



High-level conference on clean energy financing:

Delivering the energy transition for jobs, growth and investment

7 November 2017, European Parliament, Brussels

#CleanEnergyEU



Speech by Jyrki Katainen, Vice President for Jobs, Growth, Investment and Competitiveness

Check against delivery

Dear President,

Dear Ladies and Gentlemen,

Thanks for the invitation to this important and timely High Level Conference on Clean Energy Financing.

We all agree that the Paris Climate Agreement is a historical milestone in global climate action. Sustained investments in energy efficiency, renewables, power grids and interconnectors are vital to speed up the decarbonisation of the EU economy.

At EU level, an extra EUR 177 billion is needed annually from 2021 onwards to reach the 2030 climate and energy goals.

The proposals of the Clean Energy package will be a crucial step on that path. They will also contribute to putting in place the genuine Energy Union in Europe.

In this context it is important to underline a strong need to step up research, development and innovation (RDI) activities. They will be key to achieve our climate and energy objectives and

to strengthen EU leadership in the manufacturing industry of low-carbon and energy-efficient technologies.

I am convinced that financial instruments are set to play an increasingly prominent role to meet this challenge. They allow us to do more with less.

EFSI (European Fund for Strategic Investments)

The Investment Plan for Europe is already supporting investments in energy efficiency and renewables.

Environment and energy efficiency are very prominent sectors under the EFSI: Energy represents 21% of total EFSI investment and environment and resource efficiency 4%. Together, they account for a quarter of all EFSI investment, so over 60 billion euros will be channelled to such projects.

Within energy, energy efficiency projects represent a particularly big share of investment. It is essential, as this is the sector where the biggest investments are necessary and barriers preventing it from happening are most pronounced.

The EFSI has demonstrated some great success in the energy transition field, with backed projects all over Europe, ranging from:

i) new wind farms in Greece (24 mln EUR);

through

ii) gas pipeline from Bulgaria to Austria via Romania and Hungary (50 mln EUR);

iii) building more than 500 energy-efficient social housing in Spain (40 mln EUR);

to

iv) innovative, smart solar panels in France, used to dim windows with your smartphone and power billboards off the grid (15 mln EUR)

The EFSI clearly shows its added value in this field, and it is obvious that it is a very useful tool for financing the future economy, including the energy transition.

EFSI 2.0

And under EFSI 2.0, we are putting an even greater overall focus on sustainable investments to help to meet COP (Conference of the Parties) 21 targets.

At least 40% of EFSI projects under the infrastructure and innovation window will have to contribute to the COP 21 targets.

In addition, the European Investment Advisory Hub will further support the preparation of climate-friendly projects.

Investment platforms

There are also many other important ways that can help us attract financing for clean energy projects.

Investment platforms for example can pool smaller projects by location or sector. They can make it easier for individual energy efficiency projects to unlock financing. Such projects may not necessarily need large loans. Instead, a number of these smaller projects can be bundled within a larger platform that can be backed by the EFSI. For instance, the EFSI supported an investment platform in France to finance the energy efficiency retrofitting of up to 25,000 social housing units.

EFSI in combination with other EU funds

There are also a number of other EU financing tools available for the energy sector. For example, projects suitable for financing under EFSI could also be combined with other sources in the EU budget, in particular the European Structural and Investment Funds (ESIF) or the Connecting Europe Facility (CEF).

These sources may finance part of the project - in the form of a grant - while the EFSI may come on top, to significantly attract private investment.

Structural Reforms

However, these efforts need to be accompanied by the right reforms to strengthen our single market and to sustain a business-friendly environment.

This twin approach of providing financial support and improving the investment environment is especially an imperative in the field of energy, where capital-intensive infrastructures are key for a new energy model.

The Third Pillar of the Investment Plan is an ambitious approach designed precisely to remove bottlenecks to investment, provide greater regulatory predictability, and reinforce the Single Market. This can only be achieved through complementary national and EU actions.

The Clean Energy package is an important move towards an improved framework, setting the rules for a clean, secure and flexible energy system of tomorrow. However, investments can be driven not only by setting new rules but also by removing some of the current regulatory obstacles.

A good example of the latter is the recently issued guidance of Eurostat on the statistical treatment of Energy Performance Contracts, which should provide a much greater scope for public authorities to use such contacts to decrease their carbon footprint.

We must continue with our efforts both at EU and national level to create the kind of enabling environment that we need for our energy transition and for meeting our COP21 climate commitments.