

Triple-A Factsheet

Energy Efficiency Measures &
Funding Schemes in Germany



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ENERGY EFFICIENCY MEASURES & FUNDING SCHEMES IN GERMANY

The funding of planning, investment and operating costs related to energy efficiency (EE) helps to create a level playing field in the industrial, building and transport sector. Since the very beginning of the energy transition in Germany there have been various incentives and funding schemes.

Measures in the industrial / commercial / service

1. Federal Funding for Energy and Resources Efficiency in Industry and Commerce (Energie und Ressourceneffizienz in der Wirtschaft)¹

The funding is aimed at all sectors and consists of six modules, each linked to a subsidy. The subsidised investment fields are defined as: High efficiency cross-sectoral systems; Process heat from renewable energies; smart energy and/or resource management systems; Individual energy and resource efficiency concepts; Decarbonisation; Funding competition for energy and resource efficient business processes.

2. Federal Funding for Efficient Heating Networks (Wärmenetzsysteme 4.0.)²

The funding is provided for (a) the construction of new heating networks that draw large parts of their heat from sustainable and renewable energy sources or unavoidable waste heat and (b) the decarbonisation of existing heating networks. This funding is mostly relevant for communities and communal companies. The scheme is divided into four modules that correspond to the project phases of heating network construction and conversion.

3. Federal grants for stationary cooling and air condition systems (commercial usage)³

These funds will be used to acquire (a) new stationary refrigeration, air-conditioning, and heat pumps that employ non-halogenated refrigerants and other climate-friendly features, as well as (b) new air-conditioning systems for electric buses and rail cars and the retrofitting of non-halogenated refrigerant air-conditioning systems in rail vehicles.

4. KfW Energy Efficiency Program for Production Facilities/Processes⁴

Corporates can apply for promotional financing from KfW for EE investments in manufacturing facilities and commercial processes. Heat recovery, waste heat use, combined heat and power plants, energy efficiency in manufacturing plants, and control technologies are all included in the program. Only new investments or modernizations that result in pre-determined energy reductions are eligible for funding.

¹ <https://www.deutschland-machts-effizient.de/KAENEF/Redaktion/DE/Dossier/anlagentechnik.html>

² https://www.bafa.de/DE/Energie/Energieeffizienz/Waermenetze/waermenetze_node.html

³ https://www.bafa.de/DE/Energie/Energieeffizienz/Klima_Kaeltetechnik/klima_kaeltetechnik_node.html;jsessionid=2F15F2E5A016802A659FFC6EE2F9086B_2_cid362

⁴ <https://www.kfw.de/inlandsfoerderung/Unternehmen/Energie-Umwelt/F%C3%B6rderprodukte/EE-Produktion-292/?redirect=601600>

5. Additional funds for the decarbonisation of industry program (carbon contracts for difference)

The Federal Government will expand the pilot system for carbon contracts for difference as part of its industrial decarbonization initiative. Carbon contracts help mitigate the higher operating costs of low- and zero-emission processes.

Measures in the buildings sector

Federal Funding for Energy Efficient Buildings (Bundesförderung für effiziente Gebäude)⁵

This program promotes a variety of funding options and was created to help the building sector transition to a climate-neutral building stock by 2050. The plan is aimed at homes, corporations, and municipalities, with homeowners being able to apply for residential building subsidies, corporations for non-residential building subsidies, and municipalities for both. The funds will be used to implement single measures in existing buildings as well as to renovate or create a new energy efficient building. The subsidies can be used in the form of a low-interest KfW loan with repayment assistance or as a one-time investment subsidy.

Measures in the transport sector

1. Federal Funding for Energy Efficiency in Electric Rail Transport (Energieeffizienz des elektrischen Eisenbahnverkehrs)⁶

Railway firms that invest in technologies and steps to improve the efficiency of electric transport capacity are eligible for funding (e.g., new converter technologies, implementation of network driver assistance systems and regenerative power supply). The financing amount is determined by the EE improvement of the offered electrical transportation service and is limited to a maximum of 50% of the qualifying investment expenses.

2. Federal funding for sustainable modernisation of inland and coastal vessels⁷

Both the inland vessel and coastal vessel subsidy schemes attempt to reduce emissions and energy consumption associated with vessels. Modernization of vessels by engine replacement, hydrodynamic or propulsion improvements. Measures that cut energy consumption by at least 10% are eligible for financing. The subsidy covers up to 30% of the investment expenses for coastal vessels and up to 90% of the eligible additional investment expenditure for inland vessels.

⁵<https://www.deutschland-machts-effizient.de/KAENEF/Redaktion/DE/Dossier/beg.html>;

<https://www.kfw.de/inlandsfoerderung/Bundesfoerderung-f%C3%BCr-effiziente-Geb%C3%A4ude/>

⁶https://www.bav.bund.de/DE/4_Foerderprogramme/93_Energieeffizienz_Eisenbahnverkehr/Energieeffizienz_Eisenbahnverkehr_node.html

⁷<https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/BMVI/nachhaltige-modernisierung-von-binnenschiffen.html>;

<https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/BMVI/nachhaltige-modernisierung-kuestenschiffe.html>

TRIPLE-A IN BRIEF

Triple-A -Enhancing at an Early Stage the Investment Value Chain of Energy Efficiency Projects - is an EU-funded research project under the Horizon 2020 programme, aiming to assist financial institutions increase their deployment of capital in energy efficiency, making investments more transparent.

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Conclusions

Germany's energy sector is experiencing a significant overhaul at the moment. Aside from the shift to renewable energies for power generation and fuel replacement, EE is critical to the transition to a green energy economy. The role of EE policies to Germany's green energy system transformation was detailed in this briefing note. The current EE policy framework in Germany was discussed, as well as the planned advancements outlined in the Federal Government's most recent National Energy Efficiency Action Plan, which aims to save significant amounts of money by 2030-2050. As a result, EE is a critical component in Germany's efforts to regulate energy demand and keep it at a level where the necessary generation and infrastructure can be provided.



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Triple-A

Enhancing at an Early Stage the Investment Value Chain of Energy Efficiency Projects