

Role of Energy Efficiency in the Energy Transition A joint Workshop between MEDREG-MEDENER-RCREEE “Beirut Energy Week” 22 September 2023



On the 22nd of September 2023, the Lebanese Centre for Energy Conservation (LCEC) hosted a joint workshop between MEDREG, MEDENER, and RCREEE in Lebanon during the **Beirut Energy Week**. This workshop tackled the role of energy efficiency in the energy transition phase. The event started with an opening note from *H.E., the Lebanese Minister of Energy and Water, Dr. Walid Fayad*, who highlighted the importance of energy efficiency while mentioning that the cheapest type of energy is the energy that you do not consume. He emphasized the importance of energy efficiency measures and energy efficient appliances mentioning that they will help decrease the consumption of the end consumers while maintaining the same level of comfort. Dr. Fayad then thanked MEDREG for its assistance in the establishment of the energy regulatory authority, and he thanked both MEDENER and RCREEE for their role in developing projects and studies to enhance the penetration of renewable energy and energy efficient measures in the Lebanese market.

Following the opening remarks, two sessions took place. The first session was moderated by *Mr. Elton Radheshi, the Secretary General of the Albanian Regulatory Authority* that highlighted keynote speakers representing MEDENER, RCREEE, and MEDREG represented by *Ms. Roberta Boniotti, Mr. Maged Mahmoud, and Mr. Hasan Ozkoc*. The panellists gave speeches presenting their own organisations respectively, while the second session was moderated by Mr. Hasan Ozkoc.

Ms. Boniotti presented the directives that are being currently updated in the EU such as the new recast Energy Efficiency Directive which was published in the EU official

journal on 20 September 2023 and will enter into force after 20 days. This directive aims to establish a common framework of measures to promote energy efficiency within the EU, contribute to the EU's security of supply, lay down rules designed to implement energy efficiency as a priority across all sectors, provide for the establishment of indicative national energy efficiency contributions for 2030, and implement the energy efficiency first principle. She also defined the energy efficiency first principle which was given legal strength with a clear requirement for EU countries to take energy efficiency into consideration in multiple facets in the energy sector and beyond. The Energy Efficiency First is a decision principle to prioritise investments in energy efficiency and demand-side resources when they are better than investments in energy supply. Energy efficiency can be tackled from both the supply and demand sides from different perspectives such as utility scale energy supply, energy storage, demand response, energy efficient appliances, and other solutions.

Mr. Maged Mahmoud then started presenting the importance of financing and de-risking the investments through good investigation of the conditions of the project. He mentioned that sustainable energy solutions can be financed using a variety of schemes, from grants and grants to concessional debt and equity to purely commercial debt and equity. Financing products are multiple, and their type varies mostly to the needs, products, and providers. Energy efficiency investments face several barriers like the fact that they are more complex to assess, there is a lack of data about their benefits. However, energy efficient measures have a big impact especially on the low-income part of the society and beneficiaries holding high and medium EE properties are 20% less likely to default on their loans than customers who hold low EE properties. Mr. Mahmoud presented in the end the objective of the MeetMED work package 5 which consists of facilitating between different stakeholders especially financial one, improve the visibility of existing funds, create innovative mechanisms for funding EE projects, and assist project holders in getting access to financing. The most important takeaways of the project are that it is very important to engage local banks and financing institutions to reach a wider segment of the beneficiaries, national central banks and bank associations should be part of the process, favouring green financing among other points.

Mr. Hasan Ozkoc mentioned that we should learn from past experiences in the process of regulations. It is important to include gas and green hydrogen in the transition process and to study their capacities and how and where they should be used each depending on their capacities. Designs and plans should be completed based on the developments and adjusted accordingly. Storing electricity is the important facet which will help decarbonise our energy systems by utilising renewable energy resources. Incentives should be used to promote investments in the EE sector like the RE field. E-mobility should be also planned and regulated and consider the problems that can be generated by the roll-out of electric vehicles such as the peak demand and the electrification rate of some countries.

Ms. Agathe Lacombe explained about the **MeetMED project's outputs** where it was seen that the building sector in the Mediterranean region is one of the largest energy consuming sectors in the targeted countries due to the growing population and consumption behaviour with the share in total final energy consumption ranging between 27 and 50.5%. The meetMed project assists in several facets to the EE development by increasing the visibility and outreach during high-level events, capacity building, support to enforcement and harmonization of policy and tools among others. The objective of this project is to assist the member countries in enhancing their energy security while fostering transition to low carbon economy through the deployment of RE and EE measures in buildings and appliances while providing public awareness for all stakeholders on the role of energy and the challenges it faces. The rationale of the project focuses on the demand side to identify and try to remove the bottlenecks. To complete this work, the project is divided into multiple outputs including topics like enforcement and harmonization which focuses on consultations on strategies and policies, market structures and tools available focusing on promoting efficient buildings and efficient appliances, financing instruments available which discusses ways to access financing for the projects, and mobilization and increase of investments by communicating and disseminating the findings to the different stakeholders in the market. Challenges faced by the energy efficiency sector emerge on multiple levels such as governmental, technical, and available information. The best way to counter these challenges would be to implement measurement and monitoring procedures, provide capacity-building activities, raise awareness of end-users, make it easier to access financing, and enhance regional and local cooperation.

Mr. Ahmad Abdelrasoul gave a presentation on the highlights of meetMED Guidebook on financing capabilities to access climate finance. The objectives of this activity are to help improve the financial environment in the eight targeted countries, encourage dialogue among banks, partners, public, private operators, make existing funds more accessible and improve their availability and procedures, and develop innovative funding methods for projects in the construction and appliances sectors. The project mapped the national and regional stakeholders to EE programs, assessed the existing financial programs and developed a survey to identify the needs of the targeted countries. According to the studies, the requested financing to meet the set NDC targets in the targeted countries almost reaches 150 billion USD, while the approved financing reached only 24.7 billion USD. Climate finance credit lines in each country play a crucial role in boosting energy efficiency investments in regional markets and improving technology quality. These countries have set conditional and unconditional targets based on available financing, and these investments could lead the expected avoided emission to reach high values exceeding 30% in some cases like the Lebanese case.

The session ended with the speakers sharing some concluding remarks on the importance of the use of energy efficiency measures while paying attention to their financial and safety impacts on their surroundings. Pilot projects are always important to take lessons and develop strategies based on lessons learned from these projects. The Lebanese case with the challenges that it is facing showed that the demand will push all investments in energy efficiency and renewable energy forward no matter the reluctance. However, it is always important to have financing solutions available to help the investors with the costs that they must bear.