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Horizon 2020 Energy Efficiency Call for Proposals 2019

Topics EE-11 & EE-02

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Energy

Energy refurbishment of buildings is a priority



(1): Depending on the country.

(2): Source: PRIMES. In billion EUR'10 / year.

- Buildings represent
 - 40% of energy consumption and
 - 36% of GHG emissions in the EU
- Only 0.4 - 1.2%⁽¹⁾ of the stock is renovated each year
- EUR 282 billion⁽²⁾ shall be invested each year in buildings refurbishment to reach 2030 EU targets
 - Additional EUR 132 billion required annually compared to projected spending volumes
 - EUR 214 billion/year in the housing sector only (EUR 87 billion additional)



Financing challenge

- Most of the (additional) financial burden to be carried by the private sector (*i.e. households and businesses*)
- Lack of attractive financing products from the market
- Subsidies are not at scale, and perceived as cumbersome
- Even if subsidies exist, measures must be pre-financed



Aggregation – Project Development Assistance (EE-11)





Aggregation - Project Development Assistance

Call H2020-LC-SC3-EE-11-2018-2019-2020

- **Build** technical, economic and legal **expertise** needed for project development
- **Develop organisational innovations** and minimise transaction costs
- High degree of **replicability**
- **Remove** legal, administrative and other market **barriers**
- **Aggregate** (pooling, bundling) **projects** to reach critical size
- **Mobilize private finance**

H2020 PDA: main features

- Sectors targeted:
 - Public and private buildings
 - Industry and services
 - Urban transport
 - Existing infrastructures (street lighting, water/wastewater)
- **Investments launched** before end of the action!
- **1:15 leverage ratio**

- EU contribution: 100%
- Budget: EUR 6 million

Deadline: 3 September 2019

H2020 PDA - Who do we target?

- Public and private project promoters
 - public authorities or their groupings,
 - public/private infrastructure operators and bodies,
 - energy service companies,
 - retail chains,
 - large property owners and
 - services/industry

• Proposals from 1 single entity are eligible!

H2020 PDA - Organisational innovation

- Innovation in the **mobilisation of investment programme**: bundling, pooling, framework contracts, stakeholder engagement, community finance...
- Innovation in the **financial engineering**: alternatives to traditional financing (by public authorities: direct financing or subsidies)
 - Soft loans; Energy performance contracting (with third-party financing); Public ESCO's; Investment funds on energy efficiency (Jessica / ERDF...); on-bill or on-tax finance; or anything relevant!
- Innovation can also mean: **new target sectors, higher levels of ambition** (e.g. EPC's for low-energy retrofitting of buildings)

Credibility

- You should demonstrate sufficient **project maturity** (starting point)
- The final beneficiaries (signing the investment contracts) should be involved

H2020 PDA - Success rates over past years

Proposals	Evaluated	Funded	Success rate
2016	14	5	36%
2017	16	5	31%
2018	10	6	60%

2020 TOGETHER

Refurbishment of public buildings and street lighting in the Piedmont Region (IT) - **Completed**



- Triggered EUR 12.5 million of energy investments
 - Change & management of heating systems in 118 buildings owned by the city of Torino
 - Energy refurbishment of 18 public buildings owned by 5 small municipalities
 - Bundling of 3,000 lighting points in the city of Torino and 6 small municipalities
- Achieved leverage factor of 1:26

- Innovation
 - "Joint Procurement" of innovative Energy Performance Contracts (EPCs)
 - Third Party Finance involving an ESCO and financial institutions
- Replication potential
 - Joint procurement and EPC in public buildings
 - Make PPP and Third Party Investment a common practice

<https://goo.gl/NcrnMi>

IEE-MLEI Project 13-841



RHODOSHOP

Refurbishment of public buildings and street lighting in the Rhodope Region (BG) - **Ongoing**

- Follow-up of **Cityinvest**
- Set-up a one-stop-shop to act as a procurement agency on behalf of public authorities
- Undertake energy retrofitting works in their buildings and street lighting
- Trigger a total of EUR 13.2 million investment (*leverage 1:28*)

Project website not available yet

- Innovation
 - Establish a "Project Development Unit "
 - Capacity building
 - "Joint Procurement" of innovative Energy Performance Contracts (EPCs)
- Replication potential
 - Build on the experience of GRE-Liege financial model RENOWATT
 - Model largely replicable in Eastern Europe

Horizon 2020 project 748425



Project Development Assistance - Call 2018 selection of proposals:

- Integrated approach at district level using project aggregation and on-bill financing to accelerate energy renovations of public buildings, social housing, private homes and commercial buildings.
- Improve the energy efficiency of 40 residential and 8 public buildings in several municipalities through the creation of a one-stop shop helpdesk.
- Pooling projects for the energy efficient retrofitting of multifamily buildings and developing innovative end-user engagement strategies and financial schemes.
- Develop and implement a sustainable public real estate management office for the public sector with the aim to facilitate and mobilise large-scale sustainable investments in public real estate.
- Deep energy retrofitting of buildings achieving nZEB standards, refurbishment of public lighting and introduction of e-mobility in public fleet in one municipality in South-Eastern Europe.
- Increase access to finance for projects of energy service companies (ESCOs) by setting up a matchmaking platform, which will analyse investment projects and put them in contact with potential investors.

44 PDA projects

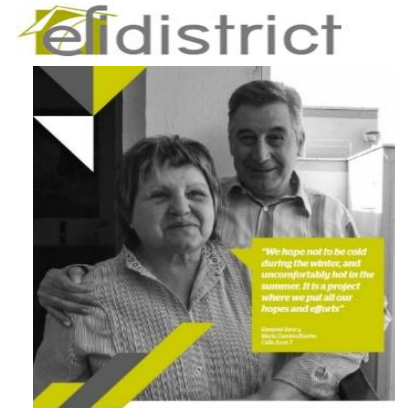
- supported under Horizon 2020 since 2014
- 2014 PDA projects: <http://europa.eu/!Mj83GK> (EE-11-2014)
- 2015 PDA projects: <http://europa.eu/!hX94qJ> (EE-11-2015)
- 2016 & 2017 PDA projects: <http://europa.eu/!nd94rd> (EE-22-2016-2017)
- *2018 PDA projects (under preparation)*
- supported under Intelligent Energy Europe from 2011-2013
<https://ec.europa.eu/easme/sites/easme-site/files/mlei-projects-2011-12.pdf>

Integrated Home Renovation Services (EE2)



A “human” challenge

- Home renovation schemes need to start from the "person"
- Consumer decisions are articulated around comfort, health, property value
- Finance is not (the only) key by itself, but integration of services is – including construction sector
- Non-financial barriers can undermine the financing scheme and shouldn't be overlooked



Home renovation and weddings have a lot in common



- One single logically connected project
- Involving a large number of non-coordinated actors
- Little incentive for “capacity building”
- There is value in coordinating an “integrated offer”



Integrated Home Renovation Services

Call H2020-LC-SC3-EE-2-2018-2019



- Create, expand or replicate “one-stop-shops”
- Single entry point to cover the whole “customer journey”
 - *Incl. structuring and provision of finance*
- Facilitate the access of local professionals to final customers through strong and trustworthy partnerships

Deadline: **3 Sept. 2019**

Energies POSIT'IF

Deep renovation of multi-family buildings in Ile-de-France (FR) -
Completed



- Introduction and demonstration of a new, highly effective business model for deep retrofit of multi-family buildings in the French renovation market
- Innovative all-inclusive "Design-Implement-Operate" package with guaranteed energy savings and Third Party Financing

- 42 contracts signed, of which 8 condominiums (2,127 homes) currently refurbished leading to EUR 35 million of energy investment
- First EFSI loan with EIB over EUR 100 million on energy efficiency

Main differences between topics EE-2 and EE-11

- SCOPE:

- EE-2 targets solely the private residential sector
- EE-11 scope is broader

includes social housing, public, private and tertiary buildings, industry and services, urban transport and existing infrastructures (e.g. street lighting, water/wastewater).

- IMPACTS:

- EE-2: Integrated services shall be operational by the end of the project, at the latest
- EE-11: energy investment must be triggered within project duration.

Key features for a successful proposal

- **Adequate analysis**
of the market needs and barriers to overcome
- **Clear and detailed concept** answering the real needs of market actors – a good idea is not enough!
- **Solid impact**
based on credible quantitative and qualitative estimations, incl. sound baseline, realistic assumptions and clear effort to monitor and report
- **Engagement of market actors**
at proposal stage and during the whole duration of the action – in particular financial institutions
- **Clear viability**
of the solution(s) envisaged

Projects selected under call 2018

- Integrated home renovation service in France, Ireland and Spain, based on existing successful models (Izigloo, Operene, Energiesprong, BetterHome and SIRE)
- One-stop-shop for the private homeowners and building managers in an Austrian city, bringing together existing services in a comprehensive combination
- Integrated home renovation service for condominiums and detached houses in a Spanish region, setting-up 17 new local offices focused on vulnerable districts and households, and linking to a guarantee fund and on-tax financing
- One stop shop for condominiums in 2 cities in Italy and Romania, building on previous experience under MLEI PDA funding



More information

- H2020 participant portal
 - LC-SC3-EE-2-2018-2019 topic description: <https://goo.gl/iZer9U>
 - LC-SC3-EE-2-2018-2019 FAQs: <https://goo.gl/cGRZd1>
 - LC-SC3-EE-2-2018-2019 **Dedicated Webinar**: <https://youtu.be/83wFiDSirul>
 - LC-SC3-EE-11-2018-2019-2020 topic description: <https://goo.gl/nQajqR>
 - LC-SC3-EE-11-2018-2019-2020 FAQs: <https://goo.gl/sMXnj5>
- H2020 Online Manual: <https://goo.gl/qKb8bo>
- SEI Forums Webpage: <https://goo.gl/csmFQb>
 - Proceedings from all events
 - Webinar: “Financing Home Renovation in Europe”: <https://goo.gl/pWAucs>
 - Webinar: “Home renovation in Europe: The User Perspective”: <https://goo.gl/bV3ENy>
 - Webinar: “Renovation of Public Buildings in Europe”: <https://goo.gl/ejB1j4>
- Questions & Answers: EASME-Energy@ec.europa.eu

Thank you!

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www.ec.europa.eu/easme/energy

