

UPCYCLING EMISSION TRADING REVENUES TO BUILDING RENOVATION PROGRAMMES

Key messages from the Czech experience 2007–2023

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1

Brief description first (New) Green Savings Programme

- a grant scheme for residential building owners to renovate into energy efficient standard and install renewables
- 25–50 % grant rate depending on scope and depth of undertaken measures higher for low-income groups
- started in 2008, the last upgrade to take place from September 2023
- wide reaching, well known
- Czechia: 10.7 mio people = 1.6 mio single family houses + 210,000 multiapartment buildings
- so far: 235,000 projects and counting = cca 2.4 bn euro
- financed as time went by: 2008-2012 "Kyoto credits"/AAUs, 2013-2020 national EUETS revenues, 2021-2022 RRF, 2023+ ModFund



2

Key message 1

It is upcycling

- 1 euro invested in renovation brings 5times more savings than 1 euro in energy costs through carbon pricing
- 1 euro of public funds creates 3 euro of total investment
- **total leverage factor of 10**
- it brings local jobs in small and medium enterprises
- has strong impact on macroeconomic variables
- has multiple benefits for building owners and occupiers



3

Key message 2

It takes time and confidence

- 2007 – CZ government decided
- 2008 – learning mission to KfW: „it took us 7 years to make it right“
- „ehm.. can we be faster than Germans??“
- 2015 – long-term continuous scheme with predictable criteria and stable financing in place („ehm, yes, 7 years“)
- the learning curve can definitely be shorter but don't count on pilot projects, it doesn't work that way
- investment decisions by households are not rational, trigger points may be far and scarce, project development phase is long
- you need to create confidence in public by creating a long-term predictable investment environment
- stop-and-go is the worst way to conduct



4

Key message 3

Motivate for deep renovation

- three tiers of support: partial, medium/good enough, deep renovation
- the better you do the higher grant rate you receive
- support also for heat source change, later also for green-roofs, using rain water, shading, EV charging with bonus for combination
- advisory and project development assistance offered
- plan for 2024+: significant upscaling PDA from 2024 and offer of preferential renovation loans for deep and overall renovations



5

Key message 4

Don't fear ambitious quality requirements

- the construction market has a strong inertia
- if you put energy performance criteria high, they complain but eventually follow and learn
- it is key not to miss opportunity and lock-in decarbonization potential

But keep administration low

- simple calculation of grant as specific amount per physical variable (such as area of insulated facade)
- people need to get administered their application within weeks, not months (our rule: 3w to check application, 3w to pay the grant)
- blend different funding sources but don't let people to realise



6

Key message 5

Let's be inclusive

- New Green Savings Light for predefined low-income groups
- up to 100% prefinanced grant/max. 6,000 euro for partial measures
- keeping qualitative criteria quite high (though we still need to see level of compliance)
- advisory comes in a package, provided by local groups to their neighbours and covered from the programme
- this could be a key measure to focus on worst performing buildings

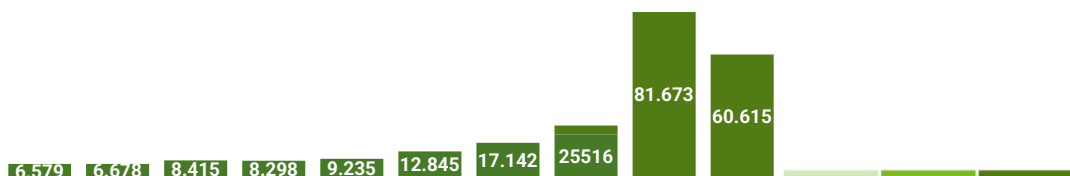


7

Key message 6

Covid and energy prices had their influence

- during Covid-19 lock-downs people spent more time at home, thus realised more potential value of a quality house and had time to develop a renovation project
- during the price hike (end of 2021, 2022) the interest was multiplied
- BUT almost only for photovoltaics and heat-pumps: volume of deep renovations stagnated – our next focus will be just in this area
- (the chart covers years from 2014 to 2023)



8

The time is now, 2030 is tomorrow

- **ok, we're moving, but we need to deliver 3times more soon!**
- we have a unique opportunity to use all Modernisation Fund, Social Climate Fund, national ETS1 and ETS2 revenues for climate measures
- the ETS directive as of 2024 says that all revenues shall be used for climate measures
- (the chart gives an impression how modelling for upcycling revenues looks like until 2030 for different areas)
- **draft update of NECP counts on progressive renovation scenario**

