

The Value in the EEFIG MS-level Process in Spain

1. Engage Expert Group on EE Finance Issues in Spain.

Spain's EEFIG Survey received 46 responses which were well distributed among various sectors. Responses included experts from: banks, financial association, central and regional Government, experts from building sector, consultants, academics, NGOs, ESCOs and others. The finance work built upon a raft of market analysis produced by the GTR working group from 2011 as well as initiatives of the construction sector (via their association CNC).

2. Definition of the Financial Instruments needed to Support the Sector

One of the target outcomes of the EEFIG survey in Spain was to identify the sector needs and which type of financial instruments are required to deliver against these needs. Based on the findings from the survey, the group identified the need for longer term financial products with guarantees backed up by clear fiscal signals to transform the market for building renovations in Spain.

3. Identify the Changes Necessary to Reboot Activity in Buildings Renovation

According to the finance group, growing building renovation activity in Spain requires firstly a regulatory framework which promotes a culture of energy efficiency. Networks of trusted and accredited agents that are able to plan, manage and tutor energy renovation projects are required. And finally, replicable renovation models need to be "industrialized" with a "made to measure" finance kit (modelled upon Germany's KfW, for example) that is available through multiple retail channels.

Value in the EEFIG Results

1. Structured analysis of the drivers and barriers to building renovation from demand and supply side and using a "common language" across multiple countries
2. Opportunity to raise the profile of the finance challenges for buildings owners wanting to undertake a deep renovation
3. Clear set of conclusions and proposed actions.

Key Learnings

Key learnings are based on the conclusions from the Spanish EEFIG research:

1. Points to highlight from demand side:

- **Use of Savings:** Energy efficiency is not seen as a priority among buildings owners in Spain, however “re-valuing” of property is a key driver of demand as well as any form of “fiscal stimulus”
- **Conformity except in Public Sector:** Drivers for residential and commercial sectors are much more “in line” than those for the Public sector, except for an “understanding of the multiple benefits” of renovation which is more apparent in the Public sector
- **Clear Value Driver Signaling:** Buildings owners are looking for clear value drivers including re-valuing their assets (“green premium”) and fiscal signals. These benefits can be captured through a greater appreciation of “multiple benefits” as well as better quality data.

2. Spanish Regulatory Framework for EE Investment:

- With several recent changes to the Spanish regulatory environment to help stimulate project development, the value from energy savings is less certain, as the variable component of the energy bill has changed, and future expectations of energy prices are uncertain
- The current framework tries to “ease the path” for those wishing to renovate their buildings, especially for multi-family properties, but consciousness is low
- A fiscal stimulus would raise the attention and value benefits of a building renovation and therefore catalyse greater activity.

3. Financial instruments for energy efficiency

- Financial instruments should be long-term, low cost and produced in a package which fits the needs of the different Spanish buildings sectors
- Clear signals of expected future energy prices and regulatory environment is a key need for the private sector banks interested to work in this sector
- Identification of the creditworthiness of the borrower and guarantor for technical delivery are two key issues which can be improved to engage more private sector investors.