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Policy guidelines to implement **Energy Efficiency First** in planning and investment schemes for buildings and related energy systems

Draft report

Workshop | 8th October 2021

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Guidelines on policy design options for the implementation of *Energy Efficiency First* in **planning and investment schemes** for buildings and the related energy systems

Objectives

- Adding an integrated view to the prior ENEFIRST research
- Proposing ways to implement an integrated E1st perspective in energy planning and investment
- Providing guidance for policy design and implementation of selected policy approaches

Promoting an integrated perspective of E1st

.. to overcome silo thinking in policy making and implementation

.. to help policy officers, market actors and end-users to take other perspectives and consider implications for the whole energy system

.. to show how EU legislation should be better harmonized to enable integrated energy planning of supply- and demand-side options

Structure of the report

Energy Efficiency First as a way to promote integrated approaches..

Chapter 1 …in energy planning

- Integrated energy modelling
- Integrated **energy infrastructure** planning
- Integrated planning of **energy demand & supply** in buildings

Chapter 2 ..in energy-related investments

- Considering **multiple impacts** in investment decisions
- E1st in public financing
- E1st in end user investment decisions
- Energy market regulations

Chapter 3 Complementary approaches to implement E1st

+ short analysis of the **Fit-for-55 July** package

Integrated energy planning

Integrated energy planning

National Energy & Climate Plans

- Energy demand forecasts should include the expected **impacts from energy efficiency policies**
- New energy infrastructures should be assessed against this "**E1st forecast**" (energy efficiency + flexibility potentials)

BUT

Usual trends = working in silos

- NECPs = **umbrella planning & reporting framework**, BUT
  - ❑ Do the national documents provide real integrated plans?
  - ❑ Do the infrastructure plans consider the outcome of forecasting?
  - ❑ What about the planning at the level of energy companies?

➔ **what types of approaches can support practices to implement E1st in energy planning?**

Approaches included about integrated energy planning

Integrated **energy modelling**

→ *basis for any integrated planning approach*

Integrated **energy infrastructure** planning

- Transmission and distribution utility provision
- Transmission and distribution company incentives
- Integrated district heating planning and operation

Integrated planning of energy **demand & supply in buildings**

- Individual planning tools in building renovation investments (e.g., building renovation passports)
- Municipal heat & renovation roadmaps

Integrating E1st in energy-related investment decisions

Integrating E1st in energy-related investment decisions

Large / major investments
(in EED recast: > €50 million)

Enhanced CBA = "*that allow proper assessment of **wider benefits** of energy efficiency solutions from the **societal perspective***" (Art.3 EED recast)

- CBA **methodology**
- **Approval** by an **entity** in charge of verifying that E1st is well implemented

➔ **included in the proposed EED recast**

Individual / smaller investments
(+ behaviours)

Need for **policies** to **fill the gap** between the *investor*'s and *society*'s perspectives

➔ **what types of approaches to make it happen?**

- **Multiple impacts** in policy design
- **Prioritization** in public funding allocation
- **Incentives or requirements** to promote decisions in line with national objectives

Approaches included about energy-related investments

Considering **multiple impacts** in investment decisions

→ *basis for a cost-benefit analysis (or other assessment) in line with the E1st principle*

E1st in public financing

- Integration of E1st principle into EU funding streams
- Carbon revenue recycling towards energy efficiency

E1st in end-user investment decisions

- Financial incentives for RES linked to energy performance
- Fabric first approach
- Minimum energy performance standards (MEPS)
- Dynamic tariffs

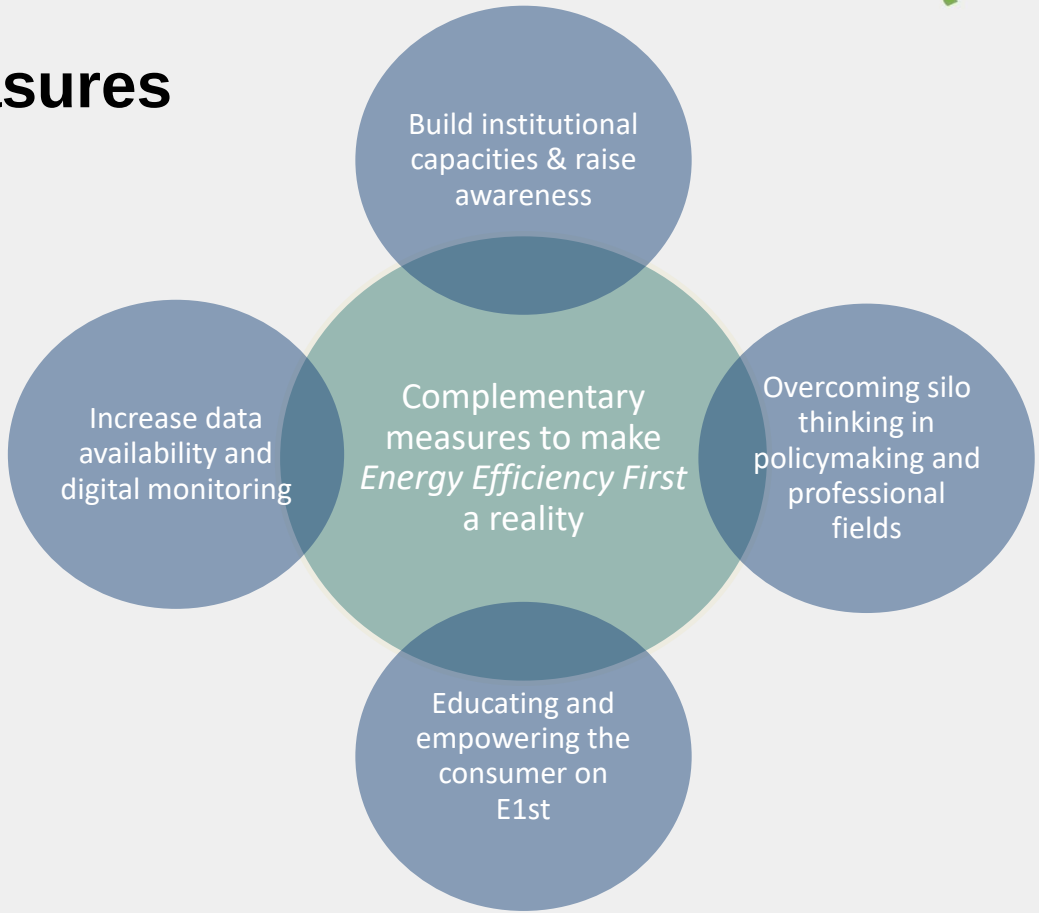
Approaches included about energy market regulations

Creating the conditions for energy companies to consider demand-side resources on a fair basis

Power market rules	• Enabling demand-side options to compete on a fair basis with any energy resource on the power market
Network access for third-party waste heat providers	• Making it possible for waste heat to be considered a heat source on a fair basis
Energy Efficiency Obligation Schemes	• Requiring energy companies to be involved in energy efficiency programmes, and allocating a part of their revenues to energy efficiency

Complementary measures to implement E1st

Cross-cutting issues to promote the concept of E1st across policy areas and among different stakeholder groups



Thank you!

Any clarification questions?

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