

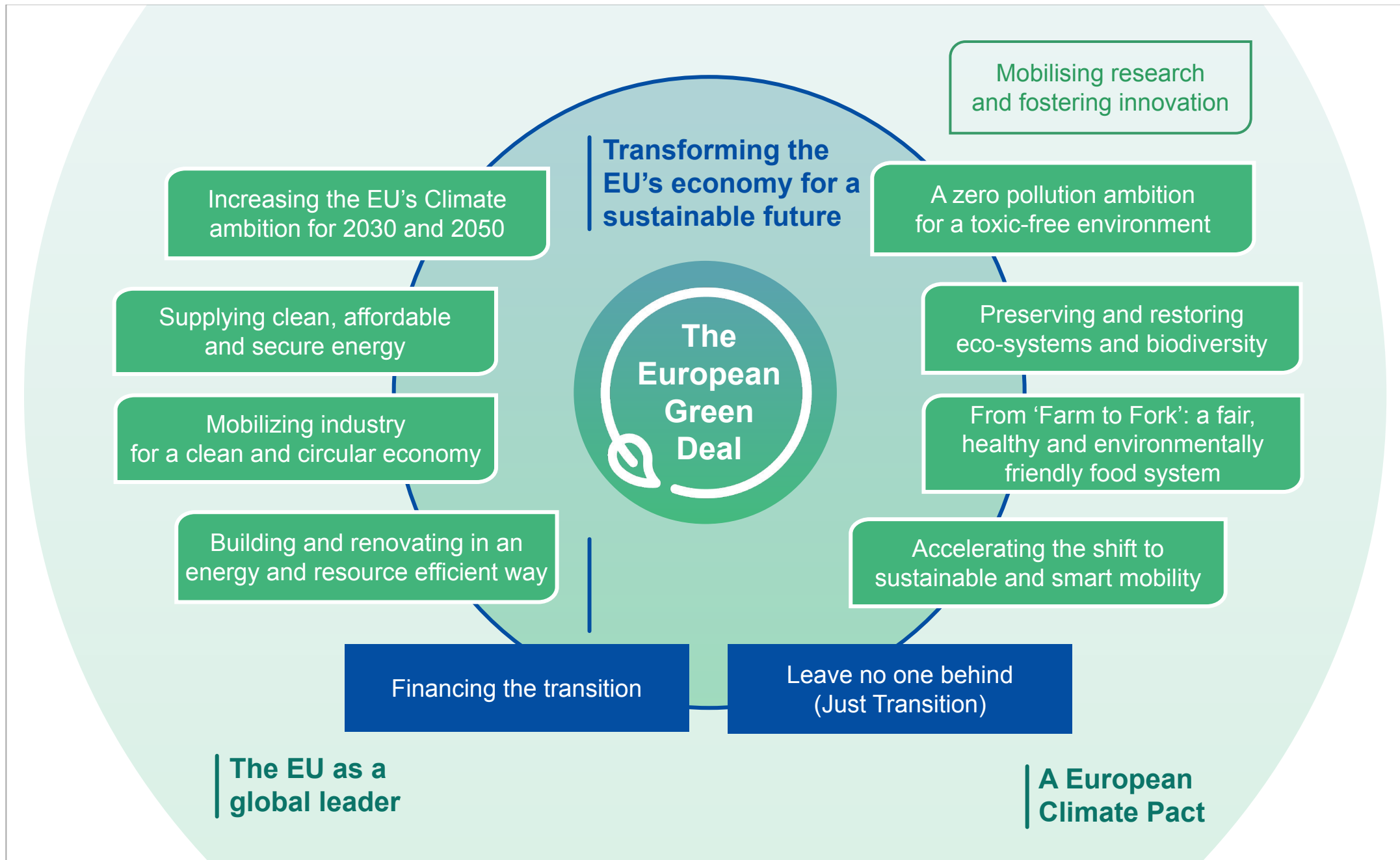
Energy Efficiency in the context of the European Green Deal

The Baltic Leadership Programme on
Energy Efficiency
4th module - Designing cooperation

Mārtiņš Zemītis, Ph.D (cand)
Economic Adviser
European Commission



The European Green Deal



The European Green Deal

Increasing the EU's Climate ambition for 2030 and 2050

- European '**Climate Law**' enshrining the 2050 climate neutrality objective in legislation **by March 2020**
- **Comprehensive plan** to increase the EU's climate target for 2030 to at least 50% and towards 55% in a responsible way **by October 2020**
- **Review and revise** where needed **all relevant legislative measures** to deliver on this increased ambition **by June 2021**
- **Carbon border adjustment mechanism** for selected sectors **by 2021.**
- A new EU **Strategy on Adaptation** **in 2020/2021**

| The EU as a
global leader

| A European
Climate Pact

The European Green Deal

Supplying clean, affordable
and secure energy

Building and renovating in an
energy and resource efficient way

- Assess the ambition of the final **National Energy and Climate Plans** **by June 2020**
- Review and revise where needed the **Renewable Energy & Energy Efficiency Directive** **by June 2021**
- **Off-shore wind** initiative in **Q4 2020**
- Review the **TEN-E Regulation**
- **Renovation wave** for the building sector **doubling the renovation rate Q3 2020**

| The EU as a
global leader

| A European
Climate Pact

The European Green Deal

- **EU Industrial Strategy** by **March 2020**
- A new **circular economy action plan** by **March 2020**, including a **sustainable products policy**
- **Clean Steel breakthrough** technologies leading to a zero carbon steel making process **by 2030**.
- Legislation on **Batteries and Circular Economy** in **2020**
- Propose legislative reforms **tackling waste**

European
Green
Deal

Mobilising industry
for a clean and circular economy

The EU as a
global leader

A European
Climate Pact

The European Green Deal

- **Zero pollution action plan** for air, water and soil **in 2021**
- Address **industrial pollution** from large industrial installations **in 2021**
- **Chemicals strategy for sustainability** in **June 2020**

A zero pollution ambition
for a toxic-free environment

The European Green Deal

- **EU Biodiversity Strategy** for 2030 in **March 2020**
- Follow up with concrete measures in 2021 to **address the main drivers of biodiversity loss**
- A new **EU Forest Strategy** **in 2020**
- Measures to support **deforestation-free value chains** **from 2020**

Preserving and restoring
ecosystems and biodiversity

The EU as a
global leader

A European
Climate Pact

The European Green Deal

- **Farm to Fork Strategy** in **spring 2020**
- Measures, including legislative, to significantly **reduce** the use of **chemical pesticides, fertilizers and antibiotics**
- Examination of the **draft national strategic plans**, to meet the ambitions of the European Green Deal and the Farm to Fork Strategy **in 2020/2021**

The
European
Green
Deal

From 'Farm to Fork': a fair, healthy and environmentally friendly food system

The EU as a
global leader

A European
Climate Pact

The European Green Deal

- Strategy for **Sustainable and smart mobility** in **2020**
- Revise the **CO2 emissions performance** legislation for light duty vehicles by **June 2021**
- **Extend EU's Emissions Trading** to the maritime sector, and to reduce the free allowances for airlines by **June 2021**
- Support **public charging points: 1 million by 2025**
- Boost the production and supply of **sustainable alternative fuels** for the different transport modes
- Review the **Alternative Fuels Infrastructure Directive** and the TEN-T Regulation in **2021**
- More **stringent air pollutant emissions standards** for combustion-engine vehicles

Accelerating the shift to sustainable and smart mobility

| The EU as a
global leader

| A European
Climate Pact

The European Green Deal

- Proposal for a **Just Transition Mechanism** and a **Sustainable Europe Investment Plan** in **January 2020**
- Initiatives to screen and benchmark **green budgeting practices of the Member States and of the EU from 2020**
- Review of the **state aid guidelines for environment and energy**, as well as other climate and energy-related guidelines **in 2021**
- Align all new **Commission initiatives in line with the objectives of the Green Deal** and promote innovation **from 2020**
- Stakeholders to identify and **remedy incoherent legislation** that reduces the effectiveness in delivering the European Green Deal from 2020
- Review of the **Non-Financial Reporting Directive** **In 2020**
- Integration of the **Sustainable Development Goals in the European Semester** **from 2020**

Financing the transition

Leave no one behind
(Just Transition)

| The EU as a
global leader

| A European
Climate Pact

The role of energy efficiency policy...?

- ☐ **Energy Efficiency First principle considered as priority**
- ☐ **Implementation of the existing legislation to achieve the agreed 2020 and 2030 targets**
- ☐ **Assessment of the National Energy and Climate Plans**
- ☐ **Review of the ambition for energy efficiency in view of a higher climate target for 2030 (Directive 2012/27/EU)**
- ☐ **Renovation Wave and New Ecodesign Working Plan**
- ☐ **Possible areas of cooperation in the context of the BEMIP (exchange of best practice)**
- ☐ **Financing for energy efficiency**

Energy Efficiency First principle considered as priority

When to be applied?

To be considered before and also during the course of:

- **Planning (e.g. NECPs)**
- **Policies and measures**
- **Investment decisions**

- concerning in particular **energy infrastructure**
- policies and measures in the area of **energy security** and **internal energy market** (Annex I part I of GOV)
- all decisions about energy system development be that **homes, offices, industry or mobility**

➡ ***MS should explain how the principle is embedded in the NECP's overall strategy – and also setting up a process to safeguard the principle including monitoring.***

Energy Efficiency First principle considered as priority (2)

EEF – defining policies and measures

- Putting in place processes for assessing each energy planning and investment decision against a robust energy efficiency scenario (and report in the NECP on the results).
- Assess each measure (especially those related to energy security and internal energy market) against an EE measure, which would allow reaching the same objective.
- Comparing the costs and benefits of solutions improving energy efficiency versus supply-side investments in energy (electricity, fuels, heating, cooling and ventilation) on a fair basis.

The Commission is working on a "standard" methodology / guidance for the application of the principle in preparation to be used for "an 'EEF test'"

❑ Full implementation of the existing legislation and the achievement of the agreed EE targets

- Achieving the EU EE 2020 target – through e.g. delivering energy savings obligations under Art. 7 of EED – new savings each year in demand side - buildings, transport etc.).

=> “Task Force on mobilising efforts to achieve the 2020 targets

- Implementing the NECPs – policies and measures to achieve the EU target for 2030 (upcoming transposition deadlines in 2020 for the amended EPBD and the EED).
- Reporting and monitoring under the Governance Regulation (1st report by the Member States by 15 March 2023).
- **Before** => assessment of the NECPs to check the ambition to the 32.5% target level for 2030 (June 2020).

=> “Gap filling” mechanism under the Governance Reg.

❑ EE contribution to a higher climate ambition (of 50%-55%) for 2030, in view of a carbon neutral economy by 2050

Higher ambition for energy efficiency for 2030 - review and revise, if necessary, the Energy Efficiency Directive (June 2021)

The EED review will aim to assess:

- Whether the EED is fit to deliver on a higher climate ambition (evaluation) – link to the Comprehensive Plan for 50-55% climate target for 2030.
- Explore which measures at EU level would allow reaping cost-effective energy savings potential to reach this ambition.
- Explore how other sectors (e.g. ICT, agriculture) could contribute to achieve a higher ambition (also through the EEF).

Renovation wave to improve energy performance of buildings

❑ Buildings - key priority under the European Green Deal

- The Initiative will aim to outline an integrated strategy for renovation, with an action plan to address main barriers and reinforce “pull” factors (3Q 2020).
- Will offer an Open Platform, bringing together buildings and construction sector, architects and engineers, and local authorities.
- Will have synergy with the Climate Pact, (focus on citizens' engagement initiatives, awareness and building support for deep building renovation across Europe).
- Will also include innovative financing schemes under InvestEU.

Buildings are responsible for 40% of EU energy consumption and 36% of the GHG emissions, mostly for heating and cooling, and 50 mln struggle to keep their homes adequately warm

❑ Regional cooperation in the context of BEMIP (exchange of best practice)

Compliance and enforcement of EU law

To ensure the implementation of the existing legislation in particular **Art.7 EED on energy savings obligations** via:

- Strengthening the existing measures – focus on monitoring and verification (e.g. EEOS)
- Designing new measures – Annex III of Governance, including measures targeting energy poverty (focus on 2021-2030)

❑ Regional cooperation in the context of BEMIP (exchange of best practice)

..developing joint innovative approaches...

Explore new approaches to **boost “mini-renovations” of heating systems in old multi-family houses** where comprehensive renovations are not planned in near future.

- ❑ Aim: tap potential savings from **hydraulic balancing, thermostatic radiator valves** and **heat cost allocation** (link to Art. 9(3) EED).
- ❑ Organise **joint framework procurement processes** to:
 - Scale up market, attract/build up supply side capacity & lower costs
 - Set min. technical and process requirements to ensure adequate quality
 - Include technical assistance, and (private) financing as optional add-on
 - Offer buildings “ready to go package”

❑ Regional cooperation in the context of BEMIP (exchange of best practice)

Unlocking private financing...

Sharing good practices:

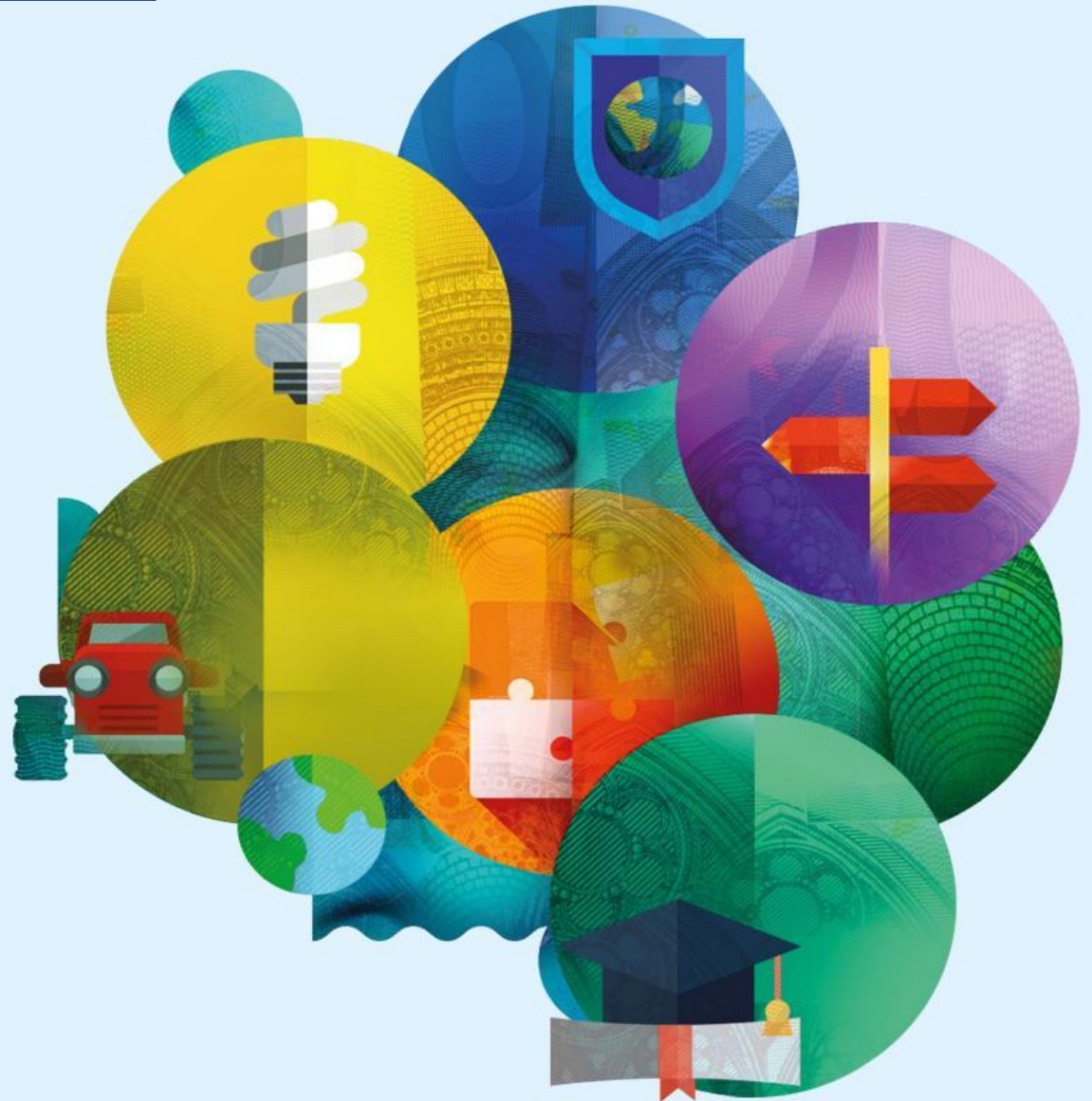
On how to **unlock private financing** for energy efficiency investments using innovative financing instruments and

On how to **reduce the investment gap and accelerate the rate of renovation** of existing buildings by more efficient use of both public and private resources.

Key input :

The **study “Benchmarking for mobilising investments in energy efficiency”** (Oct. 2018 – Sep. 2021) aims to benchmark different energy efficiency market practices in the MS in specific fields (renovation concepts, financial instruments to unlock private financing, efficient district heating systems) and to develop concept paper on technical assistance.

Sustainable Europe Investment Plan and Just Transition Mechanism



1. Fund

Mobilise at least EUR 1 trillion of sustainable investment over the period from 2021 to 2030 at the level of the Union!

- 25% of the European Budget for climate-related purposes; a higher share than ever before.
- Use of InvestEU to leverage private and public investments in sustainability.
- The Just Transition Mechanism and Fund to ensure that no one is left behind.
- The EIB as the EU climate bank.

2. Enable

Enable the transition through targeted actions in areas that directly touch upon investment decisions of private investors and public entities.

- Sustainable finance: implementation of EU Taxonomy; EU Green Bond Standard and renewed strategy.
- Sustainability part of the European Semester and benchmarking of green budgeting practices.
- Renewed push on green public procurement (incl. min. targets)
- Review of relevant state aid rules.

3. Execute

Assist project promoters to prepare, develop and implement sustainable projects; support public administrations to identify investment needs and organize relevant measures.

- Through the Reform Support Programme, the Commission will support Member States in identifying needs and organising relevant resources.
- Target advisory facilities under the InvestEU Advisory Hub for sustainable investment.
- Sustainable Procurement Screening' instrument for public infra.

Thank you!

