

EPC CoC 4th Newsletter

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EDITORIAL

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Dear readers,

In this 4th edition of the EPC CoC Newsletter we have the pleasure of hosting an in-depth analysis of the German EPC market, provided by the National Administrator of the EPC CoC in Germany (Verband für Wärmelieferung) and the German Energy Agency (dena) (page 2).

At EU level (page 5), in addition to an update on the European Green Deal, you will also find interesting and valuable information on the final report on climate change mitigation and climate change adaptation activities in the Taxonomy, as published by the Technical Experts Group (TEG) on Sustainable Finance.

As you will see yourself, even in these unprecedented challenging times we are living, there are plenty of reasons to keep working hard to promote EPCs and the founding principles of the EPC Code of Conduct, as new policies are entering into force. With the severe economic consequences that the entire EU will have to face in response to the COVID-19 pandemic, there will be even more reasons to promote a business model that can ensure economic growth, the creation of jobs while delivering efficient and healthier buildings.

Stay safe and enjoy reading the Newsletter!

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EVENTS

Upcoming

(All events could be postponed or become webinars, please check the websites (hyperlinks) for more info)

- [Energy Efficiency Finance Forum](#)
2 – 3 June, New York, USA
- [EUSEW 2020](#)
22 – 26 June 2020, Brussels, Belgium
- [ecee industrial efficiency 2020](#)
14 – 16 September 2020, Gothenburg, Sweden

Past

- [Covenant of Mayors Investment Forum](#)
18 – 19 February 2020, Brussels, Belgium
- [Green Financing Workshop](#)
5 March 2020, Wels, Austria
- [Stakeholder Dialogue on Sustainable Finance](#)
12 March 2020 (online)

Models with guaranteed savings: How Germany plans to promote the market for energy performance contracting

Verband für Wärmelieferung, dena

Energy performance contracting as part of Germany's efficiency strategy

In December 2019 the German federal government adopted the Energy Efficiency Strategy 2050 (EffSTRA), with the aim, among others, of becoming the most energy-efficient economy in the world. EffSTRA stipulates that primary energy consumption should be reduced by 30 per cent by 2030 and 50 per cent by 2050 compared to 2008, and combines appropriate measures - some planned and some already partially implemented. The strategy's overriding principle for all sectors is 'Efficiency first!'.

A specific measure put forward by the federal government in EffSTRA for the building sector is the support of energy performance contracting (EPC) through the following:

- the creation of and support for ten EPC pilot projects in the public sector to demonstrate the benefits of EPC
- the use of knowledge gained from these pilot projects to provide an effective consulting service for EPC
- improved legal frameworks and greater responsibility at federal and state levels
- a mandatory analysis of EPC as a means of implementing the federal government's refurbishment measures
- greater consideration of contracting models and contractors in funding programmes

The implementation of the first point mentioned above, ten EPC pilot projects in the public sector, is already well under way as part of the project, 'Federal-State Dialogue: EPC', initiated by the Deutsche Energie-Agentur (dena) - the German Energy Agency - with the pilot project, 'Co₂ntracting: build the future!'.

Providing clear models through 'Co₂ntracting: build the future!'



Those in the public sector are required to set good examples in terms of energy efficiency and climate protection and act as role models for businesses and the general public. In this regard, the federal government, states and local authorities are aware of their responsibilities and are receptive in principle to energy services and EPC. Moreover, many now recognise that EPC, with its guaranteed savings, is a suitable instrument to enable them to achieve their own climate protection targets, and that involving contractors can provide relief for often over-stretched human resources. However – and this is a source of frequent criticism for potential users – in many states there is a lack of positive examples of implementation of EPC. Public sector building owners would like models to guide them through their own modernisation plans – models that they can learn from and which would inspire others to emulate them.

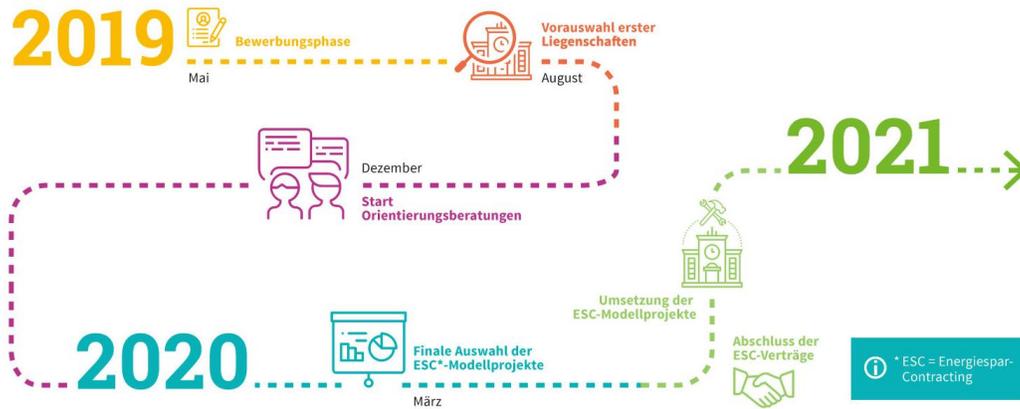
So in 2019 dena, along with the Federal Ministry for Economic Affairs and Energy (BMWi) and numerous supporters at regional and local levels, launched the pilot project, 'Co2ntracting: build the future! – Municipalities and states breathing new life into their buildings' (German title "Contracting: build the future! – Kommunen und Länder machen ihre Gebäude fit"). Within this framework, ten high-quality EPC projects are to be initiated and implemented nationwide. These EPC pilot projects will be guided throughout the tendering and implementation phases by specialised project developers experienced in EPC, with support provided free of charge at every stage. At the end, as well as during the EPC process, all of the projects will be evaluated by dena and assessed according to their success factors.

The new knowledge gained during the implementation of the pilot projects will expand the contracting know-how in the public sector, as well as among those in the regions, such as energy agencies, engineering firms and policymakers. At the same time, the effects that the various legal frameworks in the states have on EPC should become clear, so that improvements can be made if necessary. This should strengthen the market for EPC in the long term. The pilot projects will have public relations backing and will be linked to a network of regional contracting experts who will be able to regularly share their specialist knowledge.

Consultations offering initial guidance are currently under way in around 20 municipalities and states nationwide. During their consultations the project developers commissioned by dena will assess whether properties are suitable for EPC and how great the savings potential is. The results of the consultations are an important part of the selection process for the final ten pilot projects, which will subsequently receive further support from dena when implementing EPC.



*The consultations offering initial guidance are an important component of the pilot project: This is when a project developer checks suitability for EPC and the savings potential.
Photo: dena / Eibe Sönnecken*



The process for 'Co₂ntracting: build the future!'

'Co₂ntracting: build the future!' is funded by the BMWi in accordance with a resolution passed by the lower house of the German federal parliament. Regional and local energy agencies, a national support network and numerous experts support the pilot project.

For more information on the pilot projects and EPC visit www.kompetenzzentrum-contracting.de/esc-modellprojekte

If you are interested in finding out more or have any questions, please contact:

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NEWS FROM THE EU LEVEL

TAXONOMY

On 9 March 2020, the Technical Experts Group (TEG) on Sustainable Finance published its updated and **final report** on *climate change mitigation* and *climate change adaptation* activities in the Taxonomy. The [report by the TEG](#), accompanied by a [technical annex of almost 600 pages](#), will constitute recommendation to the European Commission, in view of its adoption of the relevant delegated acts by the end of this year.

The Taxonomy Regulation, on which a political deal was reached in December 2019, empowers indeed the EU Commission to adopt delegated acts in order to establish so-called “technical screening criteria”, which will be used to determine whether and when an economic activity can be considered as environmentally sustainable under the Taxonomy.

In particular, the current report by the TEG puts forward criteria for determining the metrics and thresholds for activities expected to significantly contribute to climate change mitigation and adaptation. Among the former, the macro section “*Construction and Real Estate Activities*” lists several activities that are considered to contribute to emissions’ reduction in buildings, including several energy efficiency activities.

Besides a section specifically dedicated to buildings’ renovation, addressing comprehensive refurbishment measures, the section on “*individual measures and professional services*” lists as eligible the following professional services: **technical consultations** (energy consultants, energy simulation, project management, dedicated training, etc.); **accredited energy audits and building performance assessments**; **energy management services**; **Energy Performance Contracts (EPCs)** and **energy services provided by ESCOs**.

This is a major achievement for the energy services’ sector and a recognition of the role of solutions such as EPCs, which will hopefully be maintained in the upcoming delegated acts.

The Commission will soon start working on these acts and, in the meantime, it has already launched a [call for feedback](#), open until 20th April.

EUROPEAN GREEN DEAL

Since the launch of the European Green Deal in December 2019, the European Commission has already published several important strategies and legislative proposals, expected to have an important impact on energy efficiency policies in the EU. The biggest political stance has been taken on 4th March 2020, with the launch of the [Climate Law proposal](#), enshrining in the EU legislation the climate neutrality objective by 2050, making of it a binding collective target for which a specific trajectory will be established and progressively reviewed.

Another strategy which is worth mentioning is the **EU Green Deal Investment Plan**, launched with a Commission’s [communication](#) in January 2020 and defined as the “investment pillar” of the Green Deal. The Plan outlines indeed the funding as well enabling framework which is meant to support the financing of the EU Green Deal, including more favorable State Aid rules for energy efficiency upgrades in buildings.

Finally, the Commission just launched its new [Industrial Strategy for a globally competitive, green and digital Europe](#), which mentions *Energy Efficiency First* as a key principle for the decarbonisation of industry.