EU PEERS
Community for Integrated Home Renovation Services

Assessment of financing options to empower Integrated Home Renovation Services

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Background information

The EU Peers initiative aims to significantly increase the residential energy renovation rate by strengthening and upscaling the Integrated Home Renovation Services (IHRS) movement. To achieve this, EU Peers is establishing an inclusive European Community of Practice for IHRS providers such as One-Stop-Shops (OSS) and supporters. As a starting point, seven Community platforms will be established to represent the fundamental structure of the EU Peers Community. Exchanging, learning and collaborating to solve common challenges is at the heart of the numerous Community activities.

The project EU Peers receives co-funding from the European Union's LIFE Programme under Grant Agreement No. 3875032 and runs from September 2023 to August 2026. The Community shall be continued beyond the duration of the project.

Context

- *Milin & Bullier, 2021:* Out of all IHRS initiatives assessed by Milin & Bullier, none had reached market maturity and were not self-sustaining.
- *Pardalis et al., 2022*: Financing of the IHRS model is still the main barrier to its expansion.
- *Bianco et al., 2022:* Attracting private financing is crucial for decarbonising the building sector.
- Article 18 of EPBD recast.

Objective

- Map and evaluate the existing financial instruments for building renovation that can support achieving the goals of IHRS and existing EU-level policy objectives.
- Create a complex indicator for the quantitative comparison of financial instruments.
- Perform a preliminary assessment of 8 financial instruments.

Methodology (I)

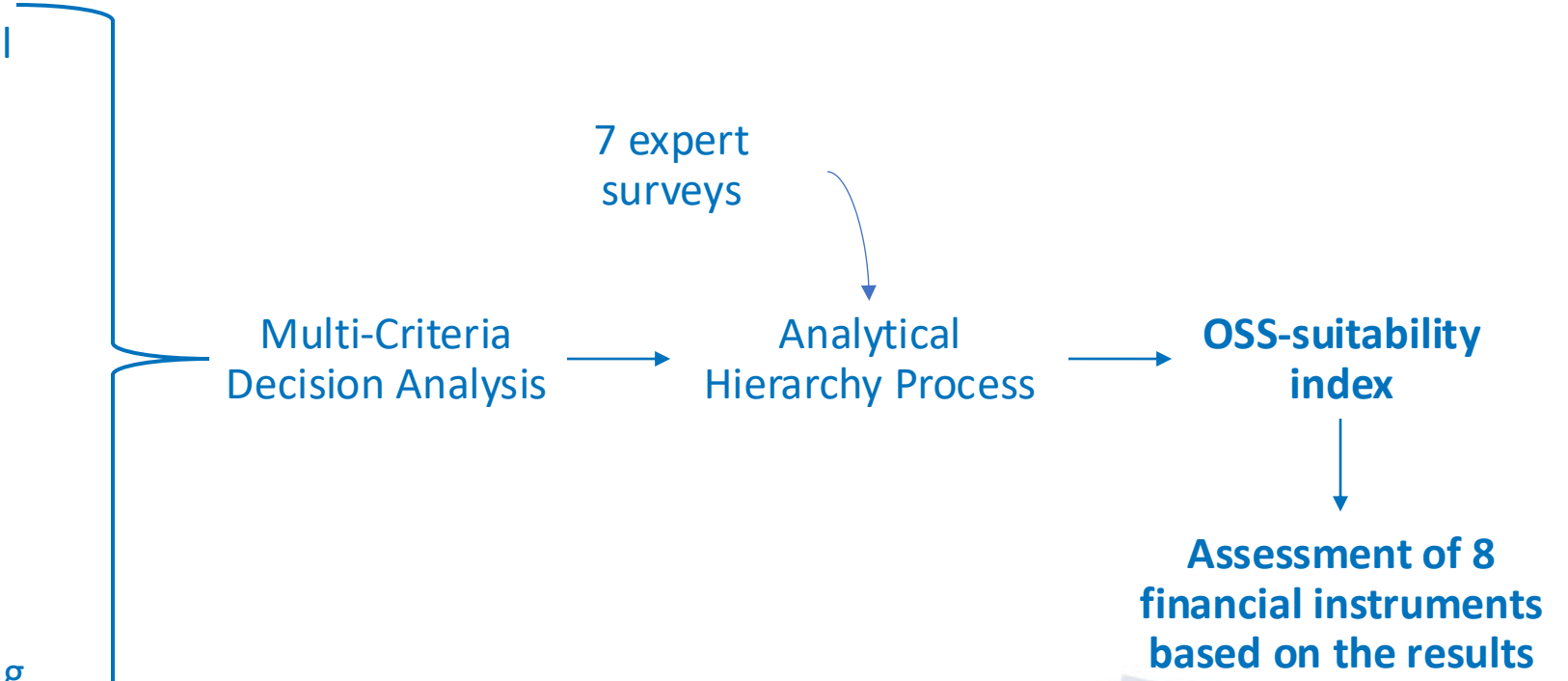
Table 1, The list of indicators

Indicator	Range of indicators	Source
Necessity of upfront capital (%)	From 0% to 100%	Bertoldi et al., 2021
Share of private financing (%)	From 0% to 100%	Biere-Arenas et al., 2021 Bianco et al., 2022
Eligible entity	From individual homeowners to IHRS	Conforto et al., 2022
Liability for guarantees for energy savings	From no energy savings guarantees to energy savings guarantees with liability	Economidou et al., 2019
Additional benefits for vulnerable social groups	From no benefits to financial benefits	Lakatos et al., 2019
Scalability and replicability	From individual building level to district level	Rose et al., 2021
Repayment channel	A list of most common financial instruments	Bertoldi et al., 2021 Bertoldi et al., 2020
Pressure on public financing (%)	From 0% to 100%	European Commission, 2019

Methodology (II)

Indicators:

1. Necessity of upfront capital
2. Share of private financing
3. Eligibility
4. Liability for energy savings guarantees
5. Additional benefits for vulnerable population
6. Scalability and replicability
7. Repayment channel
8. Pressure on public financing



Methodology (III)

Table 2, The list of financial instruments used for analysis

Financial instrument	Country	Scale	Type of financial instrument
Nationaal Warmtefonds (NWF)	The Netherlands	National	Loan
Latvian Building Energy Efficiency Facility (LABEEF)	Latvia	National	On-bill contract forfaiting
Investor Confidence Project (ICP)	N/A	International	Energy performance protocol
Renesco	Latvia	National	EPC
ALTUM	Latvia	National	Grants
Green District Retrofit (GVR)	The Netherlands	Regional	Grants
Third-party financing (Serafin)	France	National	Loan
EPC+	Poland	National	EPC forfaiting

Results (I)

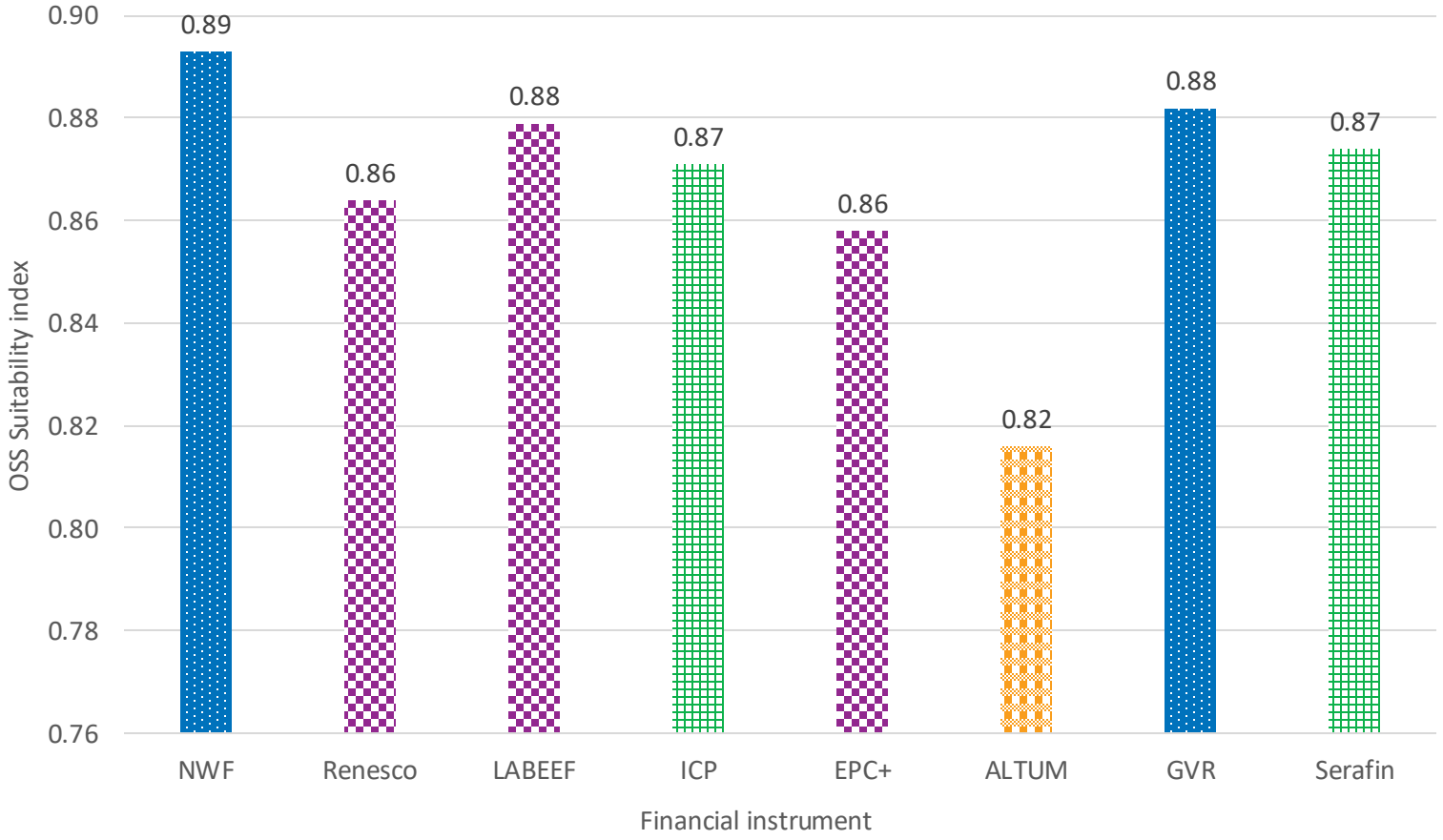


Figure 1, The OSS suitability index score for eight financial instruments

- The OSS-suitability index value variance is from 0.82 to 0.89
- The instruments with the highest score are Nationaal Warmtefonds (NWF) and Green District Retrofit (GVR)
- The lowest results received ALTUM
- The categories in which both NWF and GVR performed the best are additional benefits for vulnerable populations and scalability and replication

Results (II)

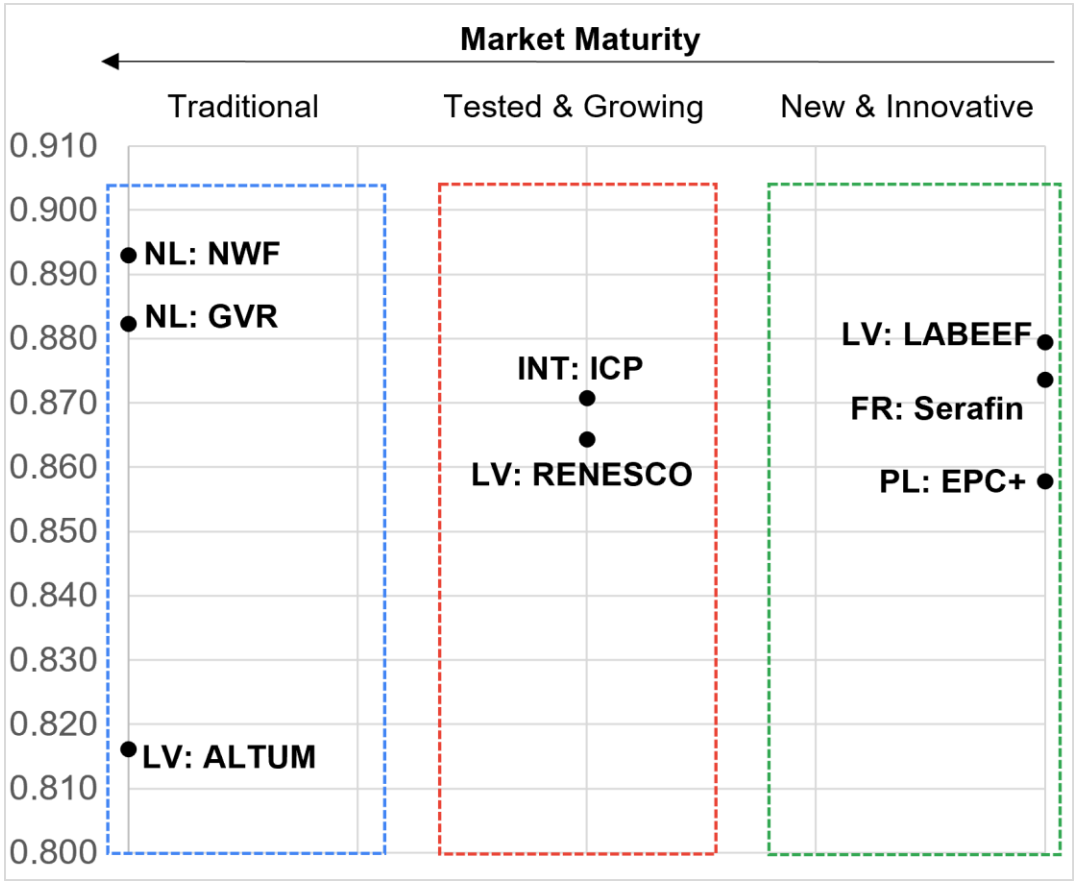


Figure 2, The OSS suitability index score and market maturity

- The OSS-suitability index was plotted together with the market maturity of financial instruments
- More traditional financing approaches received both the highest and lowest score values
- Several instruments considered ‘new & innovative’ show high overall scores due to the combination of non-financial benefits for vulnerable social groups and a high proportion of private financing used to operate the instruments

Conclusions

- Adoption and improvements of more traditional financing models for building renovation are more suitable for the current operation of IHRS
- More traditional financing models are better suited to address vulnerable social groups and the scalability of renovation activities
- Even though attracting more private financing was considered a positive indicator, the instruments with the highest proportion of private financing were not able to obtain high scores in other categories

Conclusions

- The amplitude of scores increases when the OSS-suitability index scores are mapped with market maturity levels.
- Geographical pattern in the preliminary assessment was observed. Assessment of more financial instruments is required for further analysis

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THANK YOU!

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Resources

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