# Policy recommendations from the RES-H Policy project

Workshop "Improving the Renewable Energy Policy Framework in the Lithuanian Heating Sector"

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Veit Bürger, Öko-Institut e.V.

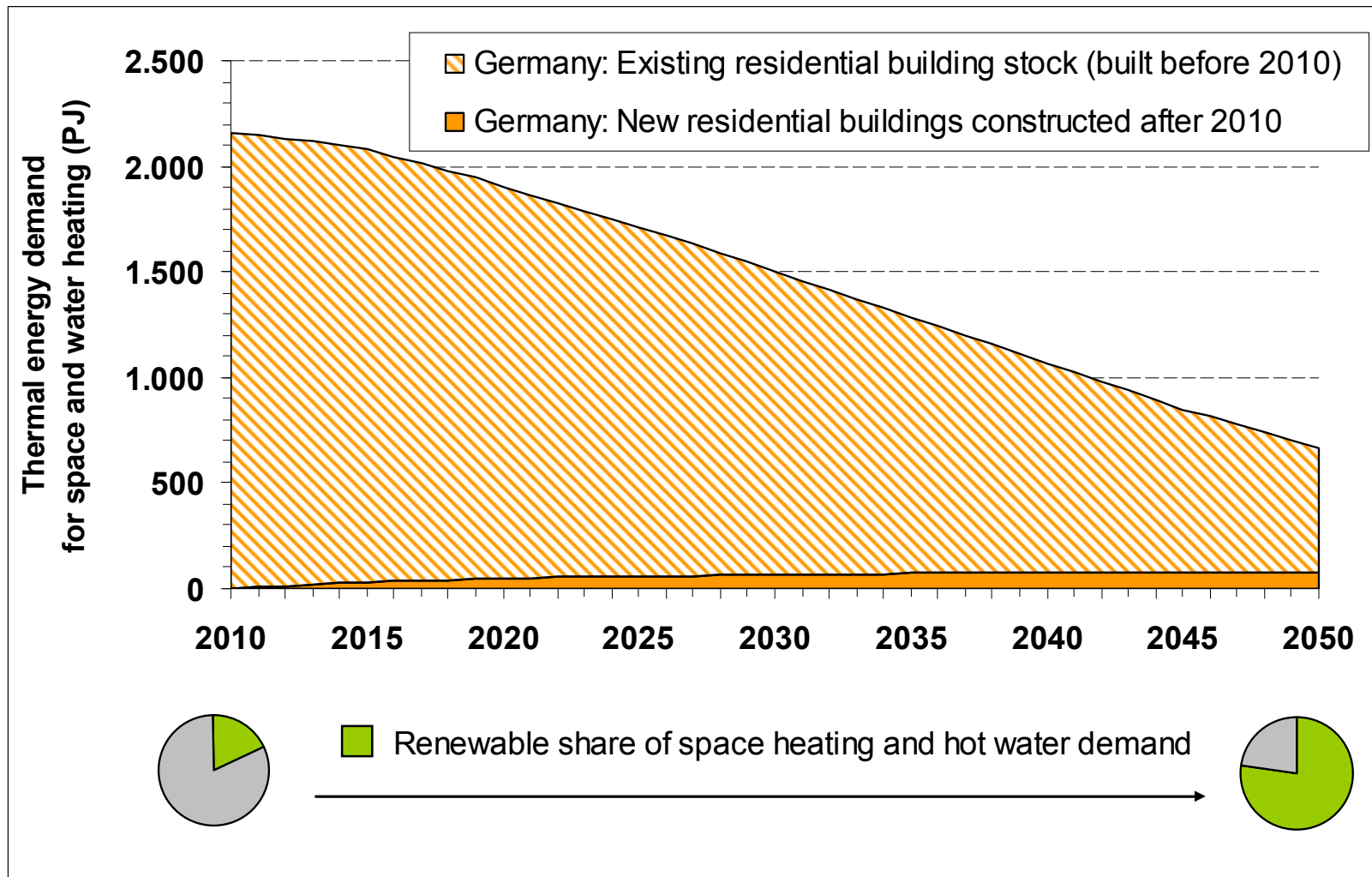**www.res-h-policy.eu**

# Adjusting priorities

- In the NREAPs all Member States pronounced on the projected contributions from RES-E, RES-H/C, RES-T until 2020

- Contributions are dominated by RES-E but an important role is also foreseen for RES-H/C

- However the need for a support framework aiming to enhance exploitation of RES-H/C potentials does not get adequate attention in all Member States

- Member State governments and all other policy makers need to adjust their policy priorities by putting more efforts into establishing adequate framework conditions for a sound development of RES-H/C markets

# Innovative policy approaches

- Currently RES-H support policies concentrate on three classes of budget financed instruments (available budgets are often rather limited)
  - Investment grants
  - Tax measures (e.g. tax deductions, reduced VAT rates)
  - Soft loans

- Only few Member States apply non-fiscal measures such as
  - Use obligations (e.g. ES, DE, PT)
  - Eligibility of RES-H/C investments within White Certificate Schemes (IT, FR)
  - Bonus type of systems (RHI in the UK)

- Member State are encouraged to also think about the implementation of new innovative approaches, e.g. price- or quantity based instruments

# Importance of the existing building stock

- In recent years in many Member States the rate of annual new build residential buildings was in the range of 1%

- The building sector in 2020/2030 (even 2050) will still be dominated by buildings that already exist today

- RES-H/C support policies should be designed as to specifically address the existing RES-H/C potentials in the existing building stock

- Article 13 (4) of the RES Directive should be considered:
  *"By 31 December 2014, Member States shall, in their building regulations and codes or by other means with equivalent effect, where appropriate, require the use of minimum levels of energy from renewable sources in new buildings <u>and in existing buildings that are subject to major renovation</u>."*

Thermal energy demand for space and water heating (PJ)

Germany: Existing residential building stock (built before 2010)

Germany: New residential buildings constructed after 2010

Renewable share of space heating and hot water demand

source: Öko-Institut e.V.

# Predictable and reliable investment conditions

- Financial support programmes supported from public budgets depend on the amounts earmarked every year for the respective purpose

- Available funds and funding conditions typically are dependent on States` financial situation and potential budgetary constraints

- Yearly modified incentive rates, available funds and general support conditions make investors feel insecure, can lead to confusion and discourage potential investors

- Financial support instruments should provide continuity, governments' need to commit to earmarking funds ahead of time and making this fact clear to the market

# Non-residential buildings

- A considerable part of building-related final energy use is from non-residential buildings (service sector, industry, agriculture)

- Non-residential buildings often have different characteristics compared to residential buildings regarding thermal demand (e.g. higher cooling demand due to internal thermal loads) and demand profiles

- Support policies for RES-H/C should provide elements that specifically address the non-residential building segment

# Exemplary role for public buildings

- Public buildings have an exemplary role with respect to the efficiency standard of the building envelope but also the way the thermal energy demand is met

- As foreseen by the RES Directive Member States should adopt policies that ensure that renewable heating technologies are installed at all new public buildings and all those that are subject to a major renovation

- Member States should extend this requirement to cases where only the heating system is modernised

# Taking into account the long term perspective

- Support policies should trigger technology diversification in order to have a sufficiently large technology portfolio in the long-term

- The common heating infrastructure is characterised by long investment cycles (e.g. boilers), heating grids additionally by high capital intensity

  → To avoid counterproductive lock-in effects, the respective infrastructures should take long term projections into account

  → Heat infrastructures should be designed in such a way that they are able to cope with future demand and generation profiles (e.g. different heat densities, increasing share of RES, decentralised generation, different temperature levels)

# Monitoring, Evaluation, Transparency

- Member States should implement appropriate measures to monitor and evaluate the impact of adopted policy

- Monitoring and evaluation are key elements for enabling the policy sector to react to undesirable effects; to adapt and further develop the design of an instrument and thus to maintain or even strengthen the effect towards the desired policy aim

- Member States should implement adequate reporting requirements, e.g. periodic policy evaluation reports that are disseminated to national parliaments and other interested stakeholders, including the public

- Member States should improve their statistical data about RES-H/C (and the building sector in general) and should make them available in an adequate level of disaggregation

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# Thank you for your attention

Contact

**Veit Bürger**
**Öko-Institut e.V.**

tel.: +49-761-45295-25
email: v.buerger@oeko.de