

Unlocking private financing for energy efficiency projects - EFIEES' views

[EFIEES](#) is the voice of private energy service companies (ESCOs) and their national associations across Europe. Our members represent over 100.000 professionals committed to the design and implementation of energy efficiency measures in public and private buildings, industrial facilities, as well as to the efficient operation of district heating & cooling networks.

Energy Performance Contracting (EnPCs) is an instrument to initiate and manage projects, not a financing tool as such. It plays the crucial role of an aggregator of tasks, investments and financing, by ensuring guaranteed energy performance, securing investments and cash flows/energy savings. This is why the recommendations by EC Commission to Member States to unlock energy efficiency financing must consider the development of EnPCs as a priority.

★ The need for a conducive environment for projects

There is a need for a **conducive environment for projects**. Regulatory stability is essential to initiate projects, secure their economic and financial aspects. High energy prices are generally speaking a trigger for action, including tools such as a progressive and appropriate carbon price, energy taxation, to be accompanied with instruments to help economic actors, in particular households, to finance the shift to energy and CO2 gains. Conditions and programmes to attract and train **skilled staff** should also be set up.

★ Public support as a lever to private financing

Public support can be a lever to private financing, with State Aids ensuring projects to reach economic balance. In the buildings' sector, staged deep renovation, depending upon project's conditions, should always be eligible to public funds, as deep renovation is, as a trigger for complementary private financing. **State Aid intensity** should be linked to the **size of its beneficiary**, not to the project's service provider's size, and to the level of the savings – not according to the level of investment only. There should be a **bonus on State Aid intensity for EnPC based projects**, as they contractually guarantee the energy performance over time and thus an efficient use of public support.

★ Embracing the role of energy management solutions

The **role of energy management solutions** must be recognised, and their deployment facilitated. As regards the industry sector, **professional energy efficiency services to industry should be introduced in the Taxonomy**. Generally speaking, more focus should be given on energy efficiency projects in the industry – e.g. projects based on the recovery of industrial **waste heat**, of any origin - with a full recognition at EU and national level. Regarding public clients, **public procurement rules** must be made compatible with EnPCs, in MS where it is not yet the case. As multitask and long-lasting contracts, they don't always fit with public requirements designed for simpler purchase. In the housing sector, the **decision making process in multi-apartment buildings** should prioritise energy management and EnPCs solutions. Equipment-only solutions, or works-only solutions, are often easier to decide than contracts with energy performance engagement over time.

★ Embracing the role of ESCOs

ESCOs' role should be recognised as project's facilitators, as aggregators of all tasks, public support, financing solutions for a given project. **EnPCs are one-stop shops**. They should be clearly viewed as **the final beneficiary's agents for collecting and aggregating projects' public support**. Public subsidies should help ESCOs strengthen the competitiveness of energy efficiency operations.

★ Developing well balanced enabling frameworks

To attract financing from banks and financiers, there is a need for projects to strike the right balance between some standardisation and **tailor-made solutions and contracts**. An appropriate framework at national level for **third party financing, payment by instalments**, must be developed at national level. Risk hedging mechanisms, providing initial funding, complemented by projects contributions, should be set up to secure the ESCOs investment.