



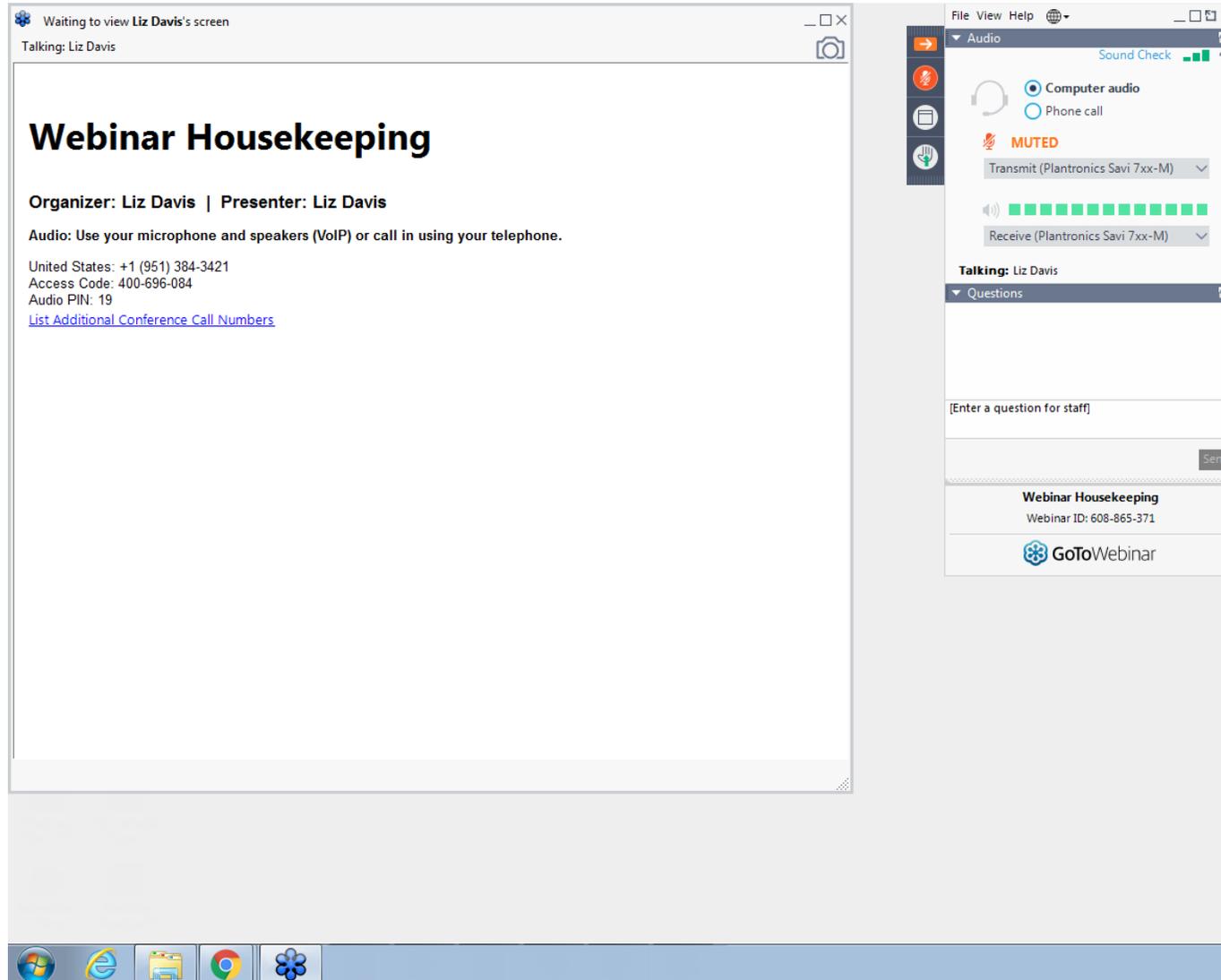
Canada-EU exchange on energy efficiency in buildings and housing

Webinar 1: Investing in a climate-neutral recovery

Moderator: Oliver Rapf, Executive Director, BPIE

9 March 2021

Housekeeping



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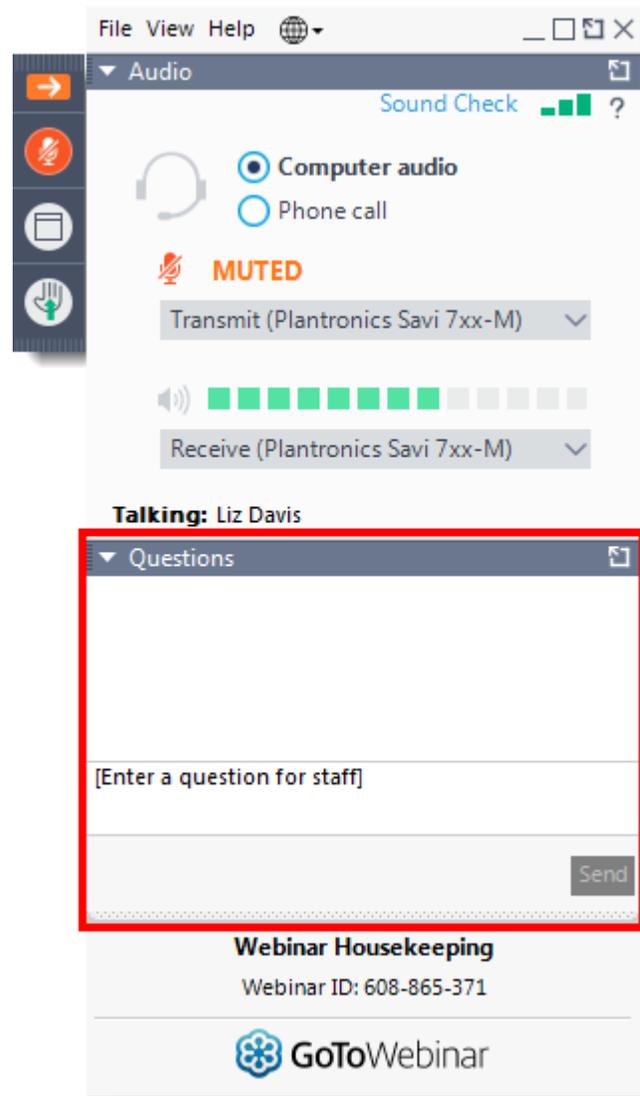
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Note: Today’s presentation is being recorded and will be provided within 48 hours, along with the slide deck.

Agenda



Time (Europe) 16:00-18:00	Presentation and speaker	Time (Canada) 10:00-12:00
16:00-16:05	Welcome & agenda – Oliver Rapf, Executive Director, BPIE	10:00-10:05
16:05-16:15	Opening remarks Luigi Scarpa de Masellis, Senior Advisor, Economic and Commercial Affairs, EU Delegation in Ottawa	10:05-10:15
Session 1 16:15-16:40	Canada’s Energy Efficiency Priorities – Toward Net Zero by 2050 Joyce Henry, Director General, Office of Energy Efficiency at Natural Resources Canada	10:15-10:40
16:40-17:00	Q&A with audience	10:40 -11:00
Session 2 17:00-17:35	Next Generation EU and financing mechanisms supporting building renovation in the EU multiannual financial framework (2021-2027) Carlos Sanchez-Rivero, Team Leader, Financing for Energy Efficiency, DG ENERGY, European Commission	11:00-11:35
	European Investment Bank contribution to the EC Renovation Wave Esther Badiola, Senior Mandate Manager - Climate Action Specialist, European Investment Bank	
17:35-17:55	Q&A with audience	11:35-11:55
17:55-18:00	Closing remarks - Joyce Henry, NRCAN; Oliver Rapf, BPIE	11:55-12:00



Opening remarks

Luigi Scarpa de Masellis, Senior Advisor, Economic and Commercial Affairs,
EU Delegation in Ottawa

Canada's Energy Efficiency Priorities - Toward Net Zero by 2050

Joyce Henry, Director General, Office of Energy Efficiency at Natural Resources Canada



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Canada-EU Exchange – Webinar 1
March 9, 2021

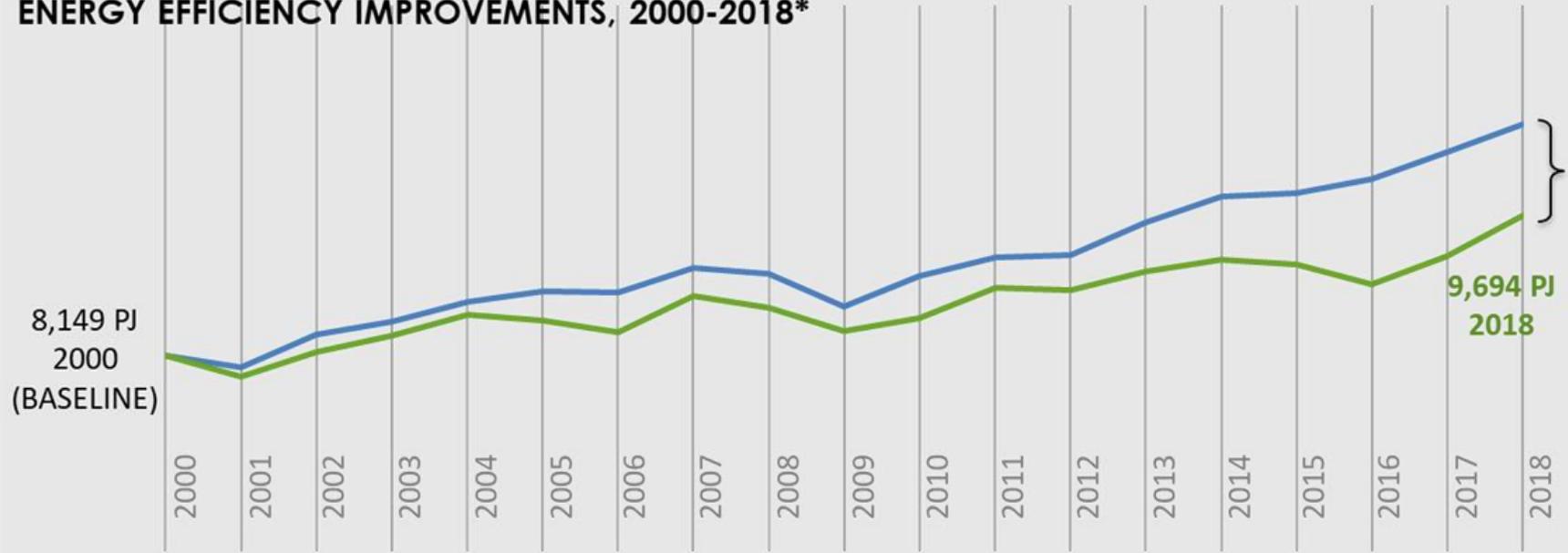
Canada's Energy Efficiency Priorities Toward Net Zero by 2050

Joyce Henry, Director General, Office of Energy Efficiency

Canada 

Canada's Efficiency Rate is Increasing Steadily

FINAL ENERGY USE, WITH AND WITHOUT ENERGY EFFICIENCY IMPROVEMENTS, 2000-2018*



Energy efficiency gains in 2018:
 1,002 petajoules (PJ) energy saved
 \$26.2 billion of avoided energy costs
 54.7 Mt of avoided emissions

Canada boosted its energy efficiency **12.3%**

— Energy use without energy efficiency improvements (PJ)
 — Energy use with energy efficiency improvements (PJ)

That's the equivalent annual savings of...

9,171,094
 Homes' energy use

20,283,686
 Passenger vehicles' fuel consumed

159,831,987
 Barrels of oil consumed

*Base year for National Energy Use Database (NEUD) changed from 1990 to 2000, beginning with the release of 2018 data.

High Energy Consumption Remains a Reality

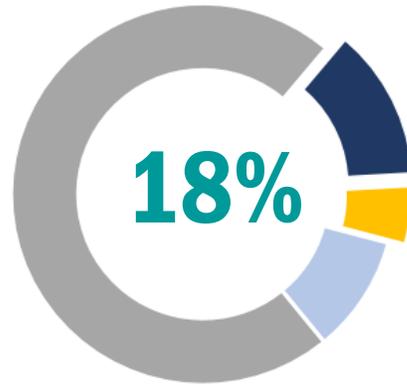
- Canada is the second most energy intensive OCED country.
- Total energy use increased 19% from 2000 to 2018.
- Energy consumption is split relatively evenly among industry, buildings and transportation.

ENERGY USE BY SECTOR 2018
The total usage of energy was 9,693.9 PJ



Canada's Building Sector has a Large Potential

Significant emissions



13% of total emissions
(92.5 Mt, 2018)

+ 5% when incl. indirect emissions
from electricity generation

+ more if incl. embedded carbon in
materials (data unavailable)

Largely untapped opportunity

< 1%

Retrofit rate

(By floor space, commercial
& institutional buildings.
SCIEU2014)

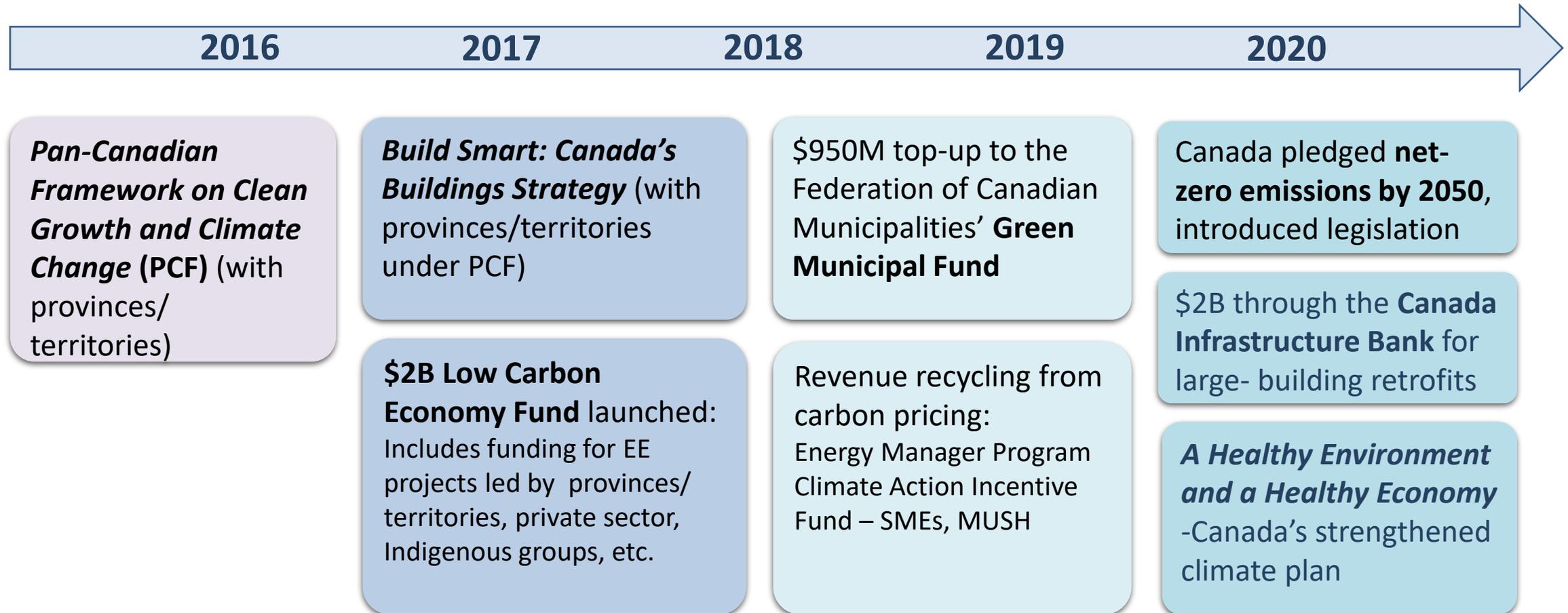
Burgeoning ecosystem of initiatives



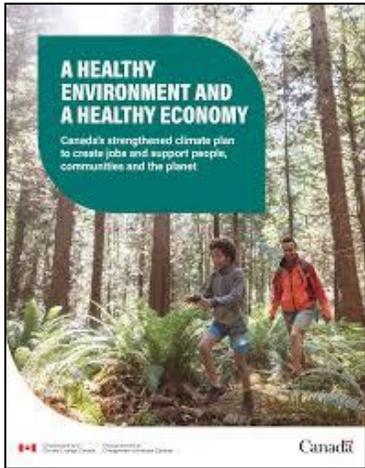
At all levels of
government + private
sector



Major Commitments to Climate Action and Energy Efficiency



Canada's Strengthened Climate Plan will Accelerate Progress



- In December 2020, the Government of Canada released its Strengthened Climate Plan: *A Healthy Environment and a Healthy Economy*

- The Strengthened Climate Plan builds on the PCF, with 64 strengthened and new measures supported by an initial \$15B investment
- The Plan will allow Canada to meet and exceed its current 2030 GHG reduction target, and set the country on a path to net-zero by 2050

Five Pillars of Canada's Strengthened Climate Plan



MAKING THE PLACES CANADIANS LIVE AND GATHER MORE AFFORDABLE BY CUTTING ENERGY WASTE



MAKING CLEAN, AFFORDABLE TRANSPORTATION AND POWER AVAILABLE IN EVERY COMMUNITY



CONTINUING TO ENSURE POLLUTION ISN'T FREE AND HOUSEHOLDS GET MORE MONEY BACK



BUILDING CANADA'S CLEAN INDUSTRIAL ADVANTAGE



EMBRACING THE POWER OF NATURE TO SUPPORT HEALTHIER FAMILIES AND MORE RESILIENT COMMUNITIES



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The New Plan Includes Several Building Sector Measures

Direct energy efficiency commitments:

- \$2.6B for **home energy retrofit grant program**, complemented by a low-cost loan program
- \$1.5B for **green and inclusive community buildings**, including 10% allocated to Indigenous projects
- Advance the **Market Transformation Roadmap** for high-efficiency space and water heating equipment and windows
- Develop a robust, **low-emissions building materials** supply chain
- Develop a **new “retrofit” code** for existing buildings by 2022, and having this code in place by 2025

New Federal Retrofit Initiative

Our Action Starts at Home – Home Energy Retrofit Initiative

- Grants of up to \$5,000 to help retrofit 700,000 homes
- One million free EnerGuide energy assessments
- Support for recruiting and training energy advisors



The Canadian Infrastructure Bank Growth Plan



Public Transit

\$1.5B for zero-emission buses



Clean Power

\$2.5B for clean power



Green Infrastructure

\$2B for energy efficient building retrofits



Broadband

\$2B for large-scale broadband projects



Trade and Transport

\$1.5B for agriculture-related infrastructure

Growth Plan \$10B



- CIB will work with private and public sector real estate owners to modernize and improve the energy efficiency of existing buildings
- CIB's \$2 billion will help to finance capital costs of retrofits, using savings from efficiencies and operating cost savings as a repayment source

The CIB Building Public & Commercial Retrofit Initiatives

Key Objectives for Public Sector

- Review public asset portfolios from a holistic perspective to develop bundles of retrofit projects
- Support public sector to achieve ambitious portfolio-scale GHG reduction goals with minimal long-term risk and up-front capital requirements.

Key Objectives for the Commercial Sector

- Transform the market by crowding-in capital
- Drive large-scale deep retrofits
- Help establish energy retrofit investments as a distinct asset

For investment inquiries: investments@cib-bic.ca

Financing Approach & Advisory Services

Large **BUNDLED** Projects
(>\$40m capex)

Smaller **BUNDLED** Projects
(\$40m - \$25m capex)

Investments Delivered through Two Approaches

Originator – Aggregator
Facilitate the development of new financial channels

Direct Investment

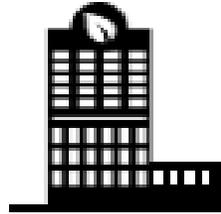
We are Seeing Results in the Building Sector



Residential Sector

Energy efficiency in homes has increased 51% between 1990 and 2017, and avoided 30 Mt GHG emissions in 2017 alone

Source: Energy Efficiency Trends in Canada, 1990 to 2017

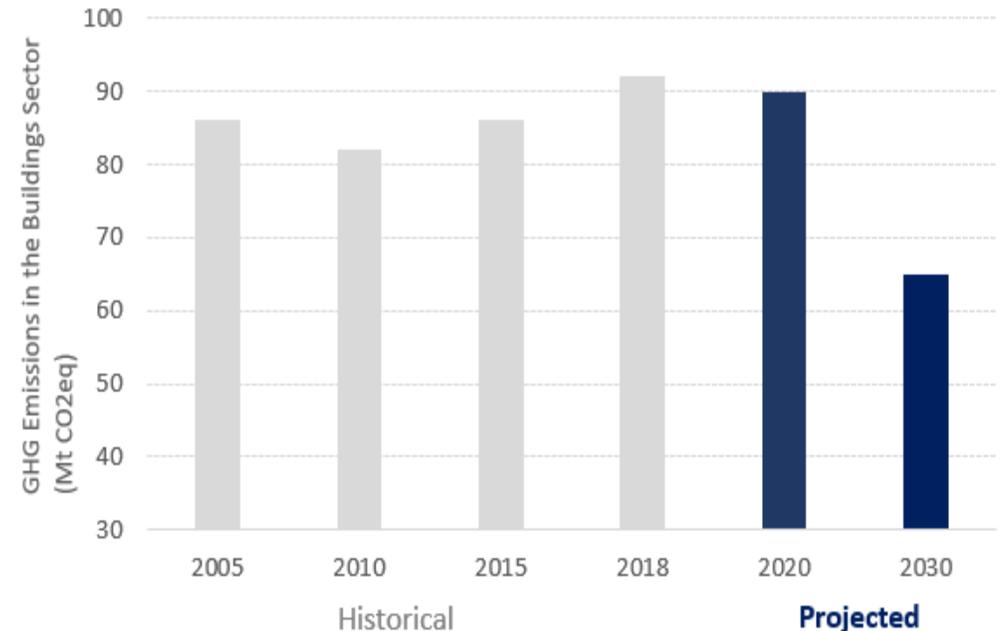


Commercial & Institutional Sector

Energy efficiency in buildings has increased 21% between 1990 and 2017, and saved \$3.8B in energy costs in 2017 alone

Source: Energy Efficiency Trends in Canada, 1990 to 2017

We expect progress to accelerate as new initiatives are fully implemented



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Looking Forward

We know there is more potential to accrue

In 2018, the IEA identified buildings sector as offering 28% of all potential energy savings in Canada.

Opportunities

Canada has the opportunity to increase efforts in:

- **developing a skilled workforce** to build and retrofit buildings;
- targeting **embodied carbon in building materials by incenting a green supply chain**;
- advancing **innovation** and **deploying technology at scale**; and
- further **exploring legislative and regulatory mechanisms**.

Canada

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Q&A

Please enter your questions in the “question” box

Moderator: Oliver Rapf, Executive Director, BPIE

Next Generation EU and financing mechanisms supporting building renovation in the EU multiannual financial framework (2021-2027)

Carlos Sanchez-Rivero, Team Leader, Financing for Energy Efficiency, DG ENERGY, European Commission



Financing mechanisms supporting building renovation in the EU multi-annual financial framework (2021-2027) and Next Generation EU.

Investing in a climate-neutral recovery.

09 March 2021

Carlos Sanchez Rivero, DG ENER B2

Team Leader, Financing for Energy Efficiency

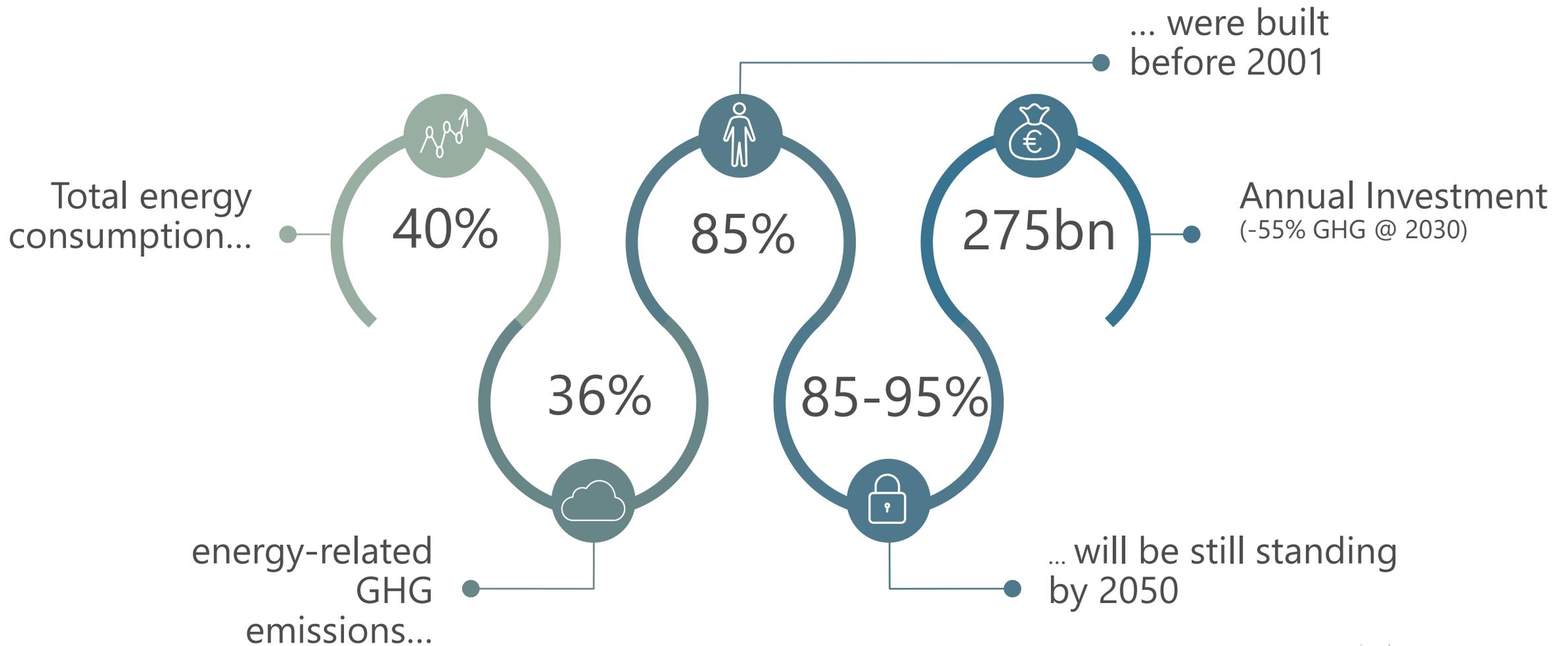
Policy context

New climate target: -55%

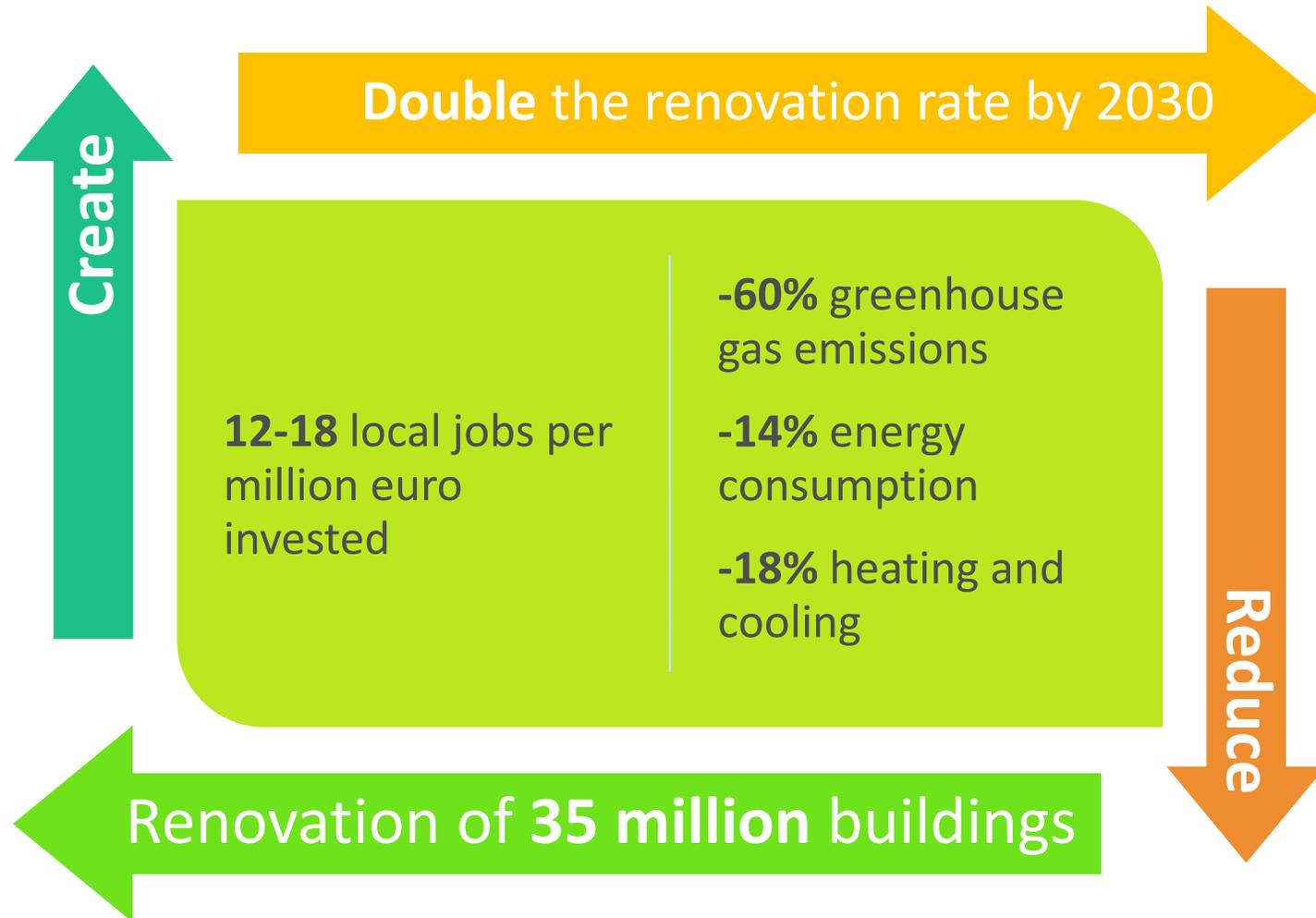


Recovery after COVID-19 crisis

Buildings in numbers



Renovation Wave. Objectives



EU funding driving investment for renovations



Recovery and Resilience Facility (EUR 672.5 billion, 37% climate initiatives) and including European Flagships “**Renovate**” and “**Power Up**”.



Cohesion Policy Funds (proposed budget of EUR 330 billion) better targeted on delivering high energy performance, in line with NECPs and LTRSs objectives.



InvestEU dedicated financial products for energy renovation of buildings and **EIB Initiative for Building Renovation** support for the aggregation into portfolios of building renovation projects.



Facilitate **combined solutions** for project promoters, including clearer and easier **State Aid rules** (Ongoing revision of the General Block Exemption Regulation and Energy and Environmental Aid Guidelines)



Attracting private investments and stimulate green loan financing

- Developing financing solutions with high potential to be scaled-up/innovative. Reinforcing the role of main aggregators: financial institutions, utilities, ESCOs.
- Supporting the activation of private-sector investments at national and European level through EEFIG and SEI Forums.
- Spur the development of **green loan and mortgage financing**. standards and labels for sustainable financial products: green mortgages, green loans and green bonds.
- Supporting de-risking energy efficiency investments. Proposal to incorporate environmental, social and governance (ESG) risks into the Capital Requirements law and the Solvency II Directive
- Consider the introduction of a **‘deep renovation’ standard** as part of the EPBD revision and in line with the development of the **EU Taxonomy**.



Increasing capacity and technical assistance



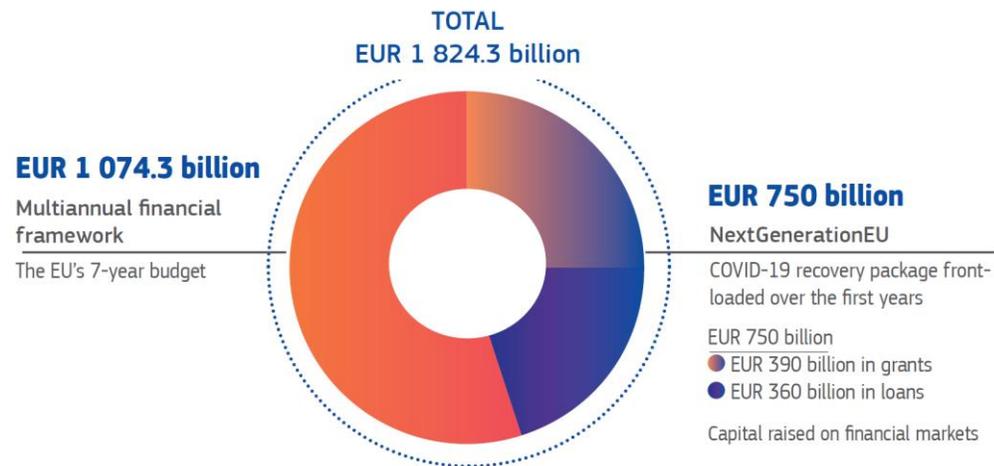
*“Preparing a good renovation project, matched with the best financing sources available, is difficult and often very complicated for individuals or small local authorities. Thus, **technical assistance is going to play a key role for the expected increased rates and quality of renovation.**”*
(RW Communication).

EU Recovery package and Next MFF 2021 -2027.

A unique opportunity to scale-up investments in energy efficiency

Additional resources

- Out of the total 1.800 billion euro (NGEU + MFF 2021-2027), 30% of these resources, **around 550 billion euro**, earmarked to **deliver the climate goals** of the European Green Deal.
- Energy efficiency plays a **key role in clean energy transition**.
- **The resources dedicated to climate action have more than doubled** compared with the period 2014-2020.



Multiple benefits

- Creates **local jobs, stimulates local investments, and supports SMEs** (who count for 95% of the construction sector in 2018).
- Strong energy efficiency policies **can contribute between 0.25 and 1.1% to GDP growth**.
- **In industry** generate productivity and operational benefits up to 2.5 times the value of energy savings.
- **Social and affordable housing** is a beneficial countercyclical intervention.

Recovery and Resilience Facility (RRF)

- The bulk of NGEU will be managed by member states through the Recovery and Renovation Facility (RRF). **672.5 billion of which €312.5 billion for grants and €360 billion for loans.**
- **37% climate mainstreaming** (up to €249 billion)
- The measures (investments and reforms) identified to be financed under the RRF should have a lasting, positive impact on the economy and society, address the challenges identified in the context of the European Semester, facilitate the **green and digital transitions** and strengthening the growth potential, job creation and economic and social resilience of the Member State.
- The national Recovery and Resilience Plans (RRPs) **has also to support the objectives set out in the NECPs** (National Energy and Climate Plans).
- Submission of the preliminary draft RRP as from 15th of October 2020.
- Formal submission of the RRP for assessment as from 1st January 2021 till 30th of April 2021.
- The **Renovation of buildings is one of the seven flagship recovery areas** identified (Renovate) by the Commission.

Focus on “Renovate” flagship priority and initiatives that can be supported by EU MS/ Regions

Flagship “Renovate”: one of the seven flagship recovery areas identified by the Commission. Member States are **strongly encouraged** to reflect building renovation as a top priority in their RRP.

Replication of **ELENA model**, together with the **EIB**, at national and regional level.

Support setting up **standardised one-stop shops** at national, regional or local levels.

Blending facilities combining grants, technical assistance and loans.

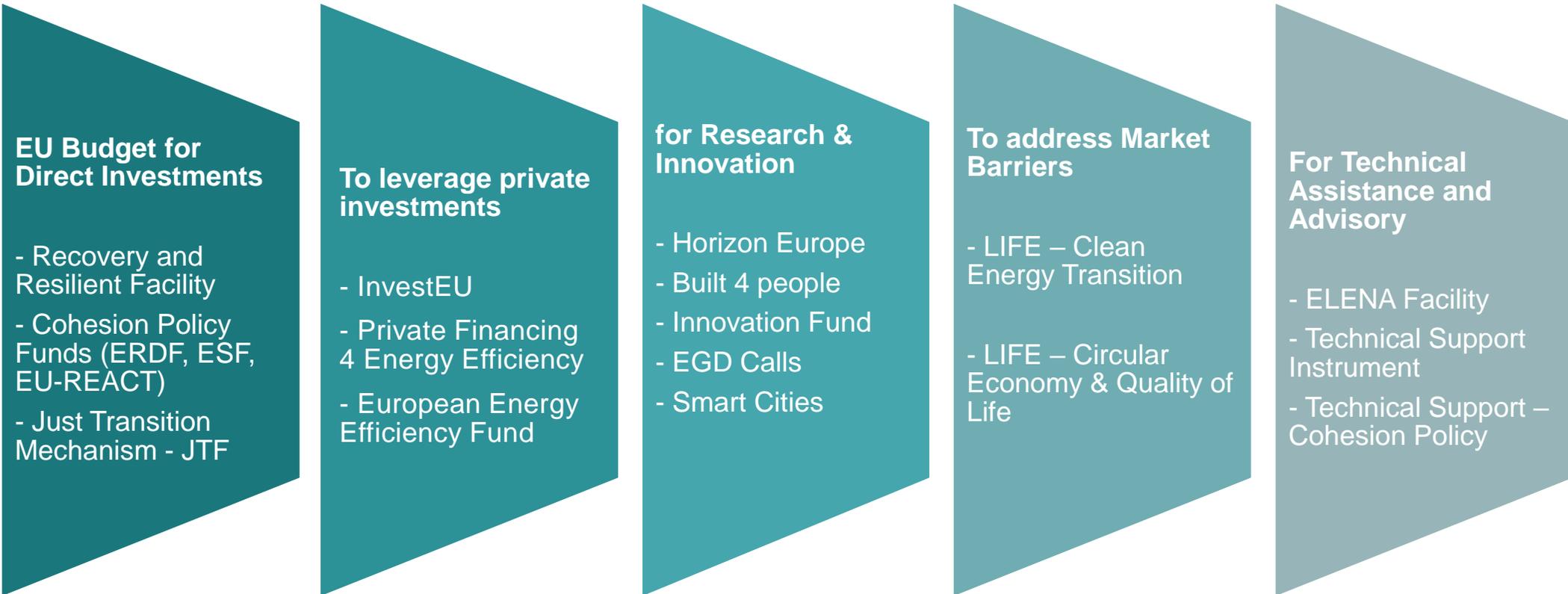
Investment schemes based on **energy performance contracting** targeting public buildings and social housing

Innovative financing solutions through **on-bill and on-tax schemes**

The InvestEU Fund in a nutshell

- Single fund integrating several previous EU-level financial instruments
- **EUR 26.2 billion EU budgetary guarantee** (EU Compartment), supported by the EU budget (Next Generation EU and the Multiannual Financial Framework 2021-2027)
- **Mobilisation of up to EUR 370 billion of additional investments** across Europe
- **Four thematic priorities** (“policy windows”)
 -  **SUSTAINABLE INFRASTRUCTURE**
€ 9.9 billion EU guarantee
 -  **RESEARCH, INNOVATION AND DIGITISATION**
€ 6.6 billion EU guarantee
 -  **SMEs**
€ 6.9 billion EU guarantee
 -  **SOCIAL INVESTMENT AND SKILLS**
€ 2.8 billion EU guarantee
- **InvestEU Advisory Hub (ELENA)**
- InvestEU Fund mechanism is open to other sources (Member States compartment; other EU funding programmes)
- **At least 30%** of the InvestEU Programme shall support finance for investments that contribute to the **EU’s climate objectives** .
- **At least 60%** of finance for investments under the “**Sustainable Infrastructure Window**” shall contribute to the EU’s **climate and environmental objectives**

Support from the EU budget to unlock investment into building renovation under the Renovation Wave



Thank you for your attention



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European Investment Bank priorities toward the green recovery

Esther Badiola, Senior Mandate Manager – Climate Action Specialist, European Investment Bank



EIB Contribution to EC Renovation Wave

*Canada EU High Level exchange on energy
efficiency in buildings and housing*

9th March 2021

The European Investment Bank

At a glance



The world's largest multilateral lender



Leading provider of climate finance



Owned and governed by the EU Member States

€ **66.1** billion
Financing in 2020

Our investment priorities (*)



INNOVATION
€ **14.4** billion



ENVIRONMENT
€ **16.8** billion



INFRASTRUCTURE
€ **15.0** billion



SMEs
€ **30.6** billion

EU Climate Bank objectives

€1 trillion

for climate action and the environment mobilised by 2030

50%

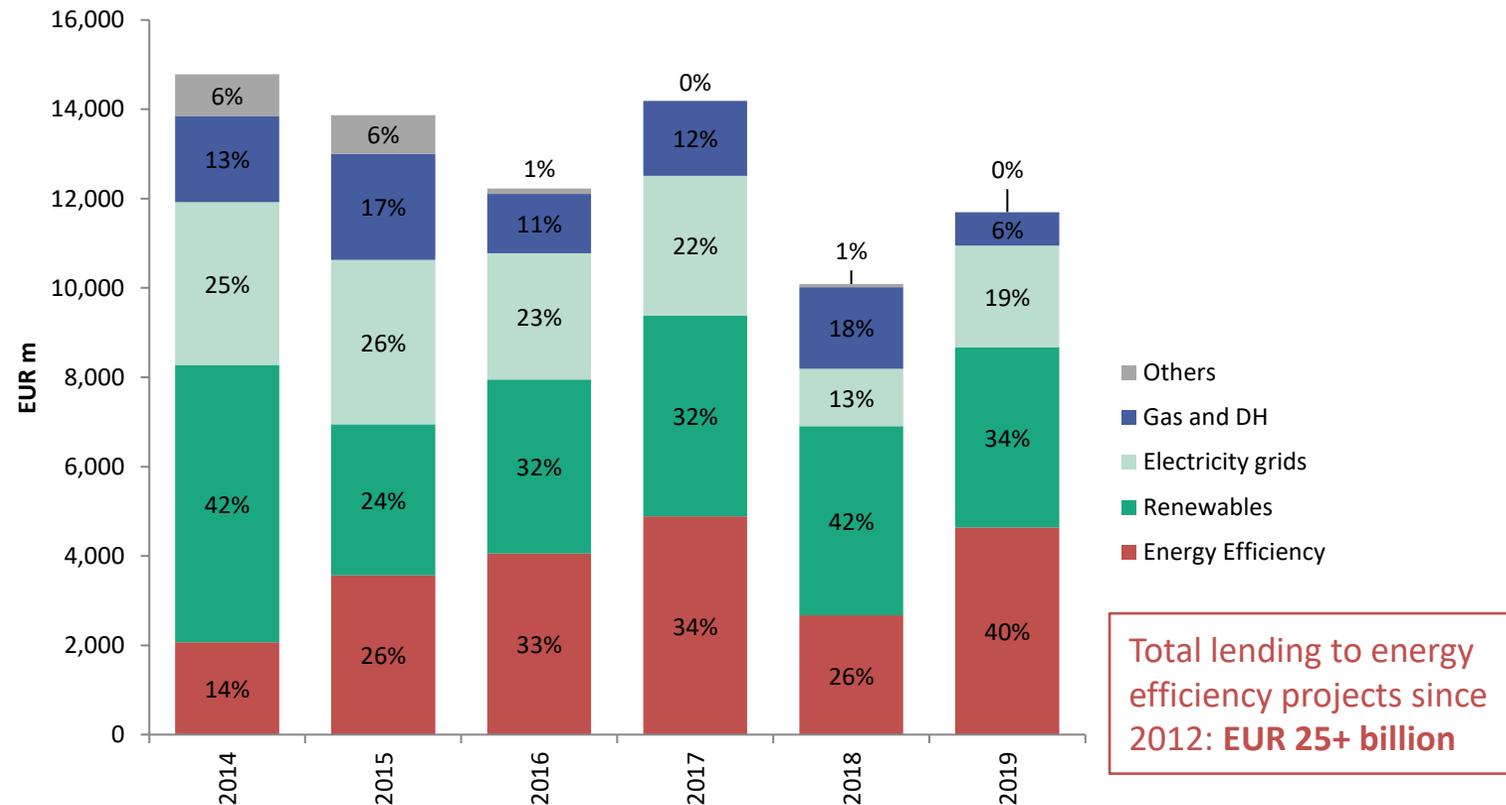
of total financing to climate action and the environment by 2025

2020

fully aligned with the Paris agreement by the end of the year

(*) Including the European Investment Fund

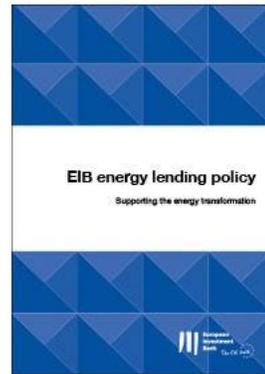
EIB Lending to the Energy Sector



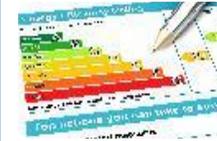
EIB's Energy Lending Policy (ELP)

Adopted on 14 November 2019

with four main themes



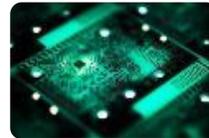
<https://www.eib.org/en/publications/eib-energy-lending-policy>



Unlocking energy efficiency



Decarbonising energy supply



Supporting innovative technologies and new types of energy infrastructure



Securing the enabling infrastructure

Unlocking Energy Efficiency

- Buildings are responsible for about 40% of the EU's total energy consumption, and for 36% of its greenhouse gas emissions from energy
- Only 11% of the EU existing building stock undergoes some level of renovation each year, but not necessarily to address their energy performance
- Around EUR 275 billion of additional investments needed per year in order to achieve the proposed 55% climate target by 2030
- Renovation held back by barriers (fragmentation, lack of private incentives, lack of suitable financing particularly for low income households)

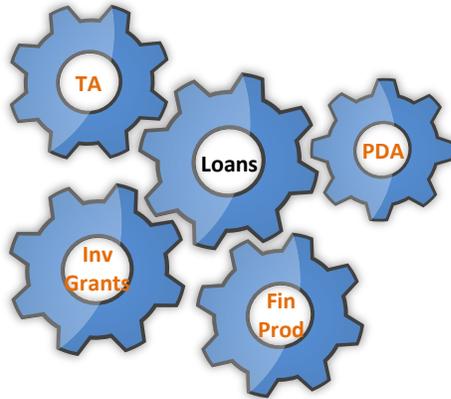
ELP Priorities and Measures on Energy Efficiency

- “Energy efficiency first” principle

(Defined as the need “to consider, before taking energy...investment decisions, whether cost-efficient, technically, economically and environmentally sound alternative energy efficiency measures could replace in whole or in part the envisaged...investment measures”)

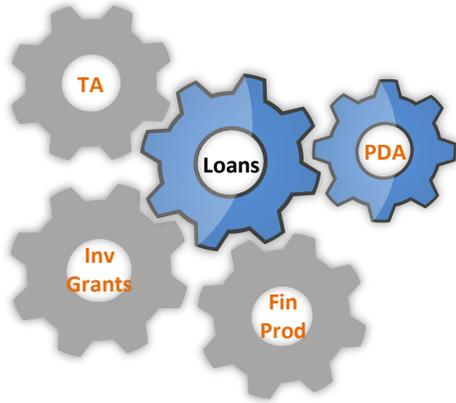
- Financing of up to 75% of eligible capital expenditures
- Focus on building rehabilitation rather than new construction
- Strengthened dialogue with Member States through NECPs
- Establishment of European Initiative for Building Renovation (EIB-R)

European Initiative for Building Renovation (EIB-R)



- Committed in the EIB Energy Lending Policy
- Endorsed by the Commission in the Renovation Wave communication - COM(2020) 662 final
- Consisting of the combination of loans with other financial products, technical assistance, project development assistance and grants in order to:
 - Boost investment in energy efficiency in buildings
 - Attract private finance for building rehabilitation
- Contributing to the EU objective of doubling the annual energy renovation rate of buildings by 2030 and to foster deep energy renovations

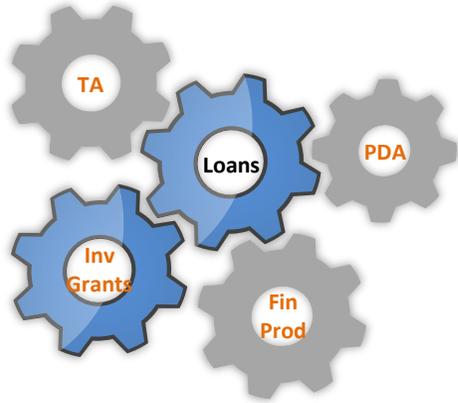
European Initiative for Building Renovation (EIB-R)



Project Development Assistance

- **Aims at:**
 - Providing funding for the preparation of projects that improve energy efficiency in buildings
- **Builds on:**
 - European Local ENergy Assistance (ELENA), managed by the EIB
- **Results so far:**
 - Since 2009, ELENA has allocated over 200 million EUR to 110 projects, with estimated combined energy savings of 4600 GWh/y and reduction of 1.8 million t CO₂ eq/y
 - Eight of the latest ELENA projects implementing also the new concept of One-Stop Shop
- **Expectation:**
 - Increased funding for ELENA in 2021-2027

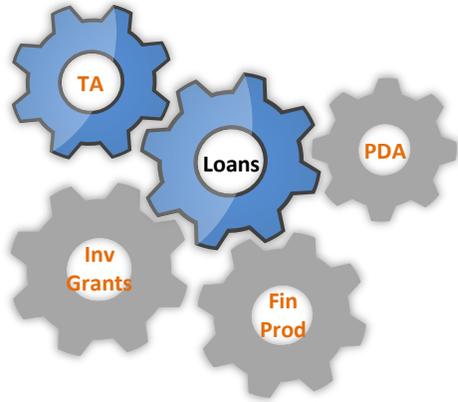
European Initiative for Building Renovation (EIB-R)



Investment Grants

- **Aims at:**
 - Providing funding for the realization of large scale projects and programmes that improve energy efficiency in buildings
- **Relies on:**
 - European Structural and Investment Funds (ESIF) and other EU Funds (REACT-EU, JTF)
- **Results so far:**
 - [EUR 13.3 billion originally earmarked for 2014-2020 and to result in savings of 5.2 TWh/y]
- **Expectation:**
 - Increased use of all available funding under the Cohesion Policy 2021-2027, REACT-EU and JTF for energy efficiency projects by Member States

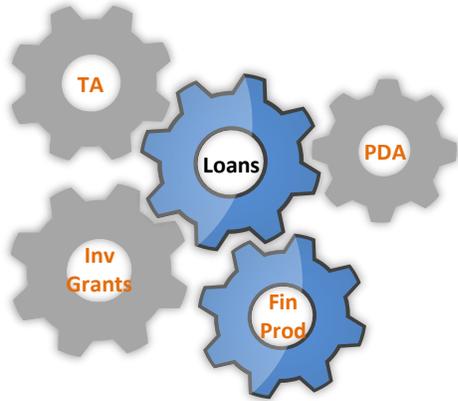
European Initiative for Building Renovation (EIB-R)



Technical Assistance

- **Aims at:**
 - Accelerating the preparation of projects
- **Builds on:**
 - Joint Assistance to Support Projects in European Regions (JASPERS), managed by the EIB
- **Results so far:**
 - Over 200 assisted projects in 2014-2020 with a total project cost exceeding EUR 70 billion (all sectors, of which energy efficiency a fraction!)
- **Expectation:**
 - As Member States increase the amount of funds under the Cohesion Policy 2021-2027, REACT EU and Just Transition Fund to be allocated to energy efficiency, so will increase the support from JASPERS

European Initiative for Building Renovation (EIB-R)



Tailored Financial Products

- **Aims at:**
 - Facilitating access of households to financing
 - Supporting financial intermediaries
- **Builds on:**
 - Private Finance for Energy Efficiency (PF4EE)
 - Smart Finance for Smart Buildings (SFSB)
- **Results so far:**
 - EUR 100 million of financing made available by PF4EE to support projects for EUR 150 million with estimated energy savings of 217 GWh/y and reduction of 57000 t CO2 eq/y
- **Expectation:**
 - Central funds available for guarantees and grants
 - Scaling-up of EIB volume with financial intermediaries
 - Further development of mortgage-based lending and securitization products

Some Financial Products under EIB-R

EIB loans to project promoters or Financial Intermediaries
(which can be combined with grants from EU Funds)

First-loss Piece to Financial Intermediaries
(which is compatible with State aid rule and does allow for combination with grants from EU Funds)

Possibility of loans to be partially converted to grants for the final beneficiaries based on performance criteria





For more information...

www.eib.org

EIB Energy Lending Policy –
Supporting the energy transformation:

<https://www.eib.org/en/publications/eib-energy-lending-policy.htm>

Private Finance for Energy Efficiency:

<https://pf4ee.eib.org/>

ELENA:

<https://www.eib.org/en/products/advising/elena/index.htm>

JASPERS:

<https://jaspers.eib.org>

Thank you!

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Q&A

Please enter your questions in the “question” box

Moderator: Oliver Rapf, Executive Director, BPIE

Closing remarks

Joyce Henry, Director General, Office of Energy Efficiency at Natural Resources
Canada



Thank you...

Save the Date! Upcoming webinar in the Canada – EU series:

Pathways to 2050: Deep-dive into policy strategies to boost building renovation

April 20th, 2021

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