

Energy efficiency

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Buildings are central to EU energy efficiency policy, as **nearly 40% of final energy consumption (and 36% of greenhouse gas emissions) is in houses, offices, shops and other buildings**. Moreover, the sector provides the second largest untapped and cost-effective potential for energy savings after the energy sector itself. There are also important co-benefits from making buildings more energy efficient, including job creation, fuel poverty alleviation, health improvements, and better energy security and industrial competitiveness.

The Report seeks to indicate **how financial support for energy efficiency in buildings can be improved**, in accordance with the new Directive on energy efficiency (2012/27/EU). In accordance with [Directive 2010/31/EU on the Energy Performance of Buildings](#), the report also provides the main results of an analysis the Commission is required to present on the **effectiveness of EU funding**, funds from the European Investment Bank (EIB) and other public finance institutions, and the coordination of Union and national funding.

Stimulate more effective investments: the report identifies the actions to be taken to improve the situation as regards investments in the area of energy efficiency. In particular, it suggests:

- **Strengthening the regulatory framework:** the Commission will facilitate exchanges of best practices between the Member States for the implementation of the relevant EU regulatory framework. It is **reviewing** whether **the rules for state aid** as applying to energy efficiency need to be adapted. It is developing **a common EU-wide certification scheme for the energy performance of non-residential buildings**.
- **Improving access to financing:** suggestions for improvements include more flexibility in the use of cohesion funding or even the use of public funds to provide technical assistance, to ensure the provision of loans on attractive terms.
- **Addressing market failures:** there are many market failures preventing improvements to the energy performance of buildings, ranging from technical and financial barriers to informational and behavioural hurdles.
- **Strengthening the energy services market:** the further development of the energy services market is often seen as one of the most effective ways of triggering energy efficiency measures, particularly in public buildings and industry. The Commission will progressively implement its campaign to promote and build capacity for energy performance contracting (EPC) and energy service companies (ESCOs) throughout Europe.

Main conclusions: the picture that emerges from the examination of the European building stock, the existing financial support measures for energy efficiency in buildings and the different market barriers, shows that:

- the **situation differs significantly between Member States** in terms of their building stock, the financial support measures in place and the relevant market barriers;
- although **investments in building energy efficiency are increasing** and there are many best-practice examples of instruments that are delivering cost-effective energy savings, there is **only limited information on the effectiveness of the different financial support measures**, both at EU and national levels;

- **important barriers hampering further uptake of energy efficiency investments** in buildings persist, including a lack of awareness and expertise regarding energy efficiency financing on the part of all actors; high initial costs, relatively long pay-back periods and (perceived) credit risk associated with energy efficiency investments; and competing priorities for final beneficiaries;
- if the EU is to meet its 2020 energy efficiency target and its ambitions for further savings towards 2050, it is **imperative to improve the financial support for energy efficiency in buildings**. For this to happen, it is necessary to **ensure that the regulatory framework is properly implemented, more financing is made available and key barriers are addressed**;
- although the Commission is engaged in many initiatives and activities to support these objectives, given the nature of the building stock and sector, and their responsibility for implementing the relevant legislation and addressing national market barriers, the **Member States are in the driving seat to ensure that more cost-effective investments take place**;
- the importance of a tailor-made approach to energy efficiency financing means that **close cooperation between public authorities, finance providers and the building sector is essential**;
- last but not least, **building owners will have to be convinced of the benefits of making their properties more energy efficient, not only in terms of a lower energy bill but also as regards improved comfort and increased property value**. This may well be one of the greatest hurdles to overcome in making Europe's buildings more energy efficient. However, the macroeconomic case for doing this is strong and targeted incentives and awareness raising efforts to change attitudes will be necessary. The building renovation roadmaps that Member States have to establish under the new EED will be a key tool in this context and should explicitly address these issues.