



Cohesion Policy Investments in Sustainable Energy 2014-2020

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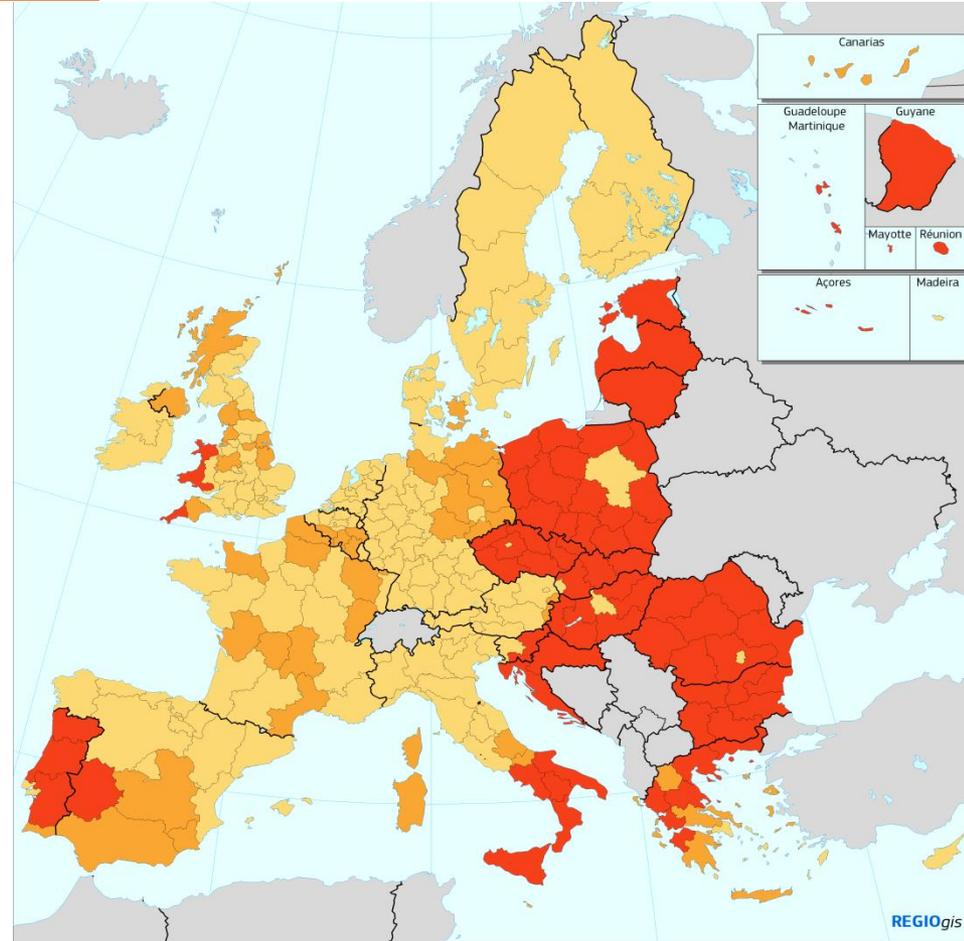


- **Cohesion Policy:** 39 billion € for investments in energy efficiency, renewable energy, smart distribution grids and sustainable urban mobility, including research and innovation in those areas, plus some 2 billion € for smart energy infrastructure
- Other **European Structural and Investment (ESI) Funds:** 7 billion € from European Agricultural Fund for Rural Development and European Maritime and Fisheries Fund for low-carbon
- **Horizon 2020:** 5.7 billion € for research and innovation in "Secure, clean and efficient energy"
- **Connecting Europe Facility:** 4.7 billion € for investments in TEN-E infrastructure of highest European added value
- **LIFE+** and **COSME** also relevant for certain aspects
- **European Fund for Strategic Investments (EFSI):** mobilising private financing for strategic investments, including in renewable energy, energy efficiency and energy infrastructure

Cohesion Policy



- Based on EU Treaty and aiming at 'economic, social and territorial cohesion' and 'reducing disparities'
- Major reform for the 2014-2020 period and alignment with Europe 2020 goals
- Three funds:
 - **European Regional Development Fund (ERDF)**
 - **European Social Fund (ESF)**
 - **Cohesion Fund (CF)**
- Total of € 352 billion over 2014-2020 concentrated in less developed regions



Structural Funds (ERDF and ESF) eligibility 2014-2020

Category

- Less developed regions (GDP/head < 75% of EU-27 average)
- Transition regions (GDP/head between $\geq 75\%$ and $< 90\%$ of EU-27 average)
- More developed regions (GDP/head $\geq 90\%$ of EU-27 average)



- Targeting resources at key growth sectors – thematic concentration
- Greater focus on results
- Pre-conditions for funding – ex ante conditionalities
- Reinforced partnership
- Increased synergies between the five European Structural and Investment (ESI) Funds – of which the three Cohesion Policy funds are part – and with other Union instruments
- Stronger link to economic governance and European semester processes
- Reinforced urban dimension and new tools for integrated territorial approaches
- Increased role for financial instruments

11 Thematic Objectives

Smart
Growth

1. Research & innovation
2. Information and communication technologies (ICT)
3. Competitiveness of Small and Medium-sized Enterprises

Sustainable
Growth

4. **Shift towards a low-carbon economy**
5. Climate change adaptation & risk management and prevention
6. Environmental protection & resource efficiency
7. **Sustainable transport & removing bottlenecks in key network infrastructures**

Inclusive
Growth

8. Employment & support for labour mobility
9. Social inclusion & combating poverty
10. Education, skills & lifelong learning
11. Institutional capacity building & efficient public administration

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Translated into Fund-specific investment priorities



European
Commission

- Promoting **production and distribution of renewable energy (RES)**
- Promoting **energy efficiency (EE) and RES use in enterprises**
- Supporting **EE**, smart energy management and **RES** use in public infrastructures, including **in public buildings, and in the housing sector**
- Developing and implementing **smart distribution systems** at low and medium voltage levels
- Promoting low-carbon strategies for all types of territories, in particular for urban areas, including **the promotion of sustainable multi-modal urban mobility** and mitigation-relevant adaptation measures
- Promoting **research and innovation** in and adoption of low-carbon technologies (ERDF only)
- Promoting **the use of high-efficiency co-generation** of heat and power based on useful heat demand

TO 7: Removing bottlenecks in key network infrastructures



ERDF

- Improving energy efficiency and security of supply through the development of **smart energy distribution, storage and transmission systems** and through the **integration of distributed generation from renewable sources** (ERDF only)



- Commission and Member States agree on **Partnership Agreements** at national level and **Operational Programmes** (OPs) at national/regional level.
- Programmes managed by **Managing Authorities** at national/regional level. Often national or regional Ministry for finance/economy/regional development.
- EU funds always **complemented by public or private funding – national, regional level or EIB**. Overall **co-financing rates** at programme level between 50% (more developed) and 85% (less developed regions).
- **Member States alone select and implement projects** in line with priorities of the OPs (principle of 'shared management'). However, 'major projects', i.e. investments with total eligible costs over € 50 million / € 75 million (depending on investment field), are submitted and approved by the Commission.
- **Monitoring Committees** (MCs) monitors implementation of OPs, Commission participates in advisory capacity.



Partnership Agreement (PA)

An overarching strategy at national level which:

- Covers the five ESI Funds
- Sets out the planned use of the Funds
 - Consistent with the Europe 2020 strategy and relevant Country Specific Recommendations
 - Taking account of territorial challenges
 - Coordinated to ensure an integrated approach

Core elements:

- Strategic choices = selected thematic objectives, allocations, main results
- List of programmes
- Coordination between Funds and with other policies
- Commitments on administrative capacity and reduction of administrative burden

Link to Europe 2020 and consistency with European Semester is key. Process for developing the PA can be top-down or bottom-up depending on institutional framework of Member State.

Operational Programme (OP)

The main role of the operational programme is to set out a coherent intervention strategy for the area/sector covered.

Core elements:

- Selection of thematic objectives (TOs) (11 to select from) → investment priorities (identified in Fund-specific regulations for each TO) → specific objectives (more detailed objectives to be identified by the programme), allocations and justification – intervention logic
- Financing plan and list of major projects
- Integrated approach to territorial development; specific needs and demographic challenges
- Ex-ante conditionalities
- Performance framework

Short, concise programmes with a clear focus on results.

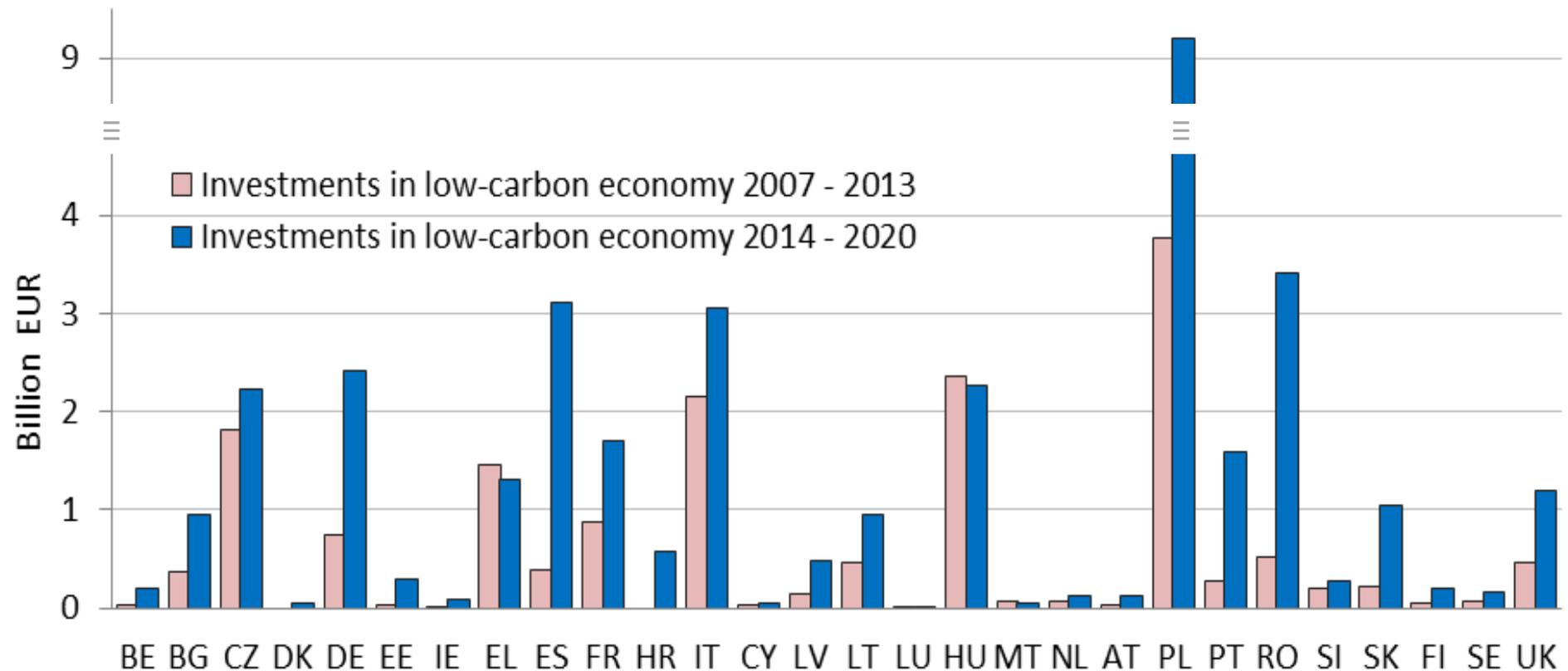
State of play of programming 2014-2020

- Commission and Member States agree on **Partnership Agreements** at national level and **Operational Programmes** at national/regional level
- **All 28 Partnership Agreements adopted in 2014**
- **205 Operational Programmes** (OPs) with ERDF and CF (for which DG REGIO is lead) planned, out of which **201 already adopted** in 2014 or 2015 (as of 7/9/2015)
- Outstanding OPs in two Member States
- Also **76 European Territorial Cooperation** ('Interreg') programmes planned, out of which 44 already adopted (as of 7/9/2015)



- **ERDF and CF** to allocate € 39 billion to investments in low-carbon: **energy efficiency and renewable energy, smart distribution grids and sustainable urban mobility**, including **research and innovation** (only ERDF) in those areas in **complementarity with Horizon 2020**.
- **ERDF** support also, mainly in less developed regions, to remove bottlenecks in key network infrastructures, including **smart energy distribution, storage and transmission systems**, in **complementarity with the Connecting Europe Facility**. Some € 2 billion expected.
- **ESF** support to ensure that people can adapt, through **acquiring appropriate skills** and through **lifelong learning opportunities**, to new challenges such as the **transition to a low-carbon and more energy-efficient economy**.
- The other **ESI Funds**, European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF), also to invest almost € 7 billion in low-carbon.

Cohesion Policy: Doubling of low-carbon economy investments





- Ensure that **public funding complements private investment**, leveraging it and not crowding it out, in accordance with State aid rules
- Consider creating value for energy savings through **market mechanisms** before public funding
- **Financial instruments**, such as loans, guarantees or equity, to be used for **projects with revenue generation or cost savings potential**
- **Grants** to be used **primarily for social objectives**, to support **innovative technologies** and **investments going beyond legal minimum energy requirements**, thus making sure that energy savings and greenhouse gas emission reductions are above those with "business as usual"
- **Financial instruments and grants** can be **combined in the same project**



- Possibilities for using **financial instruments** have been **extended and facilitated** for 2014-2020
- The Commission encourages use of financial instruments to shift from a grant-based approach and **increase leverage and revolving effects**
- The **Investment Plan** recommends Member States to deliver 20% of the ESI Funds allocations to low-carbon through financial instruments
- The Roadmap for the **Energy Union** includes an action point to strengthen the targeted use of financial instruments to support investments in energy efficiency

Ex ante conditionalities (ExACs)



- Pre-conditions on the spending to improve the **effectiveness of investment**.
- If relevant criteria are not fulfilled at adoption of programme - **action plan**. Interim payments can be suspended if there is no fulfilment by end of 2016.
- If the Commission considers that non-fulfilment leads to '**significant prejudice**' - suspension of interim payments at the stage of adoption of a programme.
- **Four ExACs related to Energy:**
 - ExACs 4.1 energy efficiency, 4.2 co-generation and **4.3 renewable energy**: Several Action Plans, mainly for 4.1, linked to Energy Performance of Buildings Directive
 - ExAC 7.4 energy infrastructure: Two Actions Plans (of which one has already led to subsequent fulfilment of the ExAC)

Ex-ante conditionality 4.3

- Actions have been carried out to promote the production and distribution of renewable energy sources.

Criteria for fulfilment

The actions are:

- Transparent support schemes, priority in grid access or guaranteed access and priority in dispatching, as well as standard rules relating to the bearing and sharing of costs of technical adaptations which have been made public are in place consistent with Art. 14(1), 16(2) and 16(3) of the Renewable Energy Directive (RED).
- A Member State has adopted a national renewable energy action plan consistent with Art. 4 of the RED.

ERDF and CF common output indicators: Low-carbon economy



- Additional capacity of renewable energy production (MW)
- Number of households with improved energy consumption classification
- Decrease of primary energy consumption of public buildings (kWh/year)
- Number of additional energy users connected to smart grids
- Estimated annual decrease of greenhouse gas (tonnes of CO₂ equivalents)

Expected main focus of Cohesion Policy RES investments 2014-2020

- **In many MS, given the national support framework already in place for RES, the focus of Cohesion Policy support will mainly be on decentralised RES electricity production and RES use in heating and cooling**
 - EE and RES use in **public buildings**, in particular demonstration of zero-emission and positive-energy buildings, and deep renovation of existing buildings
 - EE and RES use in **residential buildings**
 - EE and RES use in **enterprises**, in particular SMEs
- **Innovative renewable energy technologies, in line with the SET-Plan and the Energy Roadmap 2050**
- **Integrated low-carbon strategies and sustainable energy action plans**

Why focus Cohesion Policy support on Sustainable Energy Renovation of Buildings?

A WIN-WIN-WIN OPPORTUNITY:

Regional Development/Social Cohesion/Energy Savings

- **Creating new and sustainable jobs;**
- **Building local and regional capacities;**
- **Creating local opportunities for R&D and innovation;**
- **Lowering energy consumption and improving security of energy supply;**
- **Reducing energy costs and alleviating energy poverty (in the case of residential buildings);**
- **Improving the quality of residential/public/commercial buildings;**
- **Reducing greenhouse gas emissions and improving the local environment.**

Financing the renovation of buildings with Cohesion Policy funding: Technical guidance

- Aims to help Cohesion Policy Managing Authorities plan and deploy sustainable energy investments in buildings
- Provides a list of good practice approaches and case studies
- Informs about the European requirements on buildings and energy efficiency
- Explores the different financing mechanisms



Research and innovation (R&I) in low-carbon

- **Essential for achieving the EU climate and energy targets**
- **Offers important opportunities for regional development**
 - >>> **Supported by the Cohesion Policy**
 - >>> **More than 100 regions/MS plan to invest !!!**
- **Strategic use of the Funds, prioritisation and broad stakeholders engagement needed:**
 - >>> 'Smart Specialisation Strategies'
 - >>> Links with SET-Plan / Smart Cities / Horizon 2020

Research and Innovation Strategies for Smart Specialisation (RIS3)



- What is my region/country best at? How to be competitive using our strengths? Can we combine our efforts with other regions/countries?
- 'Entrepreneurial discovery' with all relevant stakeholders
- Continuous, bottom-up participatory process
- Precondition ('ex-ante conditionality') for the Cohesion policy funding under thematic objective 1, recommended for 4



Smart Specialisation Platform on Energy

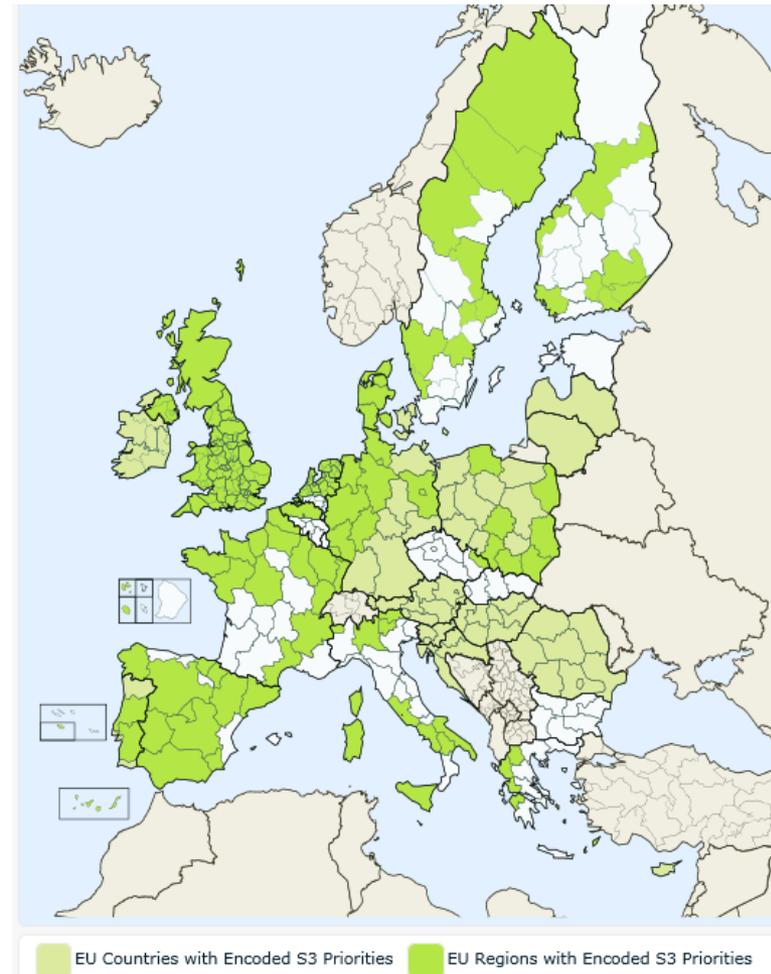
REGIO-ENER-JRC initiative aiming at supporting regions, Member States and stakeholders in:

- Optimal uptake of the Cohesion Policy funds for energy
- Align energy innovation at national, regional and local level with the EU priorities

Launched recently:

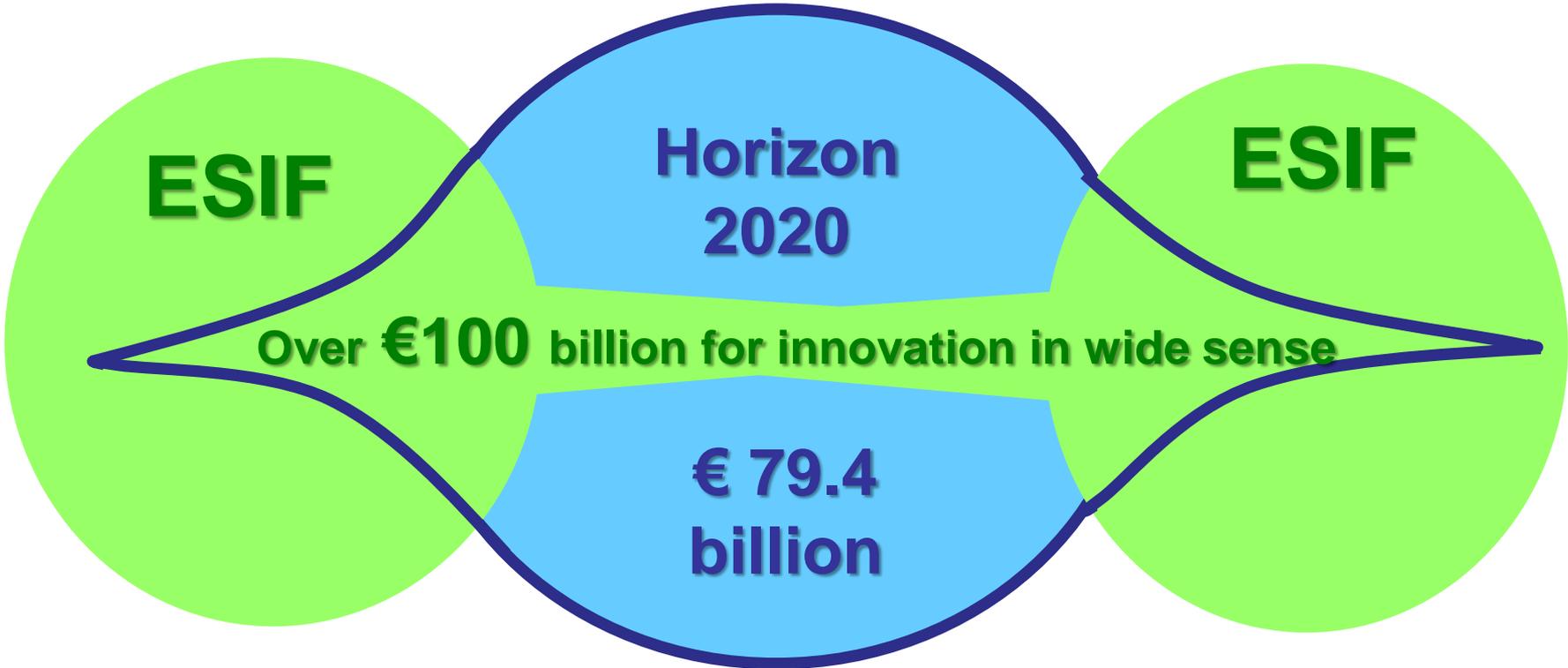
<http://s3platform.jrc.ec.europa.eu/s3p-energy>

Energy - smart specialisation area for more than 100 regions and Member States:





Overall concept for complementarity: Emphasis of programmes



"Stairway to Excellence"

"Research Excellence"

Hopefully also excellence, but **"Innovation Excellence"**



For more info:

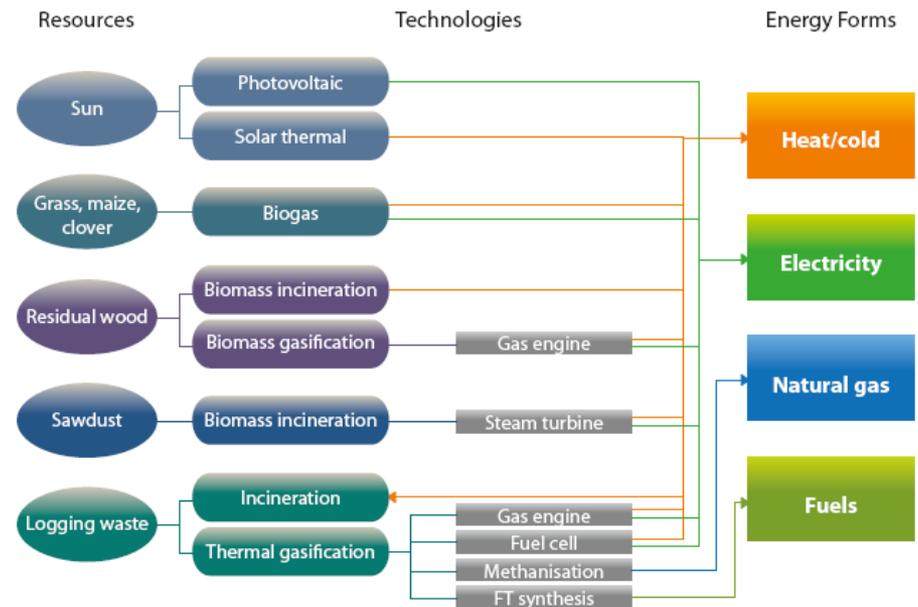


http://ec.europa.eu/regional_policy/en/information/publications/guides/2014/enabling-synergies-between-european-structural-and-investment-funds-horizon-2020-and-other-research-innovation-and-competitiveness-related-union-programmes

Regional
Policy

Example: Biomass, solar and wind – Burgenland, AT

- Regional development and innovation strategy in RES over more than 15 years
- Initial situation: economic downturn, depopulation, unemployment
- Objective to re-develop the region based on local characteristics and assets
- Reach energy self-sufficiency
- Generate regional growth, employment and tax revenues



Example: Biomass, solar and wind – Burgenland, AT

- Strategic use of Cohesion Policy funding in biomass, solar and wind energy as well as into related research and training
- Great success in terms of jobs, regional development and energy security

Case study available at:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/cohesion_achievements/burgenland.pdf

RENEWABLE ENERGY SOURCES, BURGENLAND (1995-99, 2000-06)

Aid programme	Number of projects	Eligible costs	Amounts in €	
			EU	National
Objective 1 1995-99 (ERDF)	4	15 735 299	2 865 890	4 412 469
Objective 1 2000-06 (ERDF)	15	95 900 644	17 741 507	9 607 864
Additionality 2000-06 (ERDF)	20	43 214 981	0	11 861 321
INTERREG IIA	10	674 439	222 164	241 937
INTERREG IIIA	4	922 646	461 323	276 879
LEADER+	10	1 954 736	892 045	250 292
Objective 1 2000-06 (EAGGF)	190	21 994 684	6 339 824	2 113 274
Total	253	180 397 429	28 522 753	28 764 038

Example: Smart Specialisation in RES/EE – Alsace, FR

1998: Design of a regional strategy for RES and EE

2000: Integration into regional development contract with State

2003-05: Launch of 'Energivie' and use of the ERDF 'Regional Programme of Innovative Actions 2000-06' to boost the strategy (€ 1.9 million). Initial focus only on RES.

2005: Re-focus towards EE in buildings

2007-13: 2nd phase of the strategy

2008: Winner of RegioStars Awards

2009: Application to be selected as a 'Pôle de Compétitivité' in FR

2010: Label 'Pôle de compétitivité'



Project example: **GEO.POWER** project



- Regional strategies for large scale introduction of **geothermal energy in buildings**
- INTERREG IV C cooperation project, with partnership of **ministries, regions, local authorities, universities and R&D agencies** of 9 Member States: **Belgium, Bulgaria, Greece, Estonia, Italy, Hungary, Slovenia, Sweden, UK**

More information at: <http://www.geopower-i4c.eu/>

Conclusions



- Cohesion Policy 2014-2020 playing a strong role in **delivering the Energy Union on the ground**, with significant opportunities for sustainable energy
- **Commission support** includes:
 - **EMA Network of Energy and Managing Authorities** to support the best possible use of the funding
 - **Smart Specialisation Platform on Energy**
 - Advisory platform for financial instruments, ***fi-compass***
 - Off-the-shelf financial instruments, including **'Renovation loan'**
 - Guidance documents, workshops





More information

Thematic Guidance on Cohesion Policy investments in the shift towards a low-carbon economy and Guidance on Financial Instruments in Cohesion Policy 2014-2020:

http://ec.europa.eu/regional_policy/index.cfm/en/information/legislation/guidance/

Financing the energy renovation of buildings with Cohesion Policy funding – Technical Guidance:

http://ec.europa.eu/regional_policy/index.cfm/en/information/publications/guides/2014/financing-the-energy-renovation-of-buildings-with-cohesion-policy-funding

Smart Specialisation Platform:

<http://s3platform.jrc.ec.europa.eu/home>

Guide "Connecting Smart and Sustainable Growth through Smart Specialisation":

<http://s3platform.jrc.ec.europa.eu/documents/10157/0/greengrowth.pdf>

Standard terms and conditions for financial instruments ('off the shelf') , including 'Renovation loan':

http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.271.01.0016.01.ENG

Commission Staff Working Document – Financial Instruments in Cohesion Policy:

http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/financial/financial_instruments_2012_en.pdf

Financial Instruments: A Stock-taking Exercise in Preparation for the 2014-2020 Programming Period:

http://ec.europa.eu/regional_policy/index.cfm/en/information/publications/reports/2013/financial-instruments-a-stock-taking-exercise-in-preparation-for-the-2014-2020-programming-period

fi-compass advisory platform for financial instruments:

<http://www.fi-compass.eu/>

Expert Evaluation Network reports on renewable energy and energy efficiency in housing:

http://ec.europa.eu/regional_policy/index.cfm/en/information/publications/evaluations/2011/synthesis-report-on-renewable-energies-and-energy-efficiency-of-housing

Cohesion Policy Project Examples:

http://ec.europa.eu/regional_policy/indexes/project_examples_en.cfm

Intelligent Energy Europe Projects:

<http://ec.europa.eu/energy/intelligent/projects/?/page/Page.jsp>