

Insulate - Tackling Climate Change Cost-effectively

The case for insulation as a cost-effective measure to tackle climate and energy security has been clear for some time. However, the wider competitiveness impacts of these improvements, on for example improved energy security, reduced air pollution and job creation have not been as clear. The European Insulation Platform (EIP), commissioned the Centre for European Policy Studies (CEPS), to analyse the wider competitiveness effects of different solutions to deliver climate change objectives. The results confirmed the key role of insulation as the most cost-effective solution. The EIP has come up with four recommendations to turn these results into concrete actions.

EIP RECOMMENDS – MORE FOCUS ON SUPPORT SCHEMES

WHAT IS AT STAKE – Regulatory requirements to improve the energy efficiency of buildings are a critical first step but alone cannot achieve the potential from buildings. A lack of access to financing as well as the difficulty in organising an effective low energy renovation remain key barriers to a step change in the market.

WHAT NEEDS TO BE DONE – At a national level, European Member States need to develop upfront financing schemes to help individuals overcome the initial investment hurdle as well as developing organisational support structures at the local level to assist individuals in implementing low energy renovations and energy efficient new buildings.

- **Upfront Financing** – All major renovations of buildings, or even the replacement of individual components (e.g. roof or windows), can lead to significant investment costs for the occupier or owner of a building. Additional costs for improved energy efficiency levels can be unwelcome, even if over the lifetime of the measure they will pay back many times the original investment. In light of this, it is important that access to preferably low interest loans is available to make it possible to make highly cost effective energy efficiency improvements. One existing scheme that has demonstrated how effective the provision of such financing can be is the German KfW scheme.
 - **KfW Scheme:** In order to support climate objectives, the German government created the KfW scheme to provide loans at 3% points below market interest rates for renovations that are highly energy efficient. With the loan applying to the total works and not simply the additional energy efficiency improvements, this scheme not only helps to provide the upfront financing but also to offset some of the additional costs. The scheme has been so successful that the original level of funding was increased and that it was estimated that 5-7 Mt of CO₂ a year were saved and 23 000 new jobs created.
- **Organisational Support Structures** – In addition to a lack of financing, there are a number of organisational difficulties that prevent owners and occupiers from making highly energy efficient investments in their property. This includes finding an architect or builder who is trained in energy efficiency, to getting finance and/or accessing subsidies. The fact that the building chain tends to be highly fragmented does not make this easier. However in some local areas organisational support schemes have been developed which provide hands on help to owners and occupiers who want to make a renovation highly energy efficient.
 - **London's Green Home Service:** Launched in December 2007, London's Green Home Service is an example of a one-stop shop for Londoners to get the support they need to renovate their homes. It provides not only information but also full project management support to help individuals through the maze of offers and opportunities to cost-effectively reduce energy in their homes.

WHAT WILL IT ACHIEVE – Proper financial and organisational support for home owners and occupiers is essential to ensuring that not only are legal renovations requirements met but also the result is actual renovations that can both reduce energy use as well as provide financial benefits to society and individuals.