



# Policy Solutions for Mitigating Energy Poverty: The green renovation wave



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**Interreg  
Europe**



European Union | European Regional Development Fund



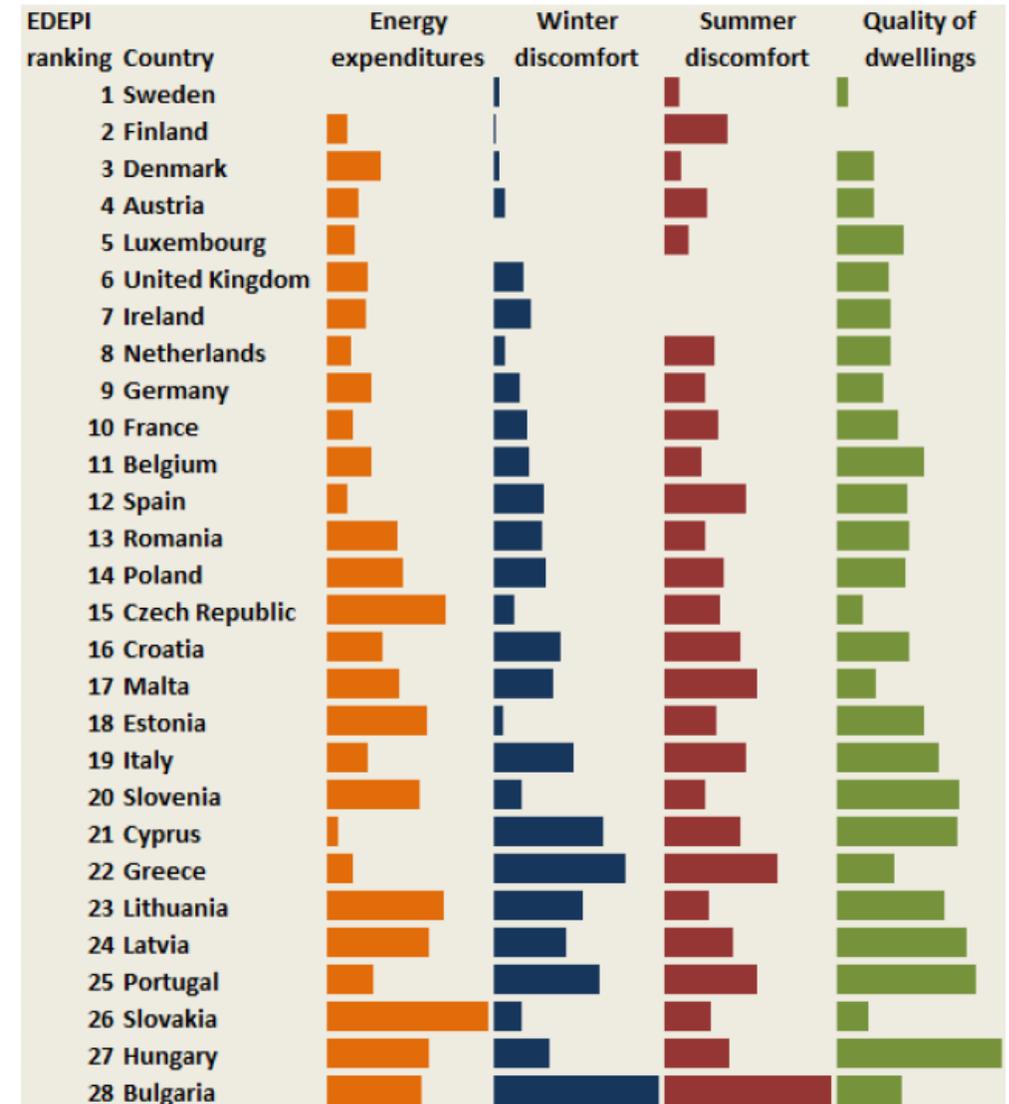
# Overview

1. Tackling energy poverty through policy: trends and key challenges
2. Policy pathways for the future



# Energy Poverty

- Symptoms:
  - Summer and winter thermal discomfort
- Causes:
  - Thermal inefficiency of buildings
  - Energy expenditure (energy prices & consumption)
  - Income levels (e.g. hidden energy poverty)
- Magnitude:
  - Affecting almost 50 million people in Europe, impacting wellbeing and public budgets allocated to welfare payment and health.





# Key Challenges

- 1. Lack of unified, strategic and evidence-based approach for mitigating energy poverty**
  - Lack of national energy poverty definitions or strategies
  - Poorly developed evidence-based knowledge
  - Investment in better quality homes is slower than necessary
- 2. Costly short-term policy solutions win-out over long-term and strategic ones (Housing Europe, The State of Housing, 2019)**
  - Social welfare support delivered should not prevent governments from addressing energy efficiency measures. They can lead to significant savings on the long-term
  - Between 2009 and 2015, expenditure on housing allowances in the EU has increased from €54.5bn to €80.8bn
- 3. Coordinating and scaling energy efficiency improvements are challenged by the institutional structure of the housing sector**
  - Variance throughout Europe
  - Dependence on a patchwork of policy solutions involving regional and local actors



# A policy path for the future



Increased annual investment in building retrofits :

- Over €100 Billion/year (BPIE, 2017)

In Central, Eastern and Southern Europe:

Cohesion Fund Spending:

**4.35%**

Demand-side interventions

**95.65%**

Supply-side interventions

Cohesion Fund Spending:

**94%**

No-repayable Grants

**6%**

Financial Instruments





# A policy path for the future



Increased annual investment in building retrofits :

- Over €100 Billion/year (BPIE, 2017)



Policy innovation:

- Leveraging: transition from grants to financial instruments

## Zero-interest eco-loans (France)

- Interest free loans for energy renovation works
- €1 public funding → €12 private investment

## Green funding scheme (The Netherlands)

- Preferential interest rate offered to green investors
- €1 public funding → €83 private investment

## KredEx scheme (Estonia)

- Subsidies for reconstruction of multi-apartment buildings
- €1 public funding → €2.33 private investment

BPIE, 2017



# A policy path for the future



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- Over €100 Billion/year (BPIE, 2017)



Policy innovation:

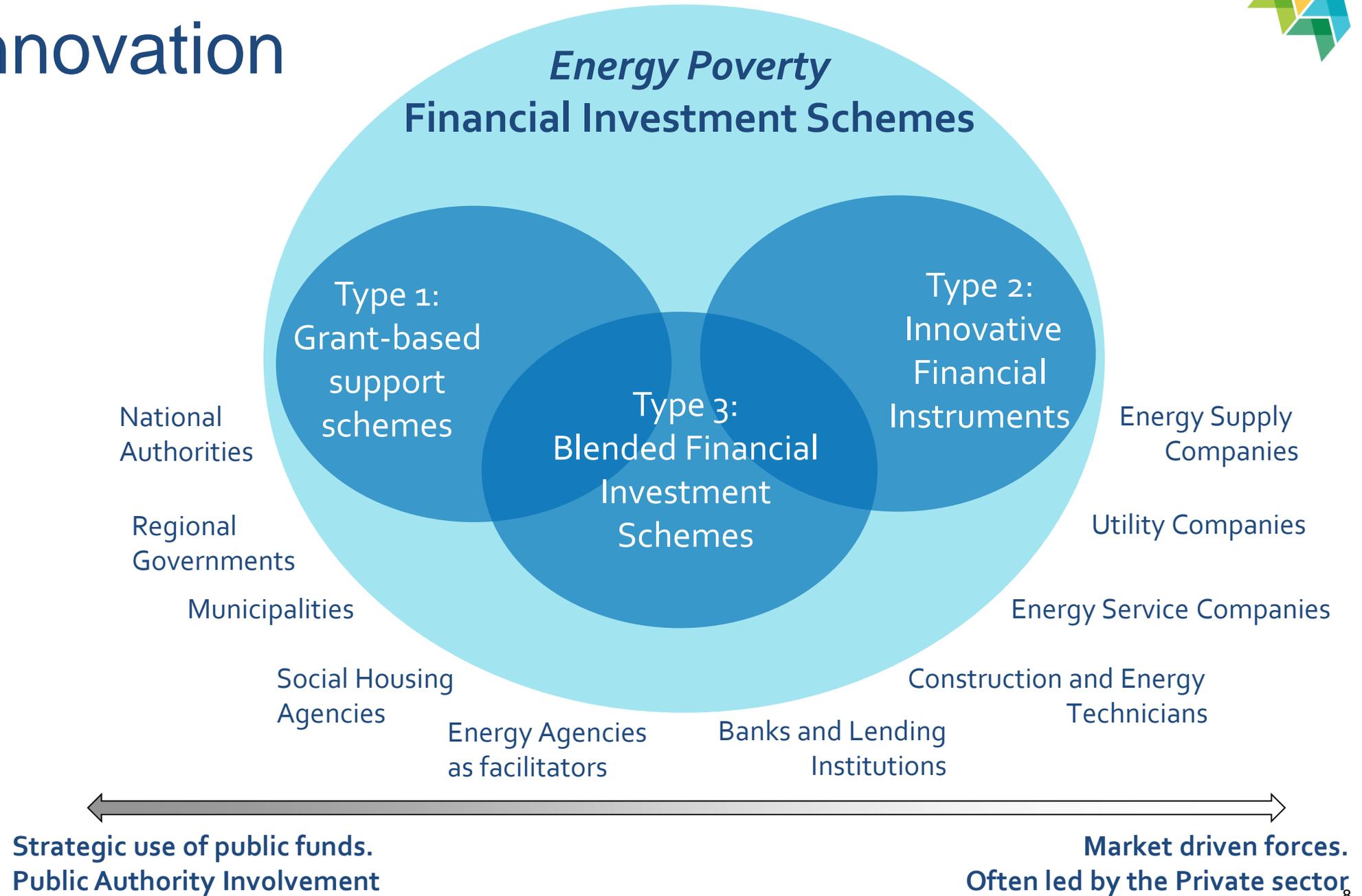
- Leveraging: from grants to financial instruments



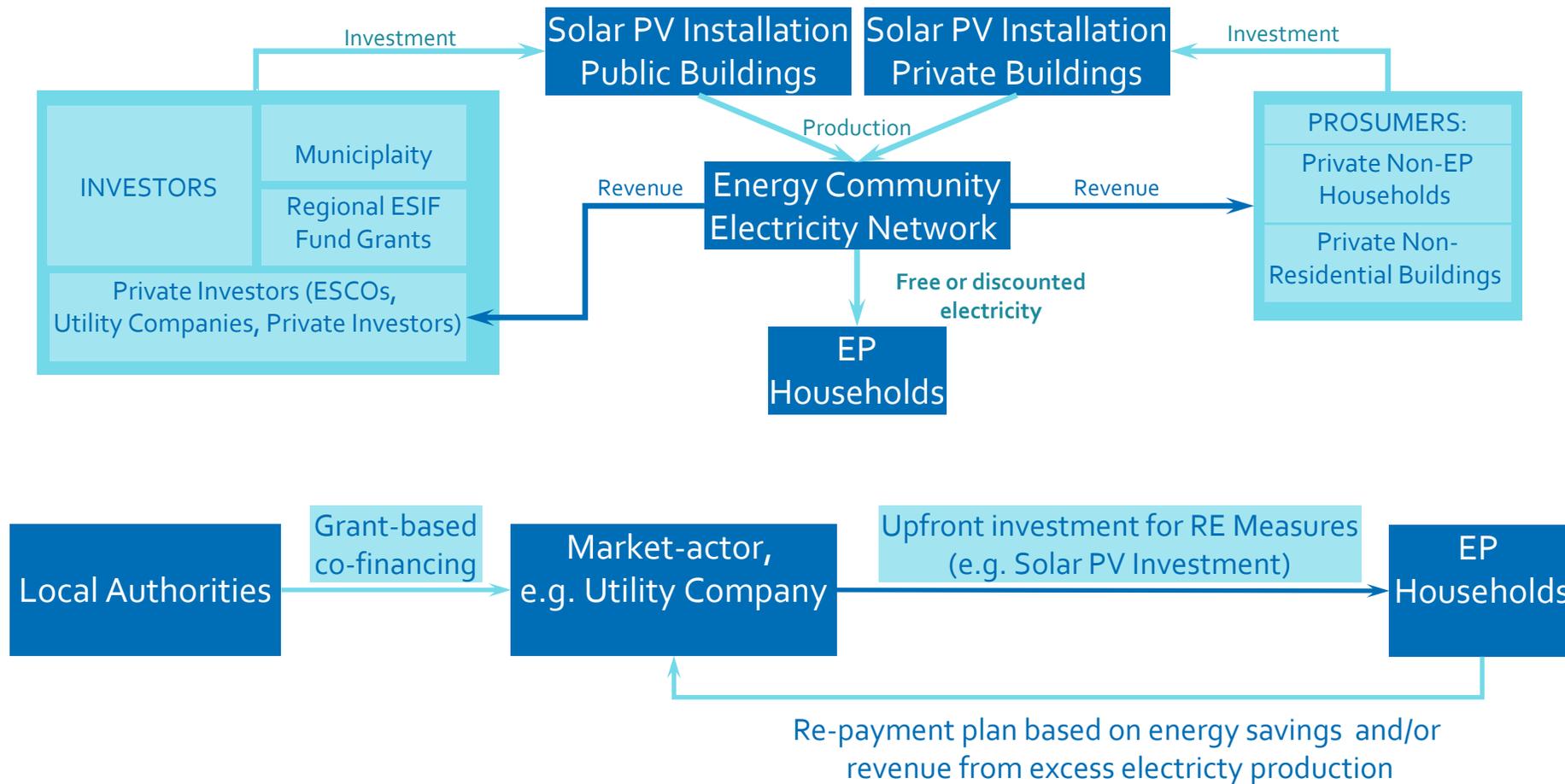
Relevant EU policy developments:

- 13 National long-term renovation strategies
- Renovation Wave initiative for buildings.
- BPIE highlights the importance of energy performance contracting as a key tool to deliver the necessary renovations.

# Policy Innovation



# Regional partnerships developing and testing new models





# Conclusions

- **Policy integration at all levels: EU, national & local**
- **A shift transition to blended funding schemes**
- **Energy communities as a key concept to tackle emerging technical, societal and economic challenges**
- **Bottom-up development of solutions – start with an assessment of local opportunities**
- **We need champions – look in the mirror.**



# Further Reading

The Building Performance Institute of Europe: <https://www.bpie.eu/publication/a-guidebook-to-european-building-policy-key-legislation-and-initiatives/>

- *Energy Services and the Renovation Wave: Opportunities for a Green Economic Recovery in Europe*
- *A Guidebook to European Building Policy: Key Legislation and initiatives*
- *Financing the future of buildings in Central, Eastern and South-East Europe*

The State of Housing 2019, Housing Europe: <https://www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019>

European Energy Poverty Index, developed by OpenEXP: <https://www.openexp.eu/european-energy-poverty-index-eepe>

Maxim, A., et al., (2016) Implications and Measurement of Energy Poverty across the European Union. *Sustainability* 2016, 8(5), 483.

National long-term renovation strategies: [https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings\\_en](https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings_en)



# Thank you!

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