

## **PU Europe responses to the public consultation on Intelligent Energy Europe III**

### **Addressing Market Failures**

Is a successor to IEE II needed to address the removal of non-technological barriers hindering the deployment of energy efficient and renewable energy technologies?

Yes. Whilst the benefits of these technologies are widely recognised in expert circles, more needs to be done to introduce solutions to normal market practice. Technologies are readily available today to build and renovate to very low energy standards in a cost-effective way. Hence, whilst more innovation is certainly needed, a programme focusing purely on R&D would not be able to address market failures and barriers. This should be done through IEE.

Which barrier(s) hindering the deployment of energy efficient and renewable energy technologies do you see as most significant?

- Poor, contradictory or incoherent legislation (lack of long-term prospective, in particular for the building renovation market);
- Problems to raise effective upfront financing for efficiency measures (lack of coherence between financial / fiscal instruments, absence of cost-effectiveness checks for incentive schemes, no encouragement for deeper renovation, lack of public funding that can leverage private money);
- Lack of awareness on saving potentials and pay-back periods (energy savings considered as a cost and not an investment);
- Lack of understanding of the business case for energy efficiency, especially in buildings.

How could the barrier(s) you mentioned in the previous question be best addressed through a market deployment programme such as IEE III?

- Link projects to the implementation of EU legislation such as EPBD and EED and involve public authorities (those who implement and those who have to apply) to the largest possible extent in the project design, implementation and dissemination. Too many projects remain disconnected from real life and their results, although useful, remain invisible.
- Promote projects that address EE finance problems by bringing together the whole value chain, and in particular private banks and pension schemes. Their target should be to present the business case of investments in EE and explore ways to bring funders and building owners / developers together.
- Foster training across the construction professionals (eg Build-up programme); encourage best practice sharing and training in order to upgrade skills of all professionals in the context of EED and EPBD implementation.
- Capacity building in the public sector: this would be highly relevant public sector building's managers ahead of EED Art.4' implementation, and for public officials in charge of EED Art. 3a' implementation.

## Shaping IEE III

Which target groups should IEE III focus on?

- Public Authorities -
- Policy Makers
- Utilities
- Energy agencies
- Education systems
- Investors (financial institutions, bankers, project developers) (*special focus*)
- Building professionals

Which sectors should IEE III focus on?

- Households
- Public Sector
- Finance

If you selected more than one sector in your previous answer, please indicate which one should be addressed in priority by IEE III and why.

- PU Europe does not see the need to limit the selection to one single sector. IEE should allow for certain flexibility / diversity in approaches.

IEE II has moved away from awareness raising. Do you agree with this change in direction?

Generally, we agree. The programme should focus on eliminating the barriers to the uptake of EE and RES. Low awareness is just one of them. It seems however advisable to have a dissemination element in each project so as to increase the awareness of other stakeholders regarding project results.

IEE II has moved towards preparing the ground for new investments. Do you agree with this change in direction?

Yes, we agree. However, it must be ensured that these investments are closely linked to and comply with EU legislation (EPBD, EED) as implemented at national level.

Please give your opinion on the relevance of the following three target areas to address the needs, issues and problems related to the wider use of sustainable energy in Europe

- Build capacity (skills developments) High / Medium relevance
- Prepare the ground for new investments High / Medium relevance
- Facilitating energy policy implementation High relevance

Are there any other areas apart from the ones mentioned in the previous question on which IEE III should focus?

- Develop schemes to better involve private financing sources (banks, pension funds) in financing EE measures.

To what extent do you agree with the following statement? The relevance/impact of the IEE programme should be increased by raising the budget per project (currently € 1-1.5 million). So bigger projects would get priority, though there would be fewer projects.

Generally, we agree. We see however a certain risk that smaller (in terms of cost) but highly effective projects will be excluded and that others are artificially “inflated” to increase the overall budget. Higher budgets do not automatically mean higher impact. Perhaps, a certain part of the overall budget should be reserved for smaller projects.

How can a strong synergy with other priorities under Horizon 2020 as well as other EU funding programmes such as Structural Funds and LIFE + be achieved?

It seems difficult to achieve real synergies with Structural Funds, as operational programmes are determined at national / regional level and differ between countries / regions.

Also with regards to LIFE +, we see more complementarities than synergies. IEE should place a clear focus on buildings, and more specifically on EE and RES in buildings. LIFE + has a much wider scope looking at all environmental aspects.

Do you see other ways to change the programme that might increase its relevance/impact? If yes, please specify.

Ensure that practitioners and public authorities participate in the project selection process.

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