

Bank support for energy renovation of buildings in Greece



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Introduction

One of the main pillars of the Greek economy after the 2nd World War is the sector or Real Estate.

Due to a series of motives, houses and plots of land were transformed to high-storey buildings (policatoikies) especially in urban cities, while due to tourist development, a lot of tourist hotels had been constructed.

More recently AIRBNB has accelerated the construction and renovation of houses for touristic use.

Other sectors of the economy took advantages of the increase of the construction sector and contributed to that effort, having as a result the GDP growth.



The banking (financial) sector played a vital role in that effort, especially after euro replaced drachmas as national currency.

Families when faced with the dilemma “to pay the rent or to pay the instalment of the mortgage loan”, turned to the banks which readily offered a loan.

The economic crisis of 2008 reduced the liquidity, due to the capital controls, the demand and the supply fell to lower levels, and a lot of mortgage loans turned to Non-Performing Loans (NPL) due to the fact that a lot of lenders lost their job.



Greenbanking was a solution to the crisis, especially financing solar photovoltaic (PV) parks up to 80 Kw and solar photovoltaic (PV) parks up to 10 Kw on the roof of the buildings as the solar energy was the main guarantee of the repayment of the loans and Greece is blessed with a lot of that.

Using the world of GREENBANKING, we mean the financial products banks offer to the individuals and companies for developing the economy using investments friendly to the environment. Those investments intend to recover the economy creating new jobs in new sectors friendly to the environment.



For the achievement of that targets, banks offer the so-called Greenbanking products giving incentives as:

- Lower commissions
- Lower interest rate
- Faster examination of the file
- Faster approval of the loan



For the Banks, Green Business sector are:

- Renewable Energy Sources (RES), producing energy from RES
- Energy saving in building
- Ecotourism/ Agro-tourism
- Alternative waste and water management (saving water)
- Green transport
- Organic farming and green chemistry

Energy renovation of buildings

The program is co-financed by the EU and National Sources in accordance to the ESPA 2014-2020 Framework. ETEAN implements the program.

The total budget is 292 mil euro. 68 mil euro are the contribution of the state to the granted loans and the rest amount to capital subsidies, cost of energy inspectors, studies and project management expenses.

The main targets are:

- Reducing the energy consumption of the buildings
- The creation of a cleaner environment
- Reducing the carbon dioxide (CO₂) emissions



Eligibility:

- The house or apartment is legal and used for main residential purposes
- The energy certificate has been published after 26/11/2017 and the category is less than D (low energy saver)
- Income requirements:
The program promotes the low income building owners, so, individuals with net income up to 10.000 euro and family income up to 20.000 euro get the maximum subsidy of 70%.
As individual and family income increases, the subsidy decreases proportionally, so when the individuals have income more than 40.000 euro and family income more than 50.000 euro, they get no subsidy.



Eligible actions:

- Replacement of windows
- Install or upgrade thermal insulation
- Upgrade the cooling/heating system
- System using Renewable Energy Resources (RER)

The above actions must save energy more than 40% of the overall consumption (Kwh/m²) of the buildings for the categories 1 and 2 and more than 70% of the consumption of the buildings for the rest categories.



Loan specification:

- Maximum amount: 25.000 euro
- Interest rate: 4% which is subsidized. Only 0.12% commission of L.128 is paid.
- Duration: 4-6 years
- Incentives:
 - Mortgage free
 - No file fees
 - No charges for early payback
 - Subsidies up to 70% of the budget
 - Interest free loan
 - Cover the cost of energy inspector
 - Cover the cost of task advisor
 - Cover the expenses of all studies needed



Net metering

It is related to the installation of a solar PV system for the consumers of electric energy in order to be self-sufficient. Individuals or S.A Corporation are eligible for this service as long as they own a property or written consensus has been granted by the owners of the place.

The self-producer of net metering is charged if the differential consuming minus producing electric solar energy is positive. If the outcome is negative, which means it produces more than it consumes, the owner gets no credit.



The characteristics of the loans are:

- Finance up to 200.000 euro (up to 80% of the budget). The individuals contribute at least 20%
- Interest rate: Euribor 1 M + min 4% spread (for loans more than 100.000 euro)
- Duration: Up to 3 Y for loans up to 20.000 euro
Up to 10 Y for the loans from 20.001-200.000 euro
- Monthly payments
- Grace period for 6 M
- Premature payback without penalty
- Guarantee: the insurance contract is signed over to the bank

Green consumer loan

Purpose

To improve from the energy point of view, the building through green technical interventions and use renewable energy technologies.

Such as:

- Install thermal insulation in the buildings and use of cool paints
- Install thermal insulation windows (frames and glasses)
- Install permanent sun-shields equipment (tends, blinds, ...)
- Construction gardens on the top of the building
- Replace old heater system with new high efficiency or heating pumps



- Install heat acquiring unit system
- Install energy saving firewood
- Install unit for recycling water and use the water from the rain
- Install small recycling station (for 2 to 10 persons)
- Install net metering systems
- Install sun-boilers for hot water
- Install electric appliances energy class \geq A
- Install Air conditions energy class A
- The purchase of bicycles , electric bicycles or electric motorcycles

Specification

Eligibility: all citizens taxed in Greece age (18-70)

Loan: 1500-20.000 euro

Interest rate: 8.75%

Duration: up to 10 years

Monthly payments



Green loans for Small and Medium size Enterprises (SME)

Purpose

- Net Metering
- Energy update of buildings

Eligible

SMEs with total turnover up to 2.5 mil euro

Maximum amount: 200.000 €

Duration: up to 10 Y

Interest rate: Euribor 1 M + 4% margin

File fees: 50 % discount



Development working capital

In case the company or individual has been approved to be granted subsidy by the Development Laws, the bank can provide working capital of the same amount of the subsidy for a 3-4 year period on condition that the company or the individual signs over the subsidy to the bank.

During the above period, the company pays plain interest while the loan will be repaid in a balloon payment after the completion of the investment.

Conclusion

The banks will keep supporting individuals and enterprises for energy renovation of buildings in Greece.

The Green Banking finance from 537 mil € (2010) to 1.800 mil € (2017), an increase of 235%. In 2018 Green loans contributes almost 40% of the total offered Loans.



This trend, to offer Green Loans, is expected to increase in the coming years as:

- The need for energy renovation of buildings for the owners is more intense as the results of Greenhouse effect are more obvious
- The loans are repaid properly and the NPL ratio is very low (<4%)
- It is compatible with the new model of financing Sustainable Growth as the banks will be in line with the targets of global community as they expressed through the Sustainable Development Goals and the Paris Agreement for climate change in 2015.

Thank you!