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## European Court of Auditors: Cost-effectiveness does not guide EU spending on energy efficiency in buildings

**European Commission improved its guidance for better energy efficiency investments in buildings, but Member States implementation falls short of best practice, say Auditors**

**The European Court of Auditors' recent Special Report 'Energy efficiency in buildings' shows that EU-funded projects still do not focus on achieving the greatest potential energy savings per euro invested. Although the Commission has issued extensive guidance for improving energy efficiency investments in buildings including their cost-effectiveness, audited Member States allocated budget to projects on a first-come first-served basis, without weighing relative costs and benefits.**

Improving the energy efficiency of buildings is a key tool to achieving the European Union's energy efficiency targets. Buildings consume the greatest share of energy and have the largest energy savings potential.

The EU co-finances projects to improve the energy efficiency of buildings in partnership with Member States. It earmarked 14 billion EUR in the 2014-2020 long-term budget for that purpose, with an additional 5 billion EUR of national co-financing. These funds are allocated to eligible Member States, which are responsible for the selection of individual projects to receive funding.

The Commission issued extensive guidance to Member States on how best to use EU funds in energy efficiency investments in buildings. For example, the Commission recommended Member States to use EU funding, especially when provided as grants, to support primarily deep renovation resulting in significant energy savings (more than 60 %).

However, most audited Member States failed to target EU funds towards projects most likely to realise energy savings, instead allocating grants to projects on a first-come first-served basis, without comparing relative costs and benefits. As a result, some projects used EU financing for simple upgrades (such as installing LED lighting).

Since the cost-effectiveness of the investments is not measured, it is not possible to know how much energy will have been saved through the investments.

The Member States identified several market barriers to energy efficiency investments in buildings. These include lack of awareness and expertise on energy efficiency financing and benefits, high initial costs, regulatory barriers in multi-ownership buildings (often requiring unanimity for housing associations), and the split incentive or owner/tenant dilemma.

### Recommended Actions

Members may find it insightful to read the full report. More advocacy and education on energy efficiency investments in buildings at national level is needed.

### Related documents and links

All related documents and articles can be found in the respective sections in the right sidebar.

- GEN – 1109.01 – Energy efficiency in buildings: greater focus on cost-effectiveness still needed

