



EU Funding for Sustainable Energy 2014-2020

Green Economy e sostenibilità energetica
Bologna, 17 September 2013

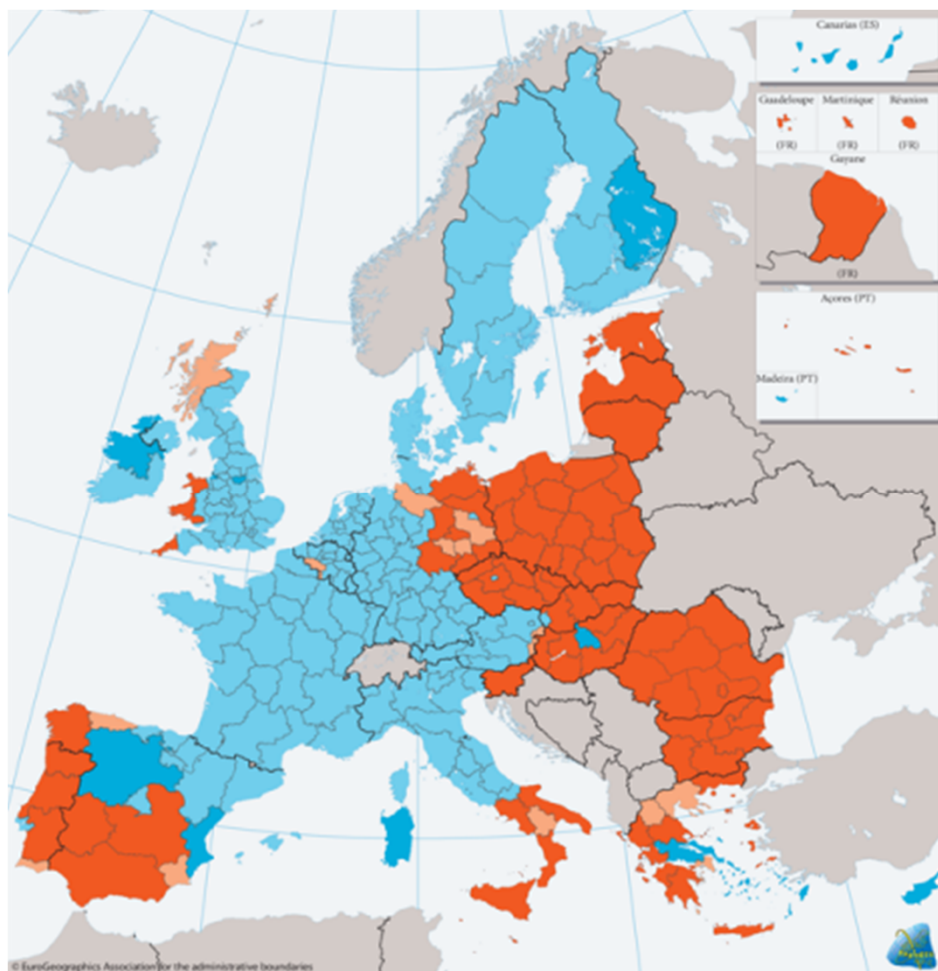
Hugh GOLDSMITH
European Commission
Directorate-General for Regional and Urban Policy

• 1

Cohesion Policy

From 2007-2013

... to 2014-2020



Investment policy supporting Europe 2020: growth, jobs, quality of life and sustainable development

€ 347 billion of EU funds

Growing importance of EE and RES investments during programming period

Energy efficiency: 5.5 billion € (including revolving funds)

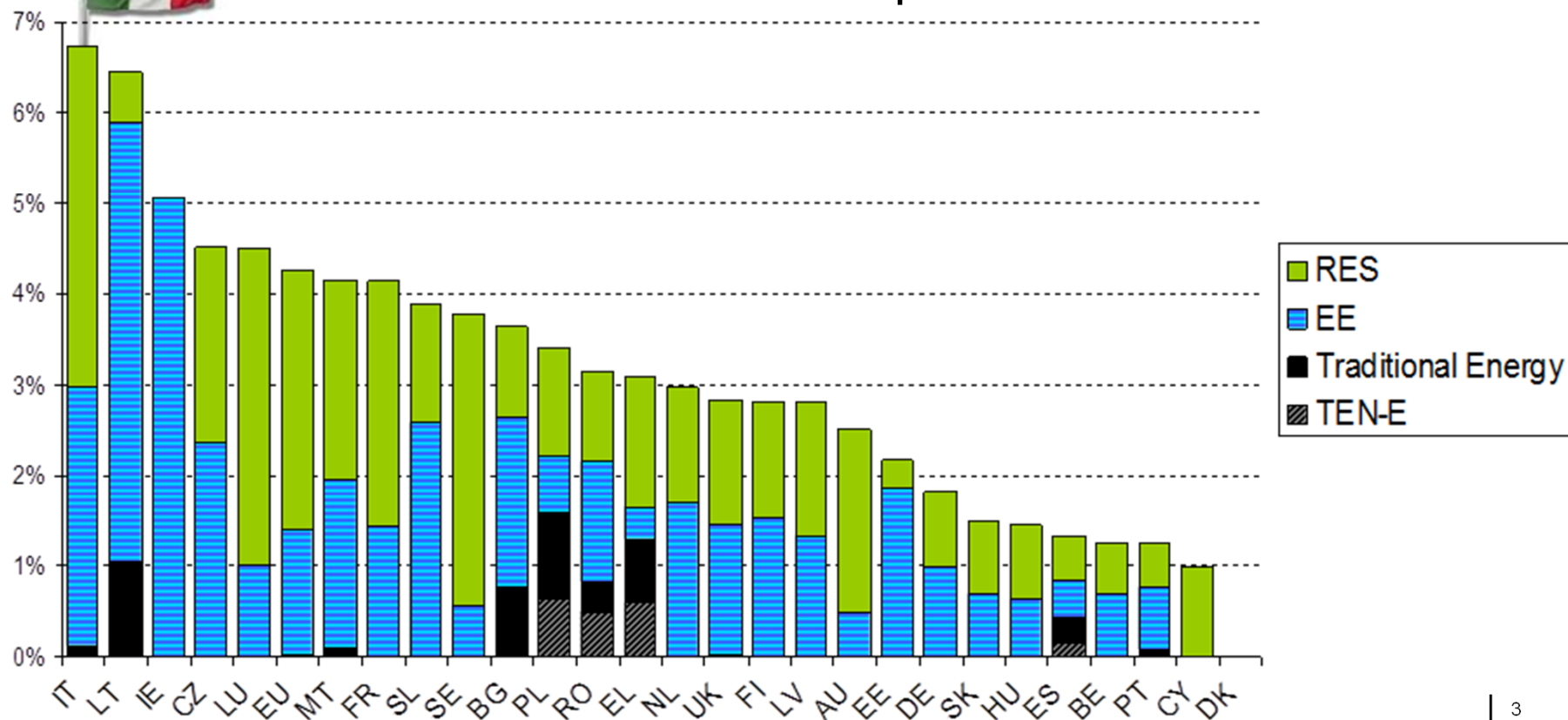
Renewable energy: 4.6 billion €

- Biomass: 1.7 billion €
- Solar: 1.3 billion €
- Wind: 0.7 billion €
- Other (Hydro, etc): 0.9 billion €

Italy EU funds allocation for RES/EE



Allocations to Energy Sector
as % of total allocations per MS 2007-2013



Strategic Context



Thematic objectives contribute to EU 2020

Regulations

Proposed by Commission

Translates objectives and targets of EU 2020 into indicative actions of high EU added value

Common Strategic Framework

Annex I to CPR
Commission delegated act

Alignment with EU 2020: evaluation, results expected, indicative allocation by thematic objective

Partnership Agreement

Prepared by MS in dialogue with Commission, approval if Commission observations taken into account

Strategy consistent with ESIF thematic objectives, investment priorities, national strategy, etc.

Operational Programmes (National / Regional)

Drawn up by MS in cooperation with partners

Projects

MS, except major projects, where documentation submitted to Commission, approval needed

Increasing MS competence



Cohesion Policy 2014-2020

- Adoption of Commission proposal in October 2011
- **Objectives:**
 - Reduce disparities between Europe's regions **strengthening economic, social and territorial cohesion**
 - Contribute to the **Europe 2020 Strategy** for smart, sustainable and inclusive growth
- Need to **increase the performance and impact** of the funds:
 - Ex-ante conditionalities
 - More focus on results indicators
 - Thematic concentration of funds: menu of 11 Thematic Objectives linked to the Europe 2020 Strategy

Thematic Objectives

Europe 2020

smart

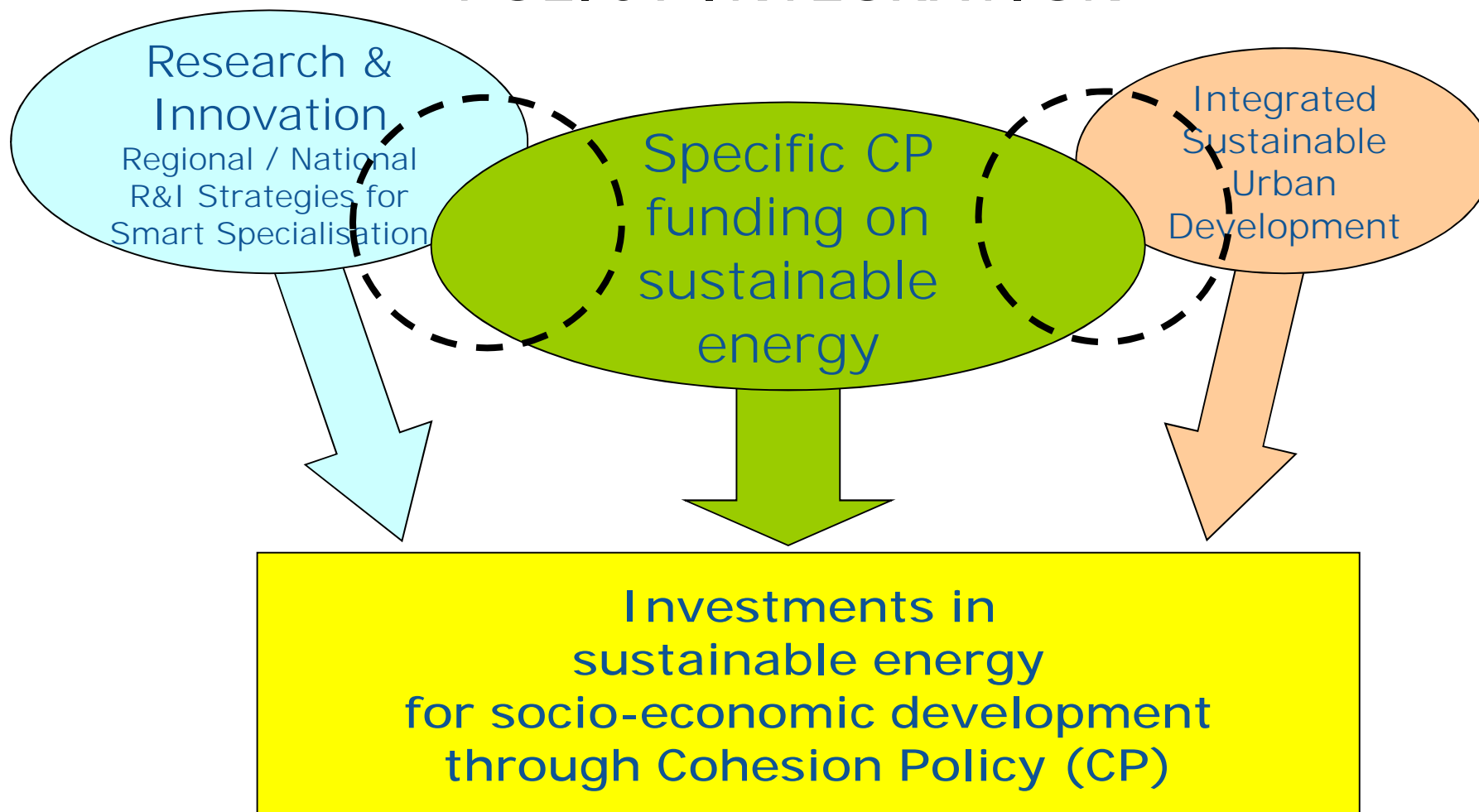
sustainable

inclusive

1. Research and innovation 
2. Information and Communication Technologies
3. Competitiveness of Small & Medium-Sized Enterprises (SME) 
- 4. Shift to a low-carbon economy** 
5. Climate change adaptation and risk management and prevention
6. Environmental protection and resource efficiency 
7. Sustainable transport 
8. Employment and support for labour mobility
9. Social inclusion and poverty reduction
10. Education, skills and lifelong learning
11. Increased institutional capacity and effectiveness of public administration



POLICY INTEGRATION





EU Funding for Sustainable Energy 2014-2020

- **Cohesion Policy:** ERDF + CF some 20 billion € (estimate!) to investments in energy efficiency, renewable energy, smart grids and urban mobility, including research and innovation in those areas in complementarity with Horizon 2020
- **Horizon 2020:** some 6.5 billion € to be allocated to research and innovation in "Secure, clean and efficient energy"
- **Connecting Europe Facility:** some 5 billion € to be allocated to investments in TEN-E infrastructure of highest European added value
- Other **European Structural and Investment (ESI) Funds:** European Agricultural Fund for Rural Development and European Maritime and Fisheries Fund
- **LIFE+** and **COSME** also relevant for certain aspects



Connecting Smart and Sustainable Growth through Smart Specialisation

A practical guide for ERDF managing authorities

Smart Specialisation in Innovation for Sustainable Growth

- Ex-ante conditionality on 'National or regional research and innovation strategies for smart specialisation'
- 2012 Guidance on how to integrate eco-innovation, RES, EE... in the Research & Innovation Strategies for Smart Specialisation (RIS3)
- Examples of good practices



November 2012

Regional and Urban Policy

Regional Policy



Example: Smart Specialisation in RES/EE – Alsace, FR

1998: Design of a regional strategy for RES and EE

2000: Integration into regional development contract with State

2003-05: Launch of 'Energivie' and use of the ERDF 'Regional Programme of Innovative Actions 2000-06' to boost the strategy (€ 1.9 million). Initial focus only on RES.

2005: Re-focus towards EE in buildings

2007-13: 2nd phase of the strategy

2008: Winner of RegioStars Award

2009: Application to be selected as a 'Pôle de Compétitivité' in FR

2010: Label 'Pôle de compétitivité'



Concentration of ERDF proposed for 2014-2020

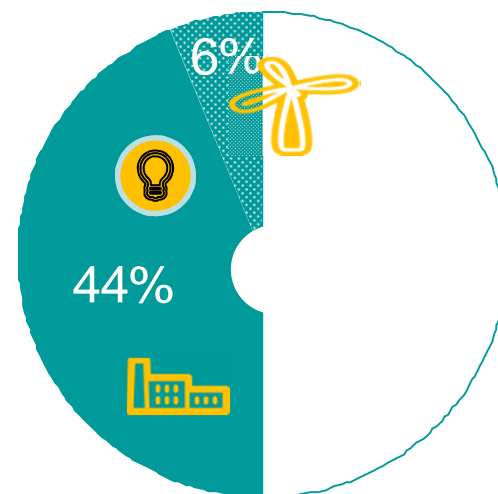
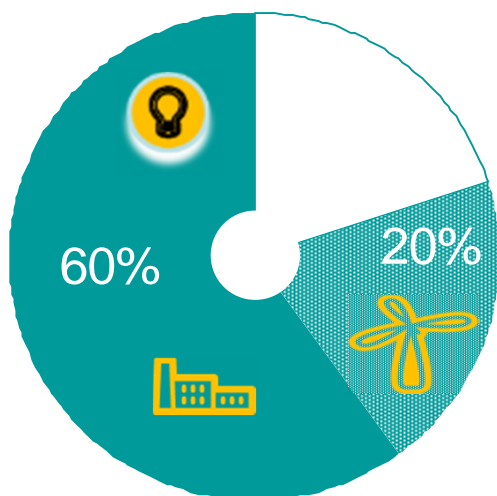
 Research and Innovation

 SMEs competitiveness

 Low-carbon economy
– Energy efficiency (EE) and
renewable energy (RES)

Developed regions &
transition regions

Less developed regions



No more ceiling for investing in EE in housing
(currently maximum 4% of ERDF)



EU Energy Policy

Renewable Energy (Directive 2009/28/EC)

- 20% share of energy from renewable sources by 2020
- National Renewable Energy Action Plans

Energy performance of buildings (Directive 2010/31/EU)

- Cost-optimum refurbishment levels
- Near-Zero Energy Buildings

Energy Efficiency (Directive 2012/27/EU)

- Member States to refurbish 3% annually of the total floor area of government buildings
- National Energy Efficiency Action Plans
- Promotion of Energy Services

At EU level, big challenge to meet EE targets for buildings (~40% total consumption)



Investments in Sustainable Energy in 2014-2020 Cohesion Policy

T.O.4 "Supporting the shift towards a low-carbon economy in all sectors" – 5 investment priorities proposed by the Commission for ERDF and CF:

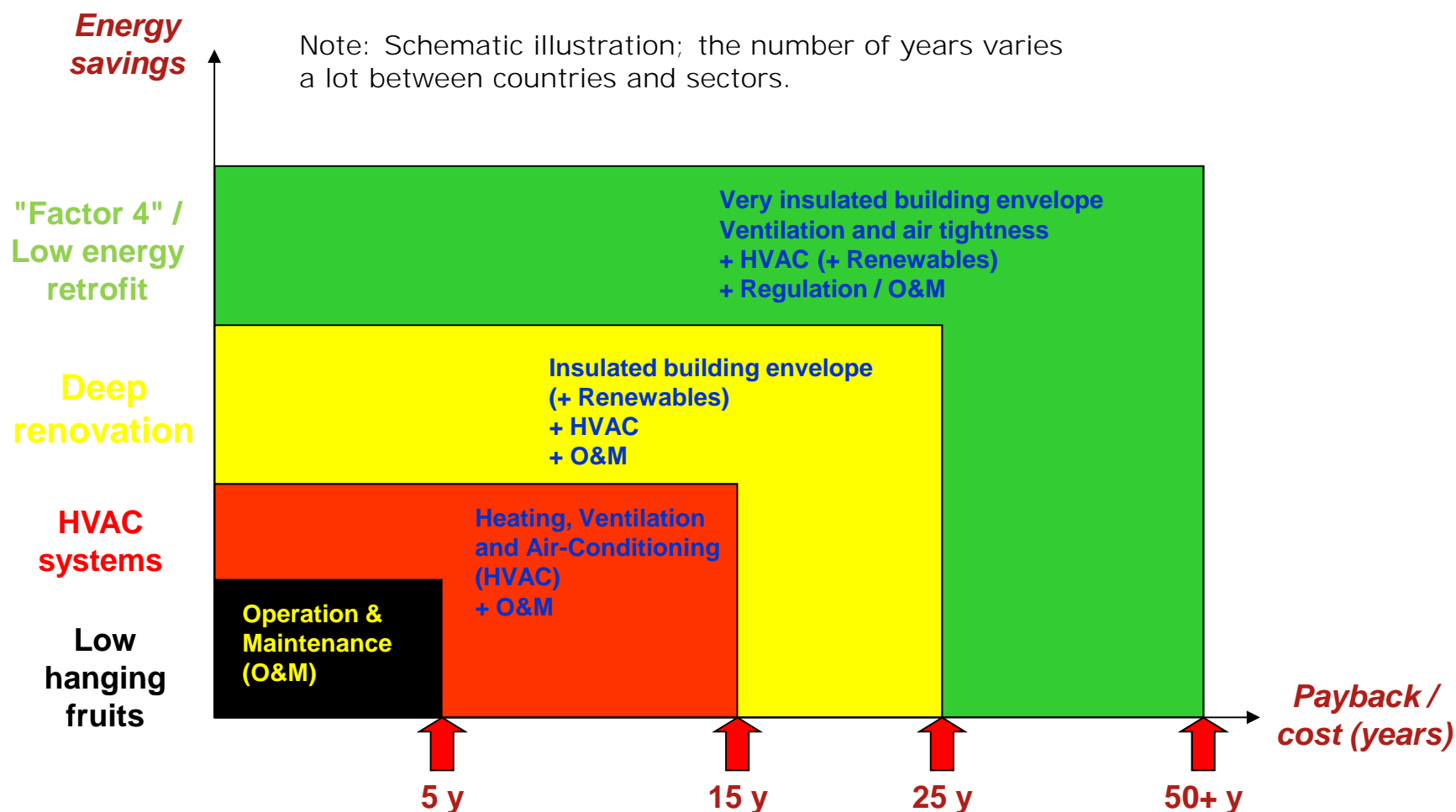
- a) Promoting the production and distribution of RES
- b) Promoting EE and RES use in SMEs
- c) Supporting EE and RES use in public infrastructures and in the housing sector (housing only ERDF)
- d) Developing smart distribution systems at low voltage levels ("smart grids")
- e) Promoting low-carbon strategies for urban areas.



Indicative actions of high EU added value

- **Innovative renewable energy technologies**, in particular technologies mentioned in the **Strategic Energy Technology (SET) Plan** and in the **Energy Roadmap 2050**, along with 2nd and 3rd generation biofuels
- Supporting **marine-based renewable energy** production
- Investment in the wider use of **Energy Performance Contracting** in the public buildings and housing sectors
- **Energy efficiency and renewable heating and cooling in public buildings**, in particular demonstration of zero-emission and positive-energy buildings, and **deep renovation** of existing buildings to beyond cost-optimal levels
- EE and RES in **SMEs**, including information campaigns
- **Integrated low-carbon strategies and sustainable energy action plans for urban areas**, including public lighting systems and smart grids

Financing deep renovation of buildings





Sustainable Energy in Buildings

Further assistance/experience

- Recast **Energy Performance of Buildings Directive** and new **Energy Efficiency Directive** provide a strong basis
- **Practical guidance** for Cohesion Policy Managing Authorities (MAs) on designing, implementing, financing and assessing investments in sustainable energy in buildings under development
- Number of innovative projects demonstrated under **ELENA Facility** and **Intelligent Energy Europe (IEE) Programme**
- Specific action on **capacity building of MAs** foreseen in the IEE Work Programme
- EIB-EPEC is on awareness-rising tour for MAs, focusing on **Energy Performance Contracting**



Implementation Principles – Energy

- Mainly private sector investment. Ensure that **public funding complements private investment**, leveraging it and not crowding it out
- EE: Consider creating **value for energy savings through market mechanisms** before public funding (energy saving obligations, energy service companies...)
- **Financial instruments** to be used where potential for private revenue or cost savings is large
- For physical investment, **grants to be used primarily:**
 - to address market failures
 - to support innovative technologies
 - to support investments beyond cost-optimal EE performance: ensure energy savings and GHG emission reductions above "business as usual"!



Financial instruments 2014-2020

Background:

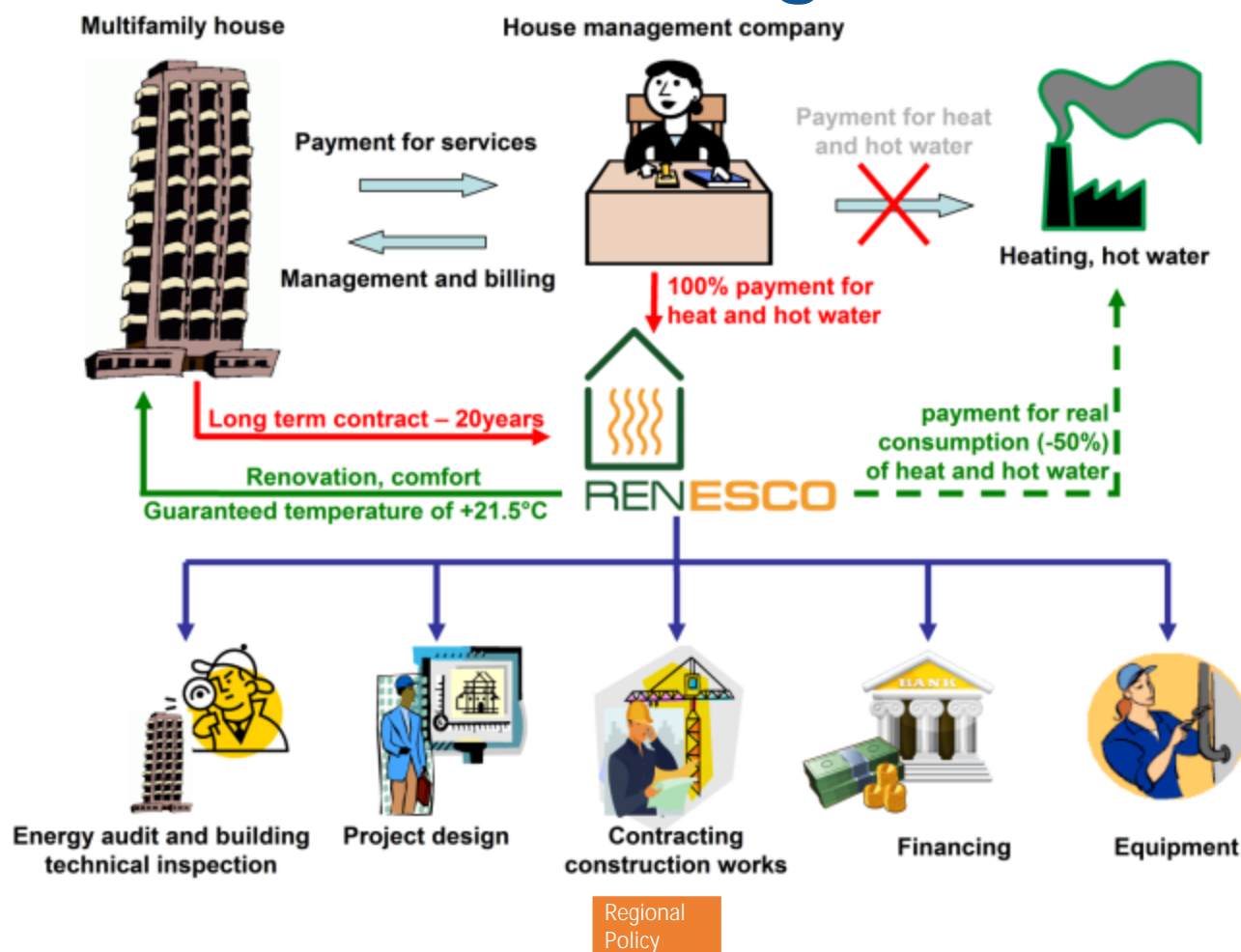
Increased importance of financial instruments in implementing EU budget resources in future (Budget review, 5th Cohesion Report, MFF)

- Ü **Objective:** Optimize “leverage” effect of grants for revenue generating and/or cost saving investments
- Ü **EU central level / "direct management":** "EU Debt and Equity Platforms" to serve as standardised rules for FIs using EU budget
- Ü **Regional Policy / "shared management":** Strengthening and expansion of FIs in the context of Cohesion Policy

European Structural and Investment (ESI) Funds legislative framework 2014-2020 to:

- Ü provide a clear set of rules, based on existing experience / guidance,
- Ü facilitate wider and more flexible use (e.g. capture synergies with grants, wider thematic scope, more implementation options),
- Ü ensure better targeting, budgeting and monitoring of FIs,
- Ü achieve compatibility with financial instruments at EU level.

ESCO Refurbishment of Residential Buildings





Commission Position Paper, Italy

Thematic Objective 4

- Reach National 2020 targets for RES, EE, GHG
 - Promote EE and RES in public buildings, housing & SMEs
 - Support to SME innovation in RES and low-carbon technologies
- Lower emissions and increase carbon sinks
 - Innovative agro-environment interventions targeted to regional/local needs
 - Reforestation & active forest management
 - Integrated, sustainable, accessible urban mobility

http://ec.europa.eu/regional_policy/what/future/pdf/partnership/it_position_paper.pdf



Regional Strategy

Regional energy targets compatible with national targets & strategy

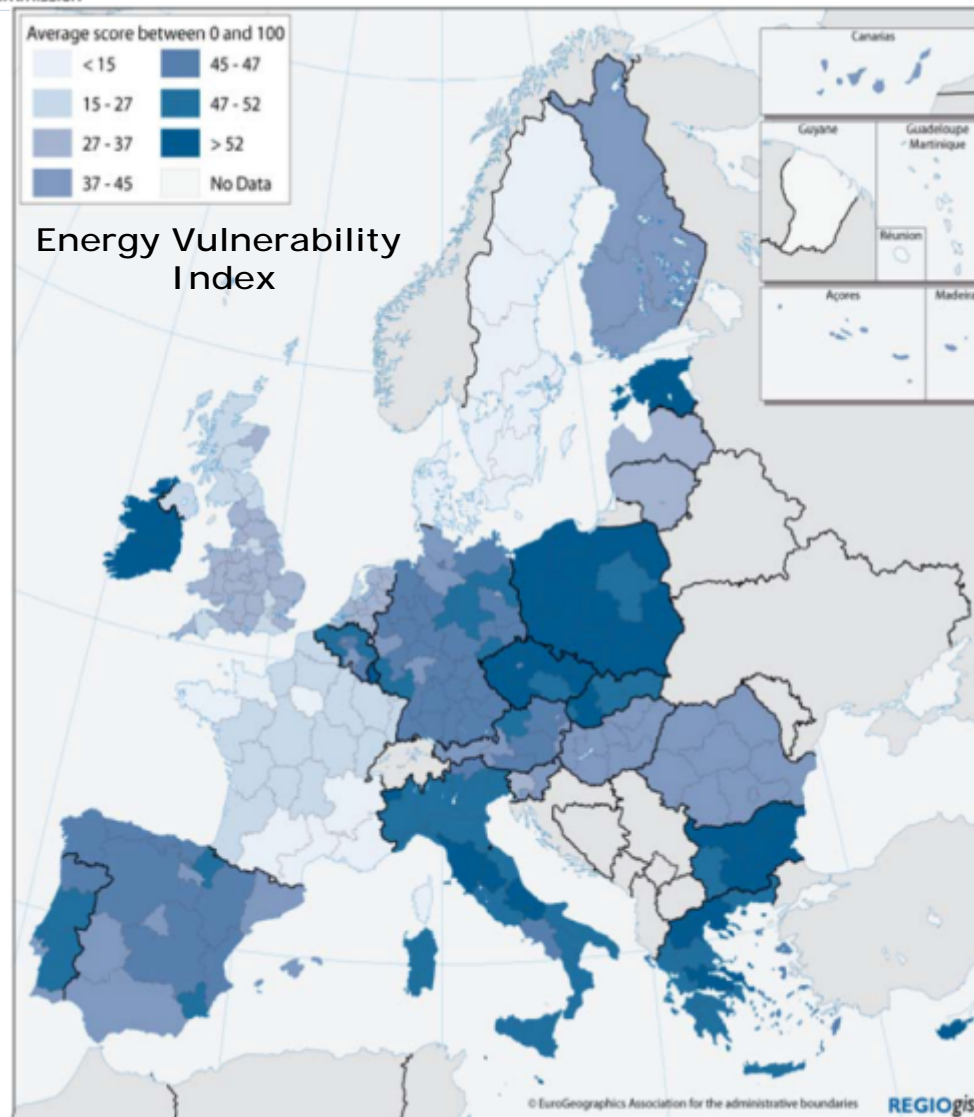
Factors:

- internal and external security of supply
- energy use and efficiency
- carbon emissions

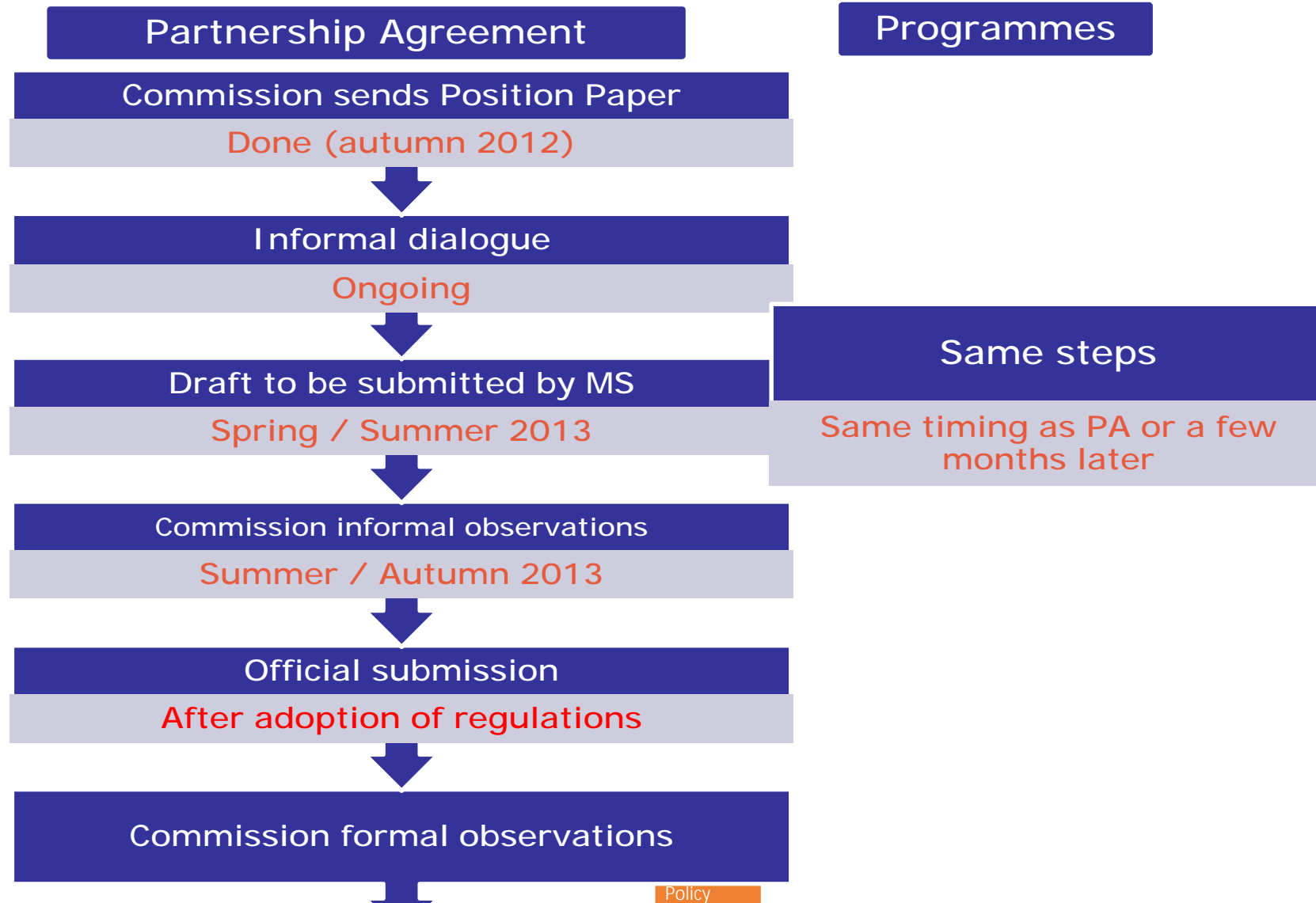
Analysis of:

- regional context (economic, social, environment)
- lessons from past experiences (own/others)
- intervention logic

European Commission



Timetable



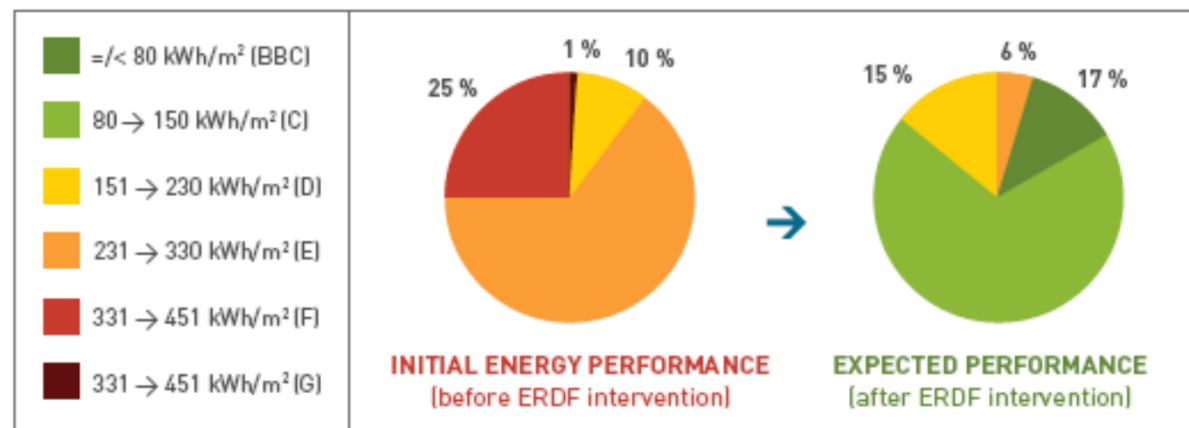
Further Examples



Refurbishment of social housing France

- § **Objective:** Refurbish high energy consuming social housing
- § **Leverage:** By April 2013, some 200 million € ERDF finance has triggered overall investment of some 1.2 billion €
- § **Scaling up:** By April 2013, some 59 000 low-income households have benefitted
- § **Economic benefits:** early results show creation / maintenance of some 16 000 local jobs, mainly in SMEs, and heating fees reduced by 40% on average
- § **Results:**

EXPECTED RESULTS:



Expected evolution on a sample of 5347 housing units in 8 French Regions. (Source : USH)

JESSICA fund in Lithuania

JESSICA Holding Fund amounts to € 227 million:

- € 127 million ERDF
- € 100 million national co-financing
- Expected later: some funds by commercial bank

Implementation started June 2010

Number of eligible apartment blocks: 24 000

Estimated cost to renovate one apartment block (60 apartments @ 50 m²): 290 000 Euro

After the modernization, one house would halve energy consumption and save 125 MWh a year

This example:

- 45 apartment multi-family building
- Insulated external walls and roof
- Windows replaced
- Glazing of balconies
- Modernization of heating substation & heating systems
- Energy efficiency improvement of 60 %





More information

Cohesion Policy Project Examples:

http://ec.europa.eu/regional_policy/projects/stories/index_en.cfm

Policy Learning Database:

http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/studies_en.cfm?nmenu=5

Expert Evaluation Network reports on RES and EE in housing:

http://ec.europa.eu/regional_policy/information/evaluations/index_en.cfm#1

JESSICA horizontal (thematic) studies:

http://ec.europa.eu/regional_policy/thefunds/instruments/jessica_horizontal_en.cfm

REGIO case study “ERDF – Promotion of renewable energy sources in Burgenland”, AT:

http://ec.europa.eu/regional_policy/atlas2007/austria/at11_en.htm

COCOF technical meeting on sustainable energy March 2011:

http://ec.europa.eu/regional_policy/conferences/energy2011/index_en.cfm

Regions for Economic Change Conference May 2010 Energy efficiency workshop (2A):

http://ec.europa.eu/regional_policy/conferences/sustainable-growth/programme_en.cfm?nmenu=4

Practical Guide to EU funding opportunities for Research and Innovation:

http://cordis.europa.eu/eu-funding-guide/home_en.html

Smart specialisation platform:

<http://s3platform.jrc.ec.europa.eu/home>

Intelligent Energy Europe Programme database

<http://www.eaci-projects.eu/iee/page/Page.jsp>

ICT-specific guide on energy efficiency:

http://ec.europa.eu/information_society/activities/sustainable_growth/ict4ee_wiki/index_en.htm

Commission Staff Working Document - Financial Instruments in Cohesion Policy

http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/financial/financial_instruments_2012_en.pdf

Thematic Factsheet on Energy as part of Commission Strategic Report 2013

http://ec.europa.eu/regional_policy/how/policy/strategic_report_en.cfm