

# Event Report

# Financing Energy Efficiency



EUROPEAN ALLIANCE TO  
**SAVE ENERGY**

*Creating an Energy-Efficient Europe*

**Date:** 25th September 2024

**Location:** Brussels

**Moderated by:** Monica Frassoni, President, EUASE

## INTRODUCTION

The event “Financing Energy Efficiency” brought together experts from EU institutions, civil society, and the private sector to discuss the ongoing challenges and opportunities for financing energy efficiency improvements across Europe. As the EU prepares for the revision of the Multiannual Financial Framework (MFF) in 2025, the conversation centered around how to mobilize sufficient resources, improve the implementation of existing funds, and engage private investors to meet the EU’s energy transition goals.

## OPENING REMARKS

The moderator underscored the importance of energy efficiency within the broader EU agenda, particularly at a time when resources are increasingly strained due to rising interest in defense and security expenditures. The central focus of the event was to explore how EE could be financed more effectively, ensuring that the EU remains on track to meet its climate objectives while also enhancing its competitiveness.

## KEY DISCUSSION THEMES

The event was structured around several key clusters of discussion, reflecting the interconnected nature of the challenges facing the financing of energy efficiency. Each theme touched on critical aspects of the financial, regulatory, and social dimensions of energy efficiency.

### 1. The MFF Revision and Strategic Priorities for Energy Efficiency

A significant portion of the discussions focused on the upcoming MFF revision and its implications for energy efficiency financing. The framework document, expected to be finalized by May/June 2025, will set the overall priorities for EU funding. However, much remains uncertain, particularly regarding the specifics of funding allocations for energy efficiency and climate action.

The Competitiveness Fund was highlighted as a potential new resource, although details are still unclear. It was stressed that, while competitiveness as a concept is not new, the current push for a new industrial policy (the upcoming Clean Industrial Deal) and fresh funds to support it marks a significant shift in the Commission’s discourse. Yet, participants noted that past budget cycles have shown that energy efficiency investments alone have not been enough to meet climate goals.

A key takeaway from these discussions was the need to phase out fossil fuel subsidies that still exist within some national energy efficiency programs. Several speakers pointed out that energy efficiency measures are currently not achieving their full potential because of these contradictions, and urged the EU to address this issue head-on during the next budget cycle.

The conversation also covered the supply-side constraints impacting the energy efficiency sector, particularly labor shortages and the long timelines required for renovation projects. These challenges, it was suggested, could be alleviated by reforms in labor policies and efforts to expand the pool of skilled workers available for energy efficiency renovations.

## 2. Resource Allocation and Energy Poverty

A recurring theme in the discussions was the need to ensure that the available financial resources are used in a way that effectively targets the most vulnerable populations. It was noted that, in many Member States, energy efficiency programs fail to adequately reach energy-poor households. These groups often lack the resources to co-finance the 25-30% required for renovations, leaving many projects inaccessible to those who need them most.

Participants called for new financial instruments at the EU level that would specifically support low-income households and those without the savings or credit to finance energy efficiency improvements on their own. Several speakers pointed out that cohesion policy, despite its focus on reducing regional disparities, has not fully addressed the needs of energy-poor populations, particularly in less developed regions.

Additionally, there were concerns about the middle-class households who also face barriers to accessing energy efficiency financing. These groups, though better off than the energy poor, still struggle with co-financing requirements, and participants suggested that more flexible financial solutions are needed to bridge this gap.

## 3. Cohesion Policy and Administrative Simplification

Discussions also focused on the role of cohesion policy in promoting energy efficiency, particularly through the 2021-2027 Cohesion Fund, which dedicates one-third of its budget to climate action, including energy efficiency. The Energy Efficiency First (EE1st) principle was underscored as a key guiding framework, ensuring that funds are prioritized for energy-saving measures.

However, participants raised concerns about the administrative complexity of accessing EU funds, particularly for smaller projects, organizations and SMEs. There was widespread agreement that simplifying the expenditure rules—for example, by adopting flat-rate financing based on historical data—could significantly reduce the burden on beneficiaries and improve absorption rates.

France's Energy Performance Certificate (EPC) system was cited as an example of how to simplify the reimbursement process, tying the release of funds to measurable energy performance improvements before and after renovations. This approach could serve as a model for other Member States looking to streamline their processes.

## 4. Market Barriers and Private Sector Mobilization

A major point of discussion was the role of the private sector in financing energy efficiency. While the EU has committed significant public resources to this cause, it was acknowledged that these funds alone are not sufficient to meet the scale of the energy transition challenge.

It was emphasized that the private sector, particularly banks and other financial institutions, must play a larger role in financing energy efficiency projects. However, participants noted that demand for green financial products—such as green mortgages and zero-interest loans—remains low. This is partly due to a lack of awareness among consumers about the potential long-term savings from energy efficiency improvements.

Speakers also pointed out the need for better data transparency and digital tools to help consumers and investors understand the benefits of energy efficiency. Initiatives like sensor-based technologies to measure the real-world impact of energy efficiency renovations were discussed as potential game-changers in increasing both public and private investment.

## 5. Addressing Technical and Administrative Challenges

A recurring theme throughout the event was the administrative and technical challenges faced by beneficiaries of energy efficiency funds. The One-Stop Shop (OSS) model was discussed as an essential tool for simplifying access to financing, particularly for smaller municipalities and businesses that often struggle to navigate the complex regulatory environment.

OSSs not only provide technical support but also offer capacity-building training to help project developers and administrators improve the quality of their proposals and implementation plans. Participants called for the expansion of the OSS model to more Member States, particularly those in southern Europe, where the capacity to deliver energy efficiency projects is often more limited.

## ANALYSIS AND KEY TAKAWAYS

Throughout the event, several key themes and challenges were highlighted regarding the financing of energy efficiency in the EU:

### 1. Financing Gaps and Implementation Challenges

Despite the EU's significant commitment to energy efficiency, there remains a large funding gap—estimated at €418 billion<sup>[IO1]</sup>—needed to renovate the EU's building stock. Without more targeted financial solutions for low-income and energy-poor households, many of these groups will continue to be left behind. Moreover, the absorption of available funds is hindered by administrative and technical challenges, requiring further simplifications in how beneficiaries access EU funding.

### 2. Targeting the Right Beneficiaries

One of the most pressing challenges identified was the failure to effectively reach vulnerable groups with energy efficiency financing. New financial instruments are urgently needed to support low-income homeowners who cannot afford renovation costs. Current financing models, which often rely on co-financing from the beneficiaries, are insufficient for these groups and must be adapted to better meet their needs.

### 3. Leveraging Private Sector Investments

While public funding is essential, it is clear that private sector investments will be necessary to fill the financing gap. However, consumer demand for green financial products remains low, highlighting the need for public awareness campaigns and greater transparency in energy performance data to drive investment.

### 4. Administrative Simplification

Simplifying the administrative procedures for accessing EU funds was a recurring theme. One-Stop Shops offer a promising solution to streamline the process, but they need to be scaled up and expanded across more regions to ensure broader access. The success of Energy Performance Certificate (EPC) systems in simplifying reimbursement in countries like France provides a potential model for other Member States.

### 5. Phasing Out Fossil Fuel Subsidies

A crucial element of ensuring the effectiveness of energy efficiency funding is the elimination of fossil fuel subsidies. Without addressing this issue, energy efficiency investments will continue to fall short of their potential impact, as they remain intertwined with unsustainable practices in some Member States.

## CONCLUSION AND RECOMMENDATIONS

The event provided a comprehensive overview of the challenges and opportunities in financing energy efficiency within the EU. As the MFF revision approaches, stakeholders must work together to ensure that public and private resources are aligned with the EU's energy efficiency goals.

Key recommendations include:

- Eliminating fossil fuel subsidies within national energy efficiency programs.
- Expanding the One-Stop Shop model to provide more accessible technical and financial support across Member States.
- Introducing new financial instruments to support energy-poor households and low-income homeowners.
- Increasing consumer awareness around the benefits of energy efficiency to drive demand for green mortgages and zero-interest loans.
- Continuing to mobilize the private sector to ensure that energy efficiency projects are fully funded and successfully implemented.