

EU experience in
financing energy
efficiency in buildings
in Central and
Eastern Europe

Reflections from
Lithuania

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Background

- Founder of European Public Policy Institute, aiming to facilitate dialogue across parties' lines on key issues, like clean energy, education, etc. Entrepreneur.
- Six years experience as CEO of *Norway Registers Development AS* in public sector modernization projects in East Africa, South and South East Asia.
- Minister of Economy, in the political cycle of 2008-2012.

Climate change agenda in the years of crisis

- Context: Lithuania lost ~15% GDP in 2009, economy seemed to be collapsing
- Lithuanian Government invested in climate action during severe crises, while climate change was not high in rank of public concerns.
 - Project of mass insulation of apartment buildings
 - Insulation and renovation public buildings (schools, hospitals, public administration, etc.)
 - Reequipping centralized heating stations to use biofuels instead of natural gas

Priorities of policymakers

- Policy priority 1: to stimulate demand with any resources available
- Policy priority 2: to decrease dependence on energy resources from Russia (Gazprom)
- Policy priority 3: to decrease size of “energy bill” for residents and businesses



“You never let
a serious crisis
go to waste”

- Crisis of 2009 had a huge impetus to implement measures discussed earlier
- Climate change related measures were welcomed side effects, rather primary agenda
- Lithuania was a partner rather than receiver of funds, so our priorities were strongly reflected in developed instruments
- High energy prices were very important motivator to insulation and transition to biofuels projects
- Revolving funds was our idea of saving scarce resources and mitigating unwanted effects of grant schemes

“Many brilliant people believe that ideas move mountains. But bulldozers move mountains; ideas show where the bulldozers should go to work.” P. Drucker

- Development actual working models of apartment housing insulation took way longer, than we expected and hoped
- Significant investment into insulation did not modernize construction industry
- Partial grant schemes seem to be most actively used by well-off citizens. Extra efforts are needed to involve poor population
- Subsidized/low/fluctuating fossil energy prices compete against energy saving investments.
- In new housing construction gas based heating consistently beats heat-pumps

Challenges

- How do we construct climate-change motivated “ecosystem”, rather than “instruments”
- How do we make climate change agenda “profitable”, rather than “idealistic”