

EMF ECBC



ROAD MAP FOR AN ENERGY EFFICIENT MORTGAGES INITIATIVE

Brussels
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WHY A PAN-EUROPEAN APPROACH?

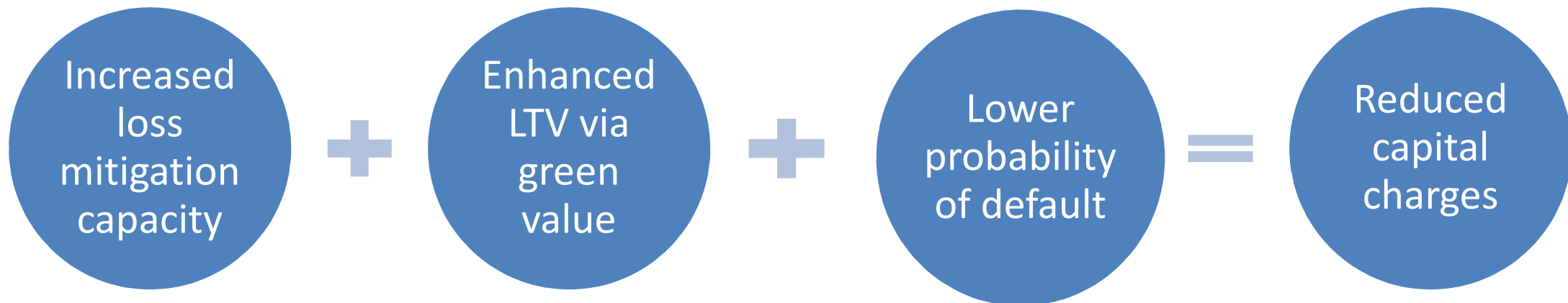
- Buildings are responsible for 40% of EU energy consumption
- Buildings are responsible for 36% of CO2 emissions in the EU
- 75-90% of EU building stock is predicted to remain standing in 2050
- Improving EE of buildings could reduce EU energy consumption by 5%-6% and CO2 emissions by 5%
- EU has set itself an overall 20% energy savings target by 2020 and is now considering increasing this to a 30% target by 2030
- Scale of investment needed to meet the 2020 target is estimated at €100 billion per year
– European Commission has underlined need for private investment

OBJECTIVE & UNDERLYING BUSINESSES CASE

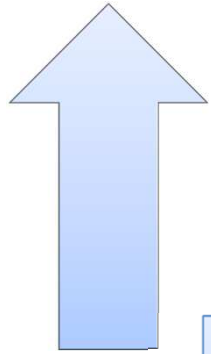
The **ultimate objective** is a pan-European private bank financing mechanism, based on a standardised approach, to encourage energy efficient improvement by households of the EU's housing stock by way of financial incentives linked to the mortgage, and in this way support the EU in meeting its energy savings targets.

Independent from, but complementary to, public funds or tax incentives

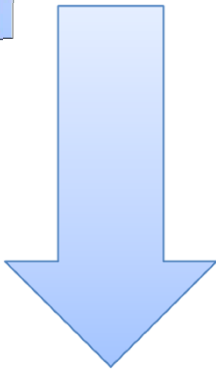
Underlying business case



UNDERLYING MARKET CHARACTERISTICS IMPACTED BY EE



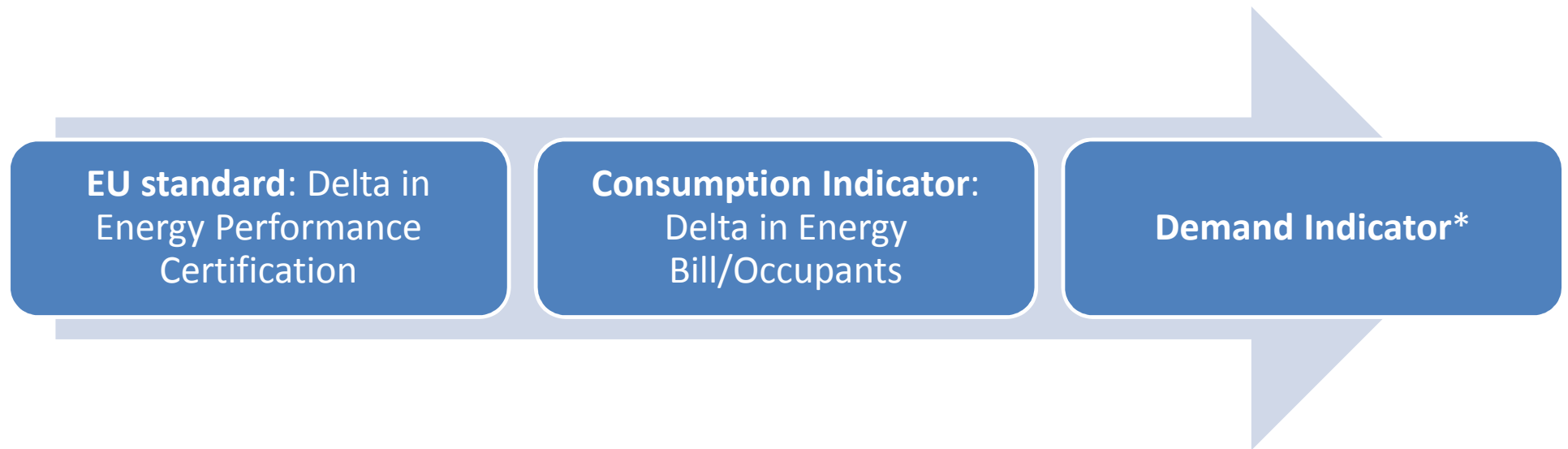
Retrofitting impacts positively on property value ensuring **wealth conservation & loss mitigation** by preventing “brown discount”



EE leads to a reduction in the impact of energy costs to income, reducing borrowers' **probability of default**

METHODOLOGY - EE INDICATORS

Three pillar approach to certification of actual energy performance:



The metrics and value will bring the mortgage industry in-line with the EU on energy

***One possibility:** The EE Directive ([2012/27/EU](#)) foresees an 'energy performance contracting' which is a contractual arrangement between the beneficiary and the provider of an EE improvement measure, verified and monitored during the whole term of the contract, where investments (work, supply or service) in that measure are paid for in relation to a contractually agreed level of EE improvement or other agreed energy performance criterion, such as financial savings.



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