



**CONCERTED ACTION
ENERGY EFFICIENCY
DIRECTIVE**

Financing renovation of 3% of central government buildings

Executive Summary

WGR 4.2 – FINAL

**Core Theme 4
Working Group Report 2**

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This research aims to assist Member States (MS) in identifying appropriate funding sources and schemes to finance the renovation of central government buildings. It relates to their obligation under Article 5 of the Energy Efficiency Directive (EED) to ensure that, as from 1 January 2014, 3% of the total floor area of heated and/or cooled buildings owned and occupied by central government is renovated each year, or equivalent savings are achieved by an alternative approach.

The research is based on three information sources:

- a literature review of previous studies related to financing the renovation of public buildings
- responses to a questionnaire which asked MS about their current situation, good practice examples and future plans related to the renovation of public buildings. 27 responses were received from MS.
- discussions during a meeting in Vilnius in October 2013 involving participants from all MS.

The **literature review** identified a number of studies related to the topic (see “References” section for details). This review identified several financial sources at EU level applicable to the renovation of public buildings:

- EEEF - European Energy Efficiency Fund
- JESSICA - Joint European Support for Sustainable Investment in City Areas
- ELENA - European Local Energy Assistance

The above sources, however, provide only limited support compared to the total amount of investment that is needed.

The main financing opportunities for MS are:

- EU Structural and Cohesion Funds, the use of which depends on the priorities of the respective MS, and;
- financing options at national, regional and local level, including both public and private financing.

The **questionnaire responses** provide many useful findings. They reveal how management of the renovation of government buildings is structured in each MS. Additionally, the responses indicate the importance of grants, especially those provided by EU and national (State-level) sources, compared to other forms of financial support for renovation. Furthermore, many MS are unable to estimate either the current annual rate of public building renovation or the current annual level of financing for this work. Where MS were able to estimate these levels, both the current rate of renovation and the current level of financing are well below the levels needed to meet the 3% target.

In their responses to the questionnaire, 8 MS provided successful examples of how public building renovation can be financed.

Finally, within the questionnaire, MS shared their future plans for financing their obligations under Article 5. It is worrying that more than one-third of the countries responded (in August 2013) that they had no plans and two-thirds that they had not made any estimation about the funds needed. Most MS expect that the most serious problem they will face in relation to implementing Article 5 is lack of funding. Other common problems are the lack of capacity to create the financial plan and accounting difficulties.

At the **meeting in Vilnius**, the three above-mentioned problems/barriers were discussed. A brainstorming session was held to identify solutions. Additionally, presentations were delivered on the following topics:

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- examples from current experiences of financing the renovation of central government buildings;
- using energy performance contracting (EPC) to optimise energy consumption in central government buildings in a MS;
- the experience of a MS's Energy Efficiency and Renewable Sources Fund in financing public building renovation projects and energy services companies (ESCOs) delivering such projects;
- the MS approach to financing of the renovation of 3% of central government buildings.

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The Concerted Action for the Energy Efficiency Directive (CA EED) was launched by Intelligent Energy Europe (IEE) in May 2011 to provide a structured framework for the exchange of information between the 29 Member States during their implementation of the Energy Efficiency Directive (EED).

For further information please visit www.esd-ca.eu or contact the CA EED Coordinator Lucinda Maclagan at lucinda.maclagan@agentschapnl.nl



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