in combination.

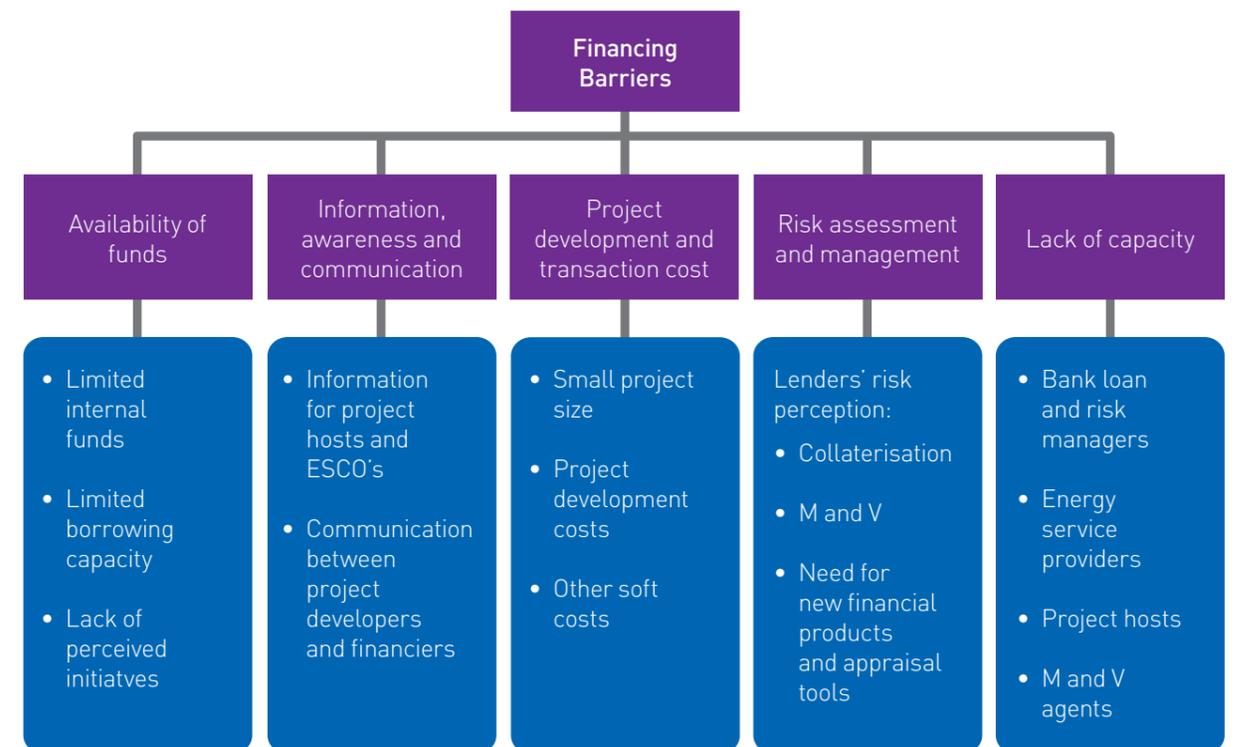
- Public financing mechanisms, e.g. tax relief, feed-in tariff, grants, guarantees, public loans, loans combined with grants.
- Private financing mechanisms, e.g. loans, investment schemes, leasing.

### Barriers to EE finance

There are many barriers that prevent lenders providing finance and borrowers from receiving funds for energy efficiency investments. It must also be noted that different beneficiaries (e.g. households, SMEs, municipalities, etc.) have different needs and therefore financial products have to be adjusted to their requirements. Energy efficiency technologies can be mature or still in the development stage, which again requires different types or amounts of financing.

Top barriers for recipients:	Top barriers for financiers:
1. Lack of awareness or knowledge of EE & EE products/benefits.	1. Small size and geographically dispersed projects (many more risks), lack of project pipeline/bundling/standardisation (problem of refinancing).
2. Lack of understanding of finance products/application processes.	2. Return on investment/less profitable than other investments.
3. Long payback periods (so it is not only about current activities but about activities 20 years from now).	3. Lender's perception of risk (lack of track record, no asset class).
4. Mistrust of financiers/EE suppliers, etc.	4. Lack of communication between financiers and beneficiaries / lack of supportive policy.

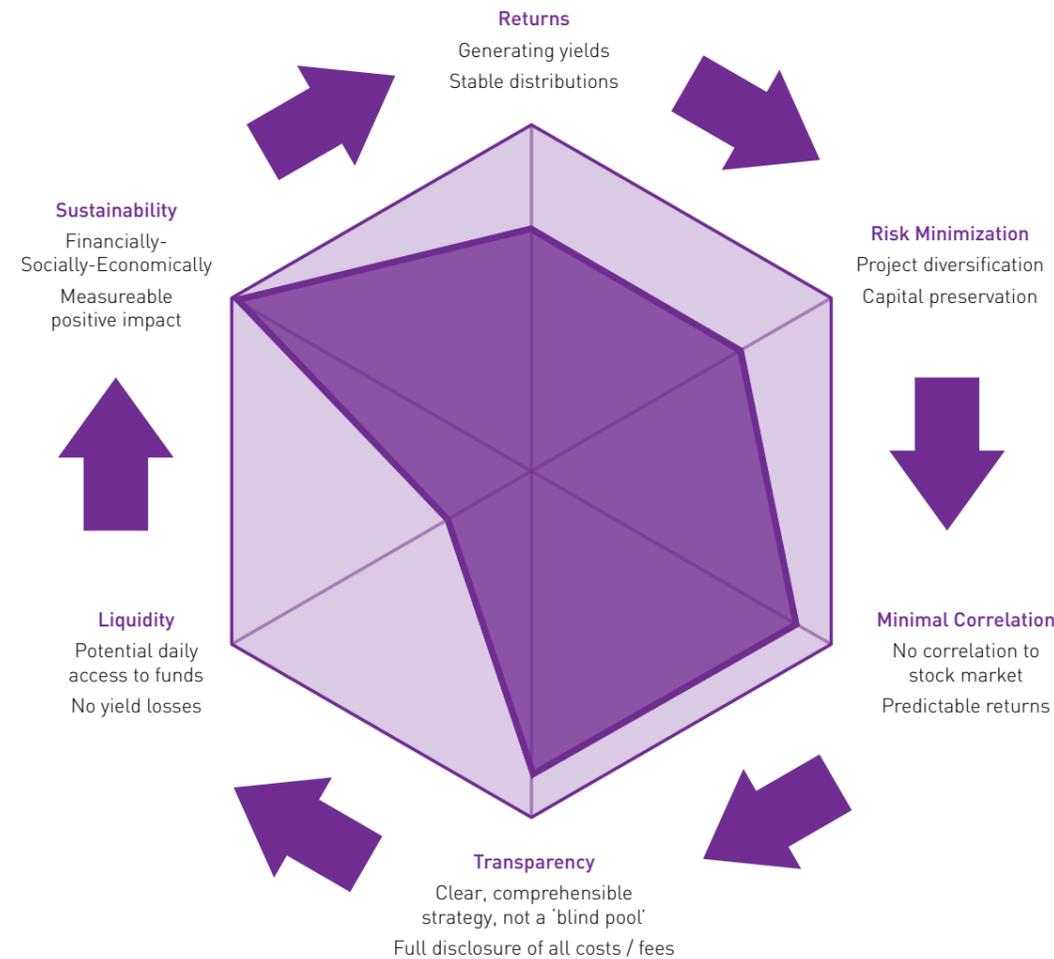
Figure 1: Classification of energy efficiency financing barriers



Source: Limaye, D.R. (2011). Taken from IEA (2011): Joint Public-Private Approaches for Energy Efficiency Finance

Energy efficiency financing is not considered a standard investment in the market because of its perceived risks. The diagram below shows what investors expect and what EE investments can offer for them.

**Figure 2: Investors' expectations regarding EE investments**



Source: P. Fankhauser, Susi Partners (2012): Energy efficiency for institutional investors. How to make energy efficiency investments attractive to institutional investors

## Good practice examples

### ✓ The Green Fund Scheme (GFS) in the Netherlands

The Green Fund Scheme (GFS) in the Netherlands provides cheaper loans for environmentally beneficial projects, secured returns for investors and helps build a green image for the banks proposing it. This is all provided at low public cost (banks do the work) with benefits for the environment and contributions to EU targets. It is based on a tax exemption on capital gains for savers choosing to invest in the GFS. It has a large multiplier effect, resulting from a successful co-operation between government and the financial sector: every 1 EUR of public funds spent generates a private investment of 40 EUR.

#### Key achievements

This is a long running scheme which started in 1995. Since then, over 7,400 projects have been supported. Over a quarter of a million investors are involved in environmentally sound investments and awareness in the banking sector and among end-users has been increased.

Further information:

[www.agentschapnl.nl/groenbeleggen](http://www.agentschapnl.nl/groenbeleggen) and [www.agentschapnl.nl/sites/default/files/bijlagen/SEN040%20DOW%20A4%20Greenfunds\\_tcm24-119449.pdf](http://www.agentschapnl.nl/sites/default/files/bijlagen/SEN040%20DOW%20A4%20Greenfunds_tcm24-119449.pdf)

### ✓ 'Energy Efficient Construction and Refurbishment' in Germany

'Energy Efficient Construction and Refurbishment' in Germany provides financing by way of soft loans and grants for energy efficient construction and refurbishment activities for the German residential sector.

KfW is Germany's state owned promotional bank and is mandated by law to carry out its promotional activities. KfW acts in close cooperation with the Federal Ministry of Building, Transport and Urban Development.

KfW offers promotional programmes for energy efficiency in the residential housing sector. Refinancing for the promotional loans is provided by KfW via the capital market. The interest rate of the promotional loans is further subsidised by funds provided by the Federal Ministry of Building, Transport and Urban Development.

#### Key principles of promotion:

In order to benefit from the advantages of promotional financing conditions, the efficiency standards achieved must be better than the requirements provided in the German Energy Savings Ordinance. The programme reduces the complex legal requirements to two values: first, the annual primary energy demand compared to the demand of a new building (the so called 'reference building') and second, the structural heat insulation (specific transmission heat loss) likewise compared to the reference building.



The basis for measuring the level of energy efficiency is the 'KfW-Efficiency House Standard'. This has become a market-wide brand for energy efficiency in buildings.

#### Key achievements

- The promotional programmes are available for all private investors in the residential building sector in Germany, as well as housing companies, on equal terms.
- The promotional programmes reach a high number of households: in 2012 alone, 240,000 housing units were refurbished to more energy efficient levels and 116,000 new energy efficient housing units were built with support of the programmes (roughly half of all newly built housing units in Germany).
- One of the successes of the scheme is that it has a leverage effect of around 1 to 12, meaning that 1 EUR state contribution results in 12 EUR investment covered by private sources.

Further information:

[www.kfw.de/inlandsfoerderung/Privatpersonen/Neubau/Finanzierungsangebote](http://www.kfw.de/inlandsfoerderung/Privatpersonen/Neubau/Finanzierungsangebote) and [www.ca-eed.eu/private-area/good-practices/good-practice-factsheets](http://www.ca-eed.eu/private-area/good-practices/good-practice-factsheets)

### 3 Financing renovation of 3% of central government buildings

Article 5 of the EED states that “each Member State shall ensure that, as from 1 January 2014, 3 % of the total floor area of heated and/or cooled buildings owned and occupied by its central government is renovated each year” or that MS “opt for an alternative approach [...], to achieve, by 2020, an amount of energy savings [...] that is at least equivalent”.

Most MS were unable to estimate their future needs in terms of budget, but for those who were, their analysis showed that a lot more of money is needed than is currently being spent.

#### Barriers affecting MS ability to finance EED targets for public buildings

- Government capacity to develop a financial plan, e.g. inventory of buildings and financial calculations.
- Availability of financial sources to reach Article 5 targets.
- Accounting and statistical problems, mainly related to energy performance contracting.
- The limited availability of EU financial resources.
- The lack of administrative human resources and the lack of financial resources to collect / update statistical data on the energy performance of buildings.

#### The main financing opportunities for MS are:

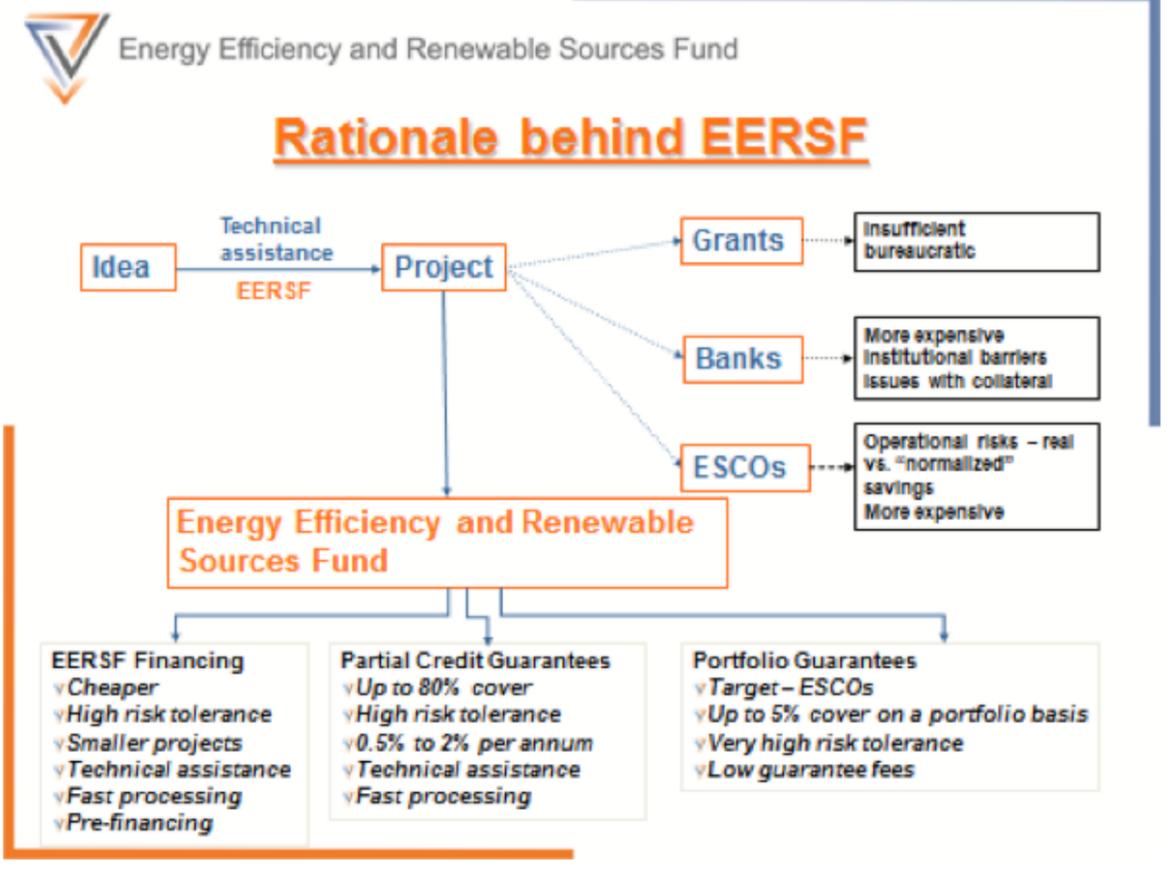
- EU Structural and Cohesion Funds, the use of which depends on the priorities of the respective MS.
- Financing options at national, regional and local level, including both public and private financing.
- Energy Efficiency Funds (EEF).
- JESSICA – Joint European Support for Sustainable Investment in City Areas.
- ELENA – European Local Energy Assistance.

### Good practice examples

#### ✓ Bulgarian Energy Efficiency and Renewable Sources Fund (EERSF)

Following the Energy Act of 2004, the EERSF was established in 2005 as a revolving mechanism for developing and financing commercially viable EE and renewable energy projects. The initial capitalisation was approximately BGN 22million (\$15m), with donations from the World Bank (Global Environment Facility (\$10m)), Bulgarian Government, Government of Austria, Eurobank EFG, 'Lukoil' AD, Brunata Bulgaria, Enemona AD and others.

The main objectives of EERSF are to develop the Bulgarian energy efficiency market under the Energy from Renewable Sources Act (2011) and to fund projects that provide renewable energy for on-site consumption (off-grid projects).



**✓ Special product – ESCO Portfolio Guarantees**

- Guarantees the first 5% of defaults in the portfolio of projects.
- ESCo companies to guarantee the receivables from their clients.
- Instrument of average financial risk, which is statistically measurable.
- Un-collateralised.
- Small guarantee covers large number of projects (e.g. guarantee for BGN 500,000 can cover BGN 10million portfolio).
- Portfolio Guarantee contract with the Energetics and Energy Savings Fund SPV (EESF) from April 2008.
- 29 ESCo projects funded.

**EERSF successes:**

- Legal framework facilitating investments.
- Market based energy prices.
- Flexible approach to financing energy efficiency – National Supporting Schemes.
- Higher project and client risks.
- Customisation of financial products to the clients' needs.
- Promotes the establishment of new ESCOs.
- Set up partnerships with commercial banks.
- Provides technical assistance for project development.

Further information:  
[www.ca-eed.eu/private-area/plenary-meetings/2nd-ca-eed-vilnius-october-2013/ct4-documents](http://www.ca-eed.eu/private-area/plenary-meetings/2nd-ca-eed-vilnius-october-2013/ct4-documents)

**Key messages**

- The least energy efficient buildings should be targeted first.
- Energy performance as a whole avoids lock-in effects but also gives flexibility to reach clear targets in the most cost-effective way.
- Governments should seek greater involvement of banks.
- There is an important role for ESCOs in renovating public sector buildings and in energy performance contracting.

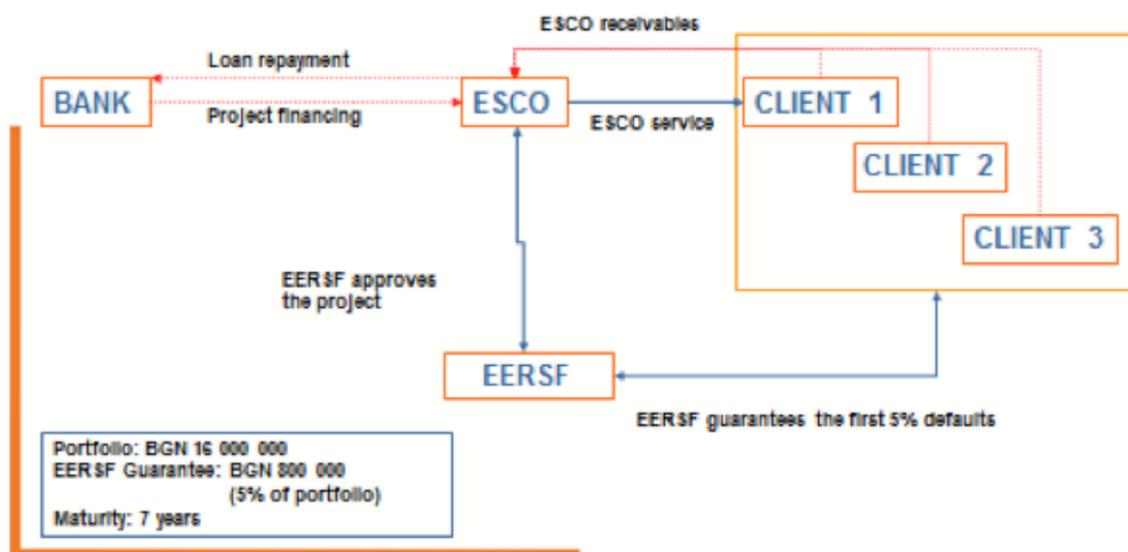
**Recommendations**

- Collect and/or centralise data on the current renovation rate of governmental buildings and on the budget currently allocated to reach this rate.
- Diversify funding sources.



Energy Efficiency and Renewable Sources Fund

**Portfolio Guarantee ESCO Application**



## 4 Best practice in leveraging market finance through public funds

Previous CA EED research in this area has identified that stringent EU purchasing rules can make it very complicated for public bodies to work with energy performance contracts / ESCOs and that there are implications for financing models relating to accounting and statistical treatment of funding for the renovation of public sector buildings (e.g. on/off general government's balance sheet assets vs. services as a basis for contracting vs. resource budgets). Our work has also identified that, with on/off balance sheet accounting, MS are not sufficiently aware of some of the key issues, emphasising the need for more information on the subject.

### Nature of the problem

- Since costs for the renovations may be recovered through ongoing independently audited and verified energy bill savings, EPC/ESCO models are of interest in a time of restricted public sector budgets.
- There are a variety of risk sharing and contractual models whereby ownership of assets and finance for the project may remain on or off the public sector balance sheet.
- Public expenditure will usually be governed by national accounting rules, procedures and regulations and these are in turn regulated by the European system of national and regional accounts, abbreviated as ESA95, which provides a system to ensure that individual MS accounts are comparable.
- The on/off balance sheet treatment of ESCOs and other energy efficiency finance may therefore be restricted by a desire to limit the levels of recorded public sector spending and borrowing.

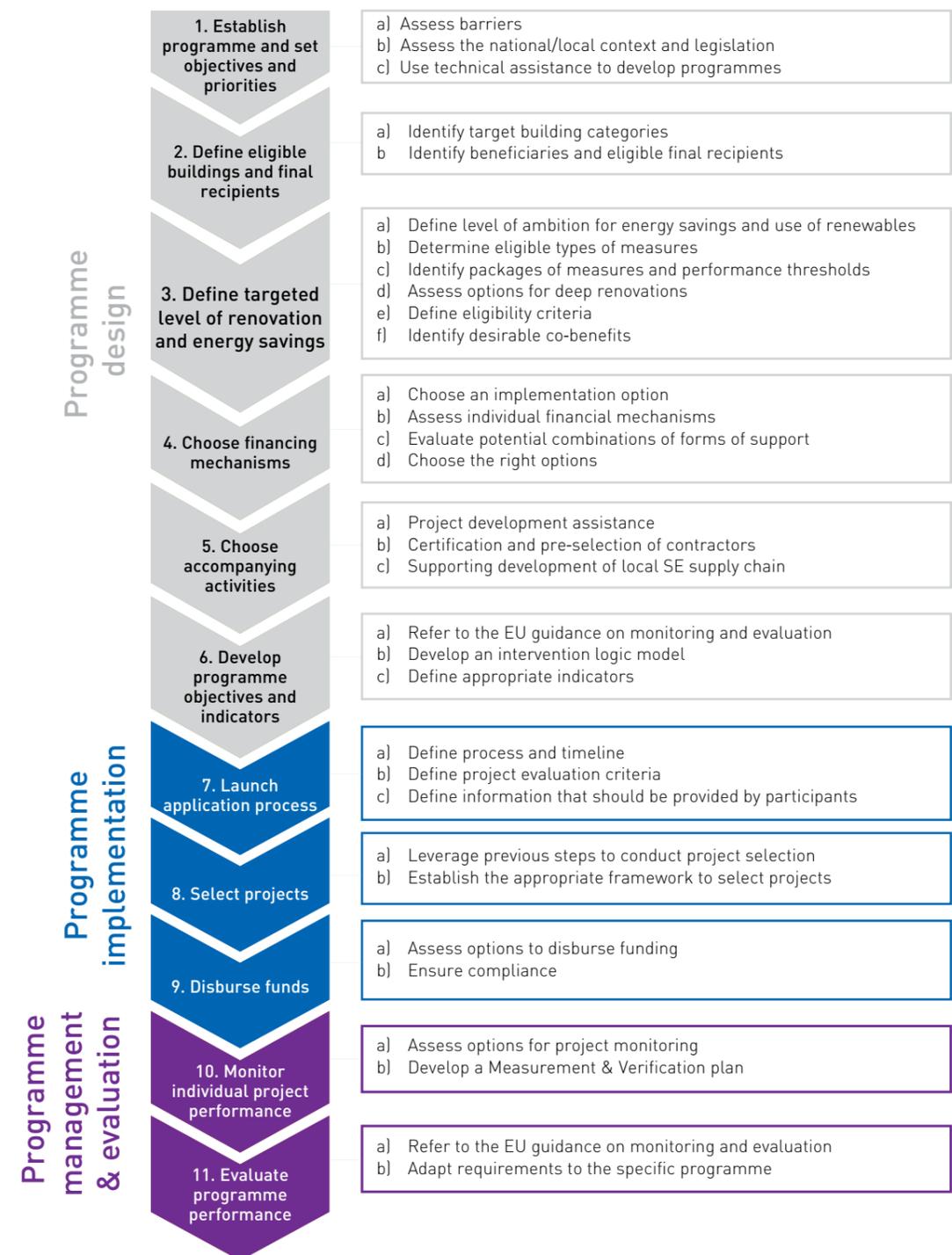
### Challenges/barriers in MS

- Issues of public debt and the implementation of national and EU accounting rules.
- Concern about the use of EU funds on ESCO projects, particularly structural funds.
- Difficulties in preparing an accurate emissions baseline.
- A feeling that transactional costs for smaller projects were high.
- A lack of trust between the public sector and ESCO companies, meaning that risk sharing on projects was not always handled in the right way.

### Guidance on financing the energy renovation of buildings with cohesion policy funding

In February 2014, the European Commission published guidance on financing the energy renovation of buildings with cohesion policy funding<sup>1</sup>. The guidance document aims to help Managing Authorities (MAs) in MS plan and deploy sustainable energy investments in buildings within Operational Programmes. It provides a list of good practice approaches and case studies and informs MAs about the European requirements on buildings and energy efficiency. It also explores the different financing mechanisms that MAs can use to support sustainable energy projects within an Operational Programme. The diagram below provides an overview of the key steps that are described in this guide. These steps are based on the different stages of development and implementation of the Operational Programmes and the projects they finance, and are aimed at providing high-level guidance to MAs and project promoters.

Figure 3: Roadmap to implement a programme for financing the energy renovation of buildings using Cohesion Policy funding



The guidance report also provides a summary of the financing options available to MAs depending on the type of final recipient (further described in Step 4): preferential loans, renovation loan (off-the-shelf instrument), a combination of grants and loans, guarantees, equity and energy performance contracting. Depending on the local context, the type of buildings, the final recipient targeted and the objectives of the programme, MAs should evaluate the appropriateness of using certain financial mechanisms against others.

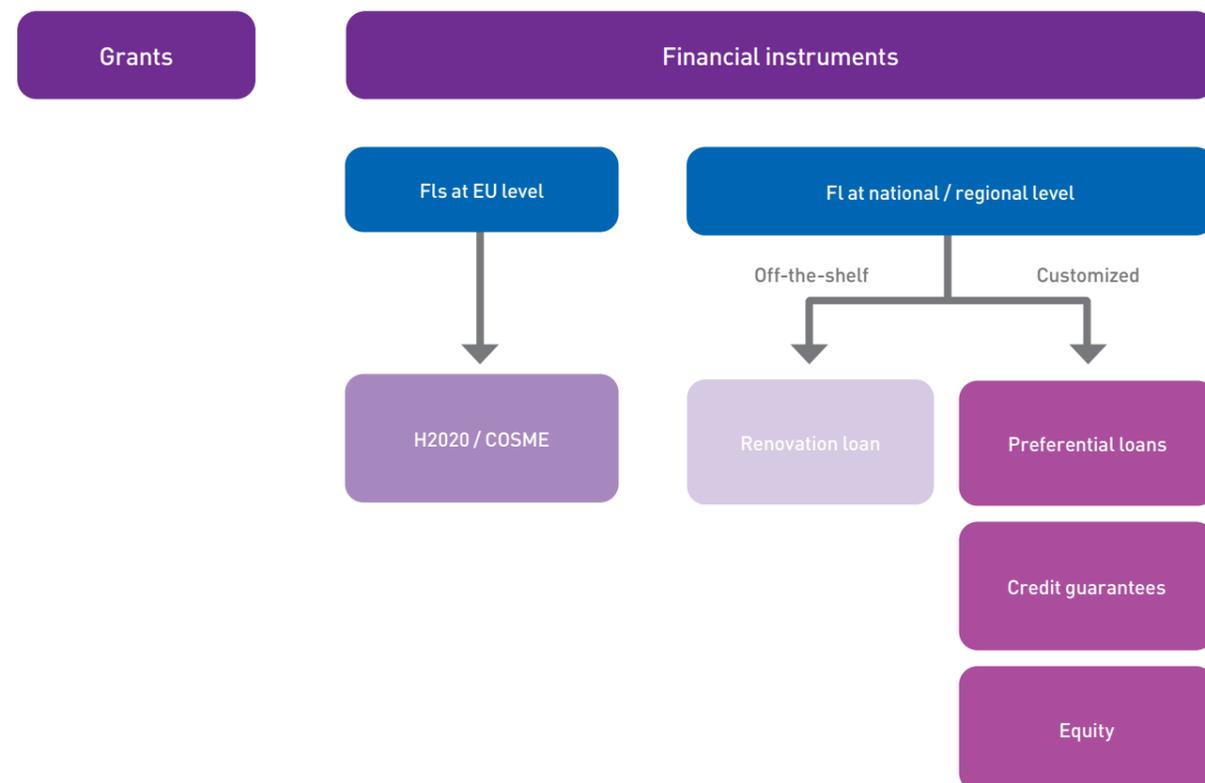
Energy efficiency retrofits, unlike other investments, do not produce direct income streams; rather they create avoided costs. Energy savings and associated cost savings are therefore often not considered a tangible revenue stream by financial institutions. This is mainly because of the uncertainty surrounding the scale of the actual savings that can be achieved. Inappropriate design, implementation and operation of the building and its equipment (including potential 'comfort taking' by occupants) can all influence the final savings realised in practice.

The diagram below shows the main types of financial instruments available to Managing Authorities.

**Useful models presented in the CA EED**

- UK – Green Investment Bank: [www.greeninvestmentbank.com](http://www.greeninvestmentbank.com)  
Salix finance: [www.salixfinance.co.uk](http://www.salixfinance.co.uk)
- Belgium – FEDESCO: [www.fedesco.be](http://www.fedesco.be)
- Ireland – Energy Performance Contracting handbook: [www.seai.ie/Your\\_Business/National\\_Energy\\_Services\\_Framework/EPC\\_Handbook/EPC-Handbook.pdf](http://www.seai.ie/Your_Business/National_Energy_Services_Framework/EPC_Handbook/EPC-Handbook.pdf)
- European Energy Service Initiative: [www.european-energy-service-initiative.net](http://www.european-energy-service-initiative.net)

**Figure 4: Financial mechanisms for sustainable energy financing**



## 5 Selecting appropriate financial instruments to deploy 2014-2020 structural funds on energy efficiency and building renovation

The new European Cohesion Policy for 2014-2020 goes further than ever regarding the promotion of EE and renewable energy sources (RES) because a minimum share of each region's European Regional Development Fund (ERDF) envelope will have to be invested in measures supporting the shift to a low-carbon economy. This should ensure an investment of at least €38 billion for 2014-2020 from the ERDF to support the shift to a low-carbon economy.

In order to properly plan and deploy this funding, MS have prepared new Operational Programmes (OP) directing an increased proportion of European funds towards the low carbon priority area through dedicated financial instruments.

It is now necessary more than ever for MS representatives and MA to understand the various financial mechanisms available to deliver finance for their EE programmes and projects.

**How to choose the appropriate financing mechanism**

**1. Choose an implementation option**

- Move away from the 'grant dependency' culture.
- Leverage private sector financing.
- Help overcome market failures around access to finance.
- Achieve higher quality, bankable projects.
- Achieve a broader range of sustainable energy measures.
- Achieve longer term sustainable finance.

**2. Assess individual financing mechanisms including**

- Grants.
- Preferential loans.
- Guarantees.
- Equity.
- Energy Performance Contract (EPC).

**3. Evaluate combinations of support**

MAs can tailor interventions to meet objectives and combine financing mechanisms. They need to consider:

- Maturity of local market, key players and their needs.
- Nature of Financial Instruments (FI) and how they best address needs.
- Project types (i.e. research and development (R&D) or implementation).

**4. Choosing the right financing options / the optimal financing mechanism**

MAs need to evaluate appropriateness of financing mechanisms. The best option will depend on local context, building types, final recipients targeted and programme objectives (e.g. a combination of energy savings, support for local supply chains and skills enhancement).

Further information: European Commission's published guidance on financing the energy renovation of buildings with cohesion policy funding: [ec.europa.eu/energy/sites/ener/files/documents/2014\\_guidance\\_energy\\_renovation\\_buildings.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/2014_guidance_energy_renovation_buildings.pdf)

[www.esd-ca.eu/private-area/plenary-meetings/4th-ca-ee-milan-october-2014/ct4-documents](http://www.esd-ca.eu/private-area/plenary-meetings/4th-ca-ee-milan-october-2014/ct4-documents)

## 6 Facilitating access to private financing

Facilitating access to private financing is critical in overcoming identified market failures and to meet the investment needed for wide scale retrofit. Full engagement of the private sector is key to fulfilling climate-related objectives over the long term and the involvement of the private sector in economic undertakings will support the overall reduction in consumption of energy in the economy. To develop such conditions and create a fully sustainable energy efficiency market, it is crucial that sound frameworks of support are created to maximise the involvement of private sector financiers.

The fundamental issue in stimulating investment in the energy efficiency sector is to create a coherent and well communicated market among financial institutions. The conditions should assure (amongst others) not crowding out available sources of financing, using adequate levels of public finance intensity, and facilitating the interest of private financing to participate in the market by reducing the risk.

Using EU funds to stimulate more participation of private financing institutions can also be important to trigger a sustainable energy efficiency market. European Structural Investment (ESI) Funds might trigger interest in financial institutions to become co-financing partners. The deployment of ESI Funds often results in very good quality market assessments, which leads to the design of well-shaped effective instruments that overcome the private financial institutions' barrier of information asymmetry. This also results in them lowering their price of risk and makes their financing attractive for beneficiaries.

### Potential barriers for energy efficiency investments

The main obstacles are related to the level of energy efficiency market development and legal clarity. Market immaturity is reflected mostly by the lack of clear national energy efficiency strategies and

scarcity of support schemes. In addition, immature markets are not able to sustain more sophisticated financial tools (such as guarantees, green bonds, equity) and are characterised by the lack of uptake of Energy Performance Contracting. Legislative problems are also connected with the absence of well prepared, clear national energy efficiency strategies and problems of MS with full transposition of the EED regulations at a national level.

### The ideal financial instrument is a system which encompasses<sup>2</sup>

- An investment strategy based on ex-ante assessment.
- Institutional and contractual set-up among engaged parties.
- Capacity building, educational activities and promotion.
- A specific system of accounting, reporting, monitoring and evaluation.
- A specially structured system of advisory and communication platform (optional).
- Additional financial resources from other international, European, national or regional financial institutions, both public and private.
- Precisely chosen and designed financial tools (including: grants, loans, equity, guarantees and similar solutions).

Further information:

[www.esd-ca.eu/private-area/plenary-meetings/5th-ca-eed-riga-march-2015/ct4-documents](http://www.esd-ca.eu/private-area/plenary-meetings/5th-ca-eed-riga-march-2015/ct4-documents)

### Key lessons:

- **Make use of professional help, share information:** Financial sources are available but sometimes it is difficult to make good use of them. Existing success stories on financing schemes and instruments to support EE investments must be made more publicly available and more bilateral consultations are needed between countries.
- **Combine:** When planning a policy or a programme, it is beneficial to combine funding sources with other instruments (e.g. regulations, tax schemes, enhancing private capital, etc.). Public finance is often needed to kick-start the EE market; however, the goal is to shift more towards market based financing solutions.
- **Facilitating access to private financing:** This is the key for increasing the number of projects and unlocking the full potential of energy efficiency investments, helping to achieve EU energy efficiency targets.

### Energy Efficiency Financial Institution Group (EEFIG's) Key Market and Policy Recommendations

#### Market actions:

- Improvement of building certification methodologies and Energy Performance Certificate standards and the implementation of minimum performance standards upon building upgrade, sale or rental to help build a vibrant and comparable pan-European market for energy efficiency investments in buildings.
- Improvement of information flows by developing an open-source energy and cost database for buildings, and effective systems for sharing information and technical experience within industry sectors.
- Facilitate innovation such as on-bill repayment and on-tax finance mechanisms by creating pilots to help expand energy efficiency investments in commercial and residential buildings.
- Develop a project rating system to provide a transparent assessment of the technical and financial risks of energy renovation projects and their contracting structure.

### Economic actions:

- Streamlining, blending and optimising the use of European Structural and Investment Funds, Horizon 2020 and EU ETS revenues for energy efficiency investments through ensuring their better linkage to National Building Renovation Strategies together with National Energy Efficiency Funds and energy market reforms.
- Increase the use of targeted fiscal instruments to motivate both building owners and companies to prioritise energy efficiency during their natural replacement cycle.
- Review of public and private accounting treatment of Energy Performance Contracts.
- Further expert examination of the discount rates used in energy modelling, policy-making and investment decision-making to adequately balance the benefits and risks of energy efficiency.

### Financial actions:

- Development of a common set of procedures and standards for energy efficiency and building renovation underwriting for both debt and equity investments.
- Adjustment to financial regulatory frameworks to better support capital market innovation, ensuring that risk assessment and related capital requirements for long-term energy efficiency investments correctly reflect their risks and develop market potential for green bonds, citizen financing, factoring funds for Energy Performance Contracts and other more innovative sources of financing for energy efficiency.
- Address barriers to expanding the green mortgage market, including examining how to include energy costs and energy efficiency potential in mortgage affordability calculations.
- Ensure that new regulatory frameworks for financial institutions (Solvency II and Basel III) do not prejudice energy efficiency investments.
- Ensure that public technical assistance and project development assistance facilities are compatible and can be easily combined with market-based and concessional funding by qualified and experienced financial institutions.
- Ensure that public refinancing facilities, like those operated by the European Central Bank, confirm eligibility for financial instruments relating to energy efficiency.

<sup>2</sup> Taken from: Energy Efficiency – the first fuel for the EU Economy – How to drive new finance for energy efficiency investments (EEFIG report) [ec.europa.eu/energy/sites/ener/files/documents/2014\\_fig\\_how\\_drive\\_finance\\_for\\_economy\\_1.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/2014_fig_how_drive_finance_for_economy_1.pdf)

#### Institutional actions:

- Increase the capacity to facilitate ongoing project development assistance to all relevant actors and technical assistance to relevant public sector bodies and entities for development and aggregation of energy efficiency investments in SMEs and households.
- Review of the public authority procurement rules to better value lower operational costs as a part of their tender assessment processes.
- Increase institutional capacity to implement National Buildings Renovation Roadmaps that enable long-term planning and supply chain scale-up to deliver and finance ambitious buildings renovation programmes.
- Increase focus on regulatory frameworks which support strong corporate energy efficiency investment choices at key points in their investment cycle (connecting with energy audits).
- Review to ensure that current State Aid rules do not unnecessarily burden accelerated energy efficiency investment and the up-scaling of public-private financial instruments.

## 7 Concluding remarks

If energy efficiency improvements are to happen, financing is needed from a wide range of resources. The European Union and national funds, as well as private capital, are available to start an investment; however, there is still a mismatch between demand and supply. The CA EED provided the opportunity for CA representatives from the MS to gather information and find possible solutions to existing financial gaps. Although many barriers still need to be overcome for MS to access private finance and facilitate lenders and borrowers to invest in energy efficiency, solutions are being found. Lack of knowledge and awareness of energy efficiency products and benefits has often been cited as a major barrier by both lenders and borrowers, however as more and more projects are coming forward and best practice is being shared, this barrier is being overcome. Published guidance from the European Commission on financing energy efficiency is also supporting MS finance their projects through the deployment of structural funds as well as leveraging private finance.

### **Legal Disclaimer**

The sole responsibility for the content of this report lies with the authors.

It does not necessarily reflect the opinion of the European Union or the Member States. Neither EASME nor the European Commission are responsible for any use that may be made of the information contained therein.

The Concerted Action for the Energy Efficiency Directive (CAEED) was launched with support from the Intelligent Energy Europe (IEE) in spring 2013 to provide a structured framework for the exchange of information between the 28 Member States and Norway during their implementation of the Energy Efficiency Directive (EED).

For further information please visit [www.eed-ca.eu](http://www.eed-ca.eu) or email [caeed@ca-eed.eu](mailto:caeed@ca-eed.eu)



Co-funded by the Intelligent Energy Europe Programme of the European Union