

# Welcome



Dear Reader,

Welcome to another year of European Energy Efficiency Fund's (eeef) activities, which we would like to review with you in this report.

The European energy market continues to evolve and develop, shaped by volatile global fossil fuel markets and growing competition in European gas and electricity markets, all within a framework of ongoing decarbonisation. To address the challenges of this complex sector, the European Union (EU) created the Energy Union, which provides a coherent policy framework for tackling five dimensions of the sector: ensuring security of supply (keeping the lights on and the gas flowing), creating a fully integrated internal market (to maximise competition and keep costs down), promoting energy-efficiency (to reduce pollution, energy costs and our import dependence), reducing emissions (to help meet our Paris climate change commitments), and expanding research and innovation (to boost our growth and competitiveness). All of these dimensions require changes in the sector and investment in change – new energy systems, smart equipment, clean power generation, and more energy efficient housing, buildings and equipment.

The eeef was created in 2011 to spur investments in energy efficiency projects by the public sector. It does this by providing debt or equity capital for projects which would not receive funding elsewhere due to the risk or the special social, environmental or innovative purpose of the project. To date, 10 projects across six Member States have received financing of almost €117 m for projects worth a total of almost €220 m. These have generated CO<sub>2</sub>e savings of 181 Mt and primary energy savings of 20 GWh.

The eeef is a pilot programme, exploring together with the European Investment Bank and the Investment Manager Deutsche Bank how to develop public-sector energy efficiency projects. Projects include efficient street lighting, hospital heating systems, museum/building renovations and renewable energy CHP systems. These all serve to help local and regional governments undertake energy efficiency improvements that in turn can be examples to others and demonstrate how to develop projects, build appropriate financial models and develop local skills to invest in the cheapest energy of all – efficient energy.

The programme also explores how “financial instruments” rather than traditional grants can be used to stimulate investment from the private sector (which is necessary if we are to achieve our ambitious energy policy objectives). Loans and equity shares, for projects which have clear paybacks, help to turn the energy efficiency sector into a commercial market. Only if we build up the skills of the institutions and organisations, the administrative practices and the financial expertise in energy efficiency services and equipment can we hope for private investment to enter and drive forward the growth we need. Growth that will help us meet our energy objectives whilst at the same time providing jobs, stimulating commercial and technical innovation and providing a model of burgeoning energy efficiency that can be exported around the world.

I am confident that the eeef will grow, develop new projects and bring in new regions and investors. This will help spread the skills of creating commercial energy efficiency projects and deliver on Europe's energy efficiency ambitions.

A handwritten signature in gold ink, reading 'Mechthild Wörsdörfer'.

Mechthild Wörsdörfer

Chair of the Supervisory Board and Director at the European Commission