

## ENERGY EFFICIENCY AND RENEWABLE ENERGY INVESTMENT CONFERENCE

### CONCLUDING REMARKS

1. The Conference was successful in the sense that it has addressed two of the most interesting topics of the energy sector: how to use better the energy and how to produce it more sustainably?
2. In the energy efficiency sessions: legal frame, barriers and models for financing investments were discussed. The questions raised included: do we need a specific law on energy efficiency in order to promote the topic? Do we need a dedicated agency, or could the responsibilities be disbursed in more institutions across the economy sectors? What can and what cannot be left to the market forces, to achieve the energy efficiency improvements that we expect? Is energy efficiency a low hanging fruit? What are the main barriers? How could public resources and actions take off some of the risks associated with financing energy efficiency?
3. Some lessons and patterns could be drawn as follows:
  - Energy efficiency legal framework has been adopted in the Energy Community and it is now being transposed. The implementation remains the real challenge!
  - Institutional framework, in form of an energy efficiency agency is very important for the implementation of energy efficiency, and the coordination across sectors and bodies is crucial;
  - Energy efficiency is a matter of education and awareness raising starting with the policy and decision makers and continuing with the public;
  - Incentives are important but should not be designed to distort the market for services; grants are useful, but not a sustainable solution;
  - Financing of energy efficiency should go well beyond public financing and grants from international organisations, towards commercial funding; energy efficiency can be commercialised;
  - Barriers to investments in the municipal sector were discussed also and these include, among others: the regulatory framework (consumption based billing, cross – subsidies and tariffs), separation between the regulator and political, private housing reforms, system's architecture (in district heating); the recognition of energy performance contracts and the public budget structure is a major barrier in contracting ESCOs by public authorities;
  - Policy instruments that may be used to foster energy efficiency and reduce barriers were recommended to include dedicated public buildings programmes like those implemented in Serbia and Croatia with the funding from the World Bank, respectively UNDP; these focussed on public buildings' rehabilitation, and respectively sustainable energy management in cities. Investments in public buildings, especially in hospitals and schools proved highly rewarding (Serbia , Hungary, Croatia) with savings ranging from 25 – 50% of the energy used;
  - A systematic approach in developing energy efficiency projects and planning short-term, mid-term and long-term investments in municipalities is important;

- Other policy instruments discussed were energy efficiency funds; a large number of funds for energy efficiency have been created in the past few years, using different schemes: the Bulgarian Energy Efficiency Fund offers a number of products: guarantees to ESCOs, local banks for condominium residential projects, financing projects, technical assistance, portfolio guarantees – the model proved to be successful; the new Green for Growth Fund ( EIB, EC and KfW) is a Private Public Partnership for Energy Efficiency and RES with approx. EUR 100 million offering a large number of financial products to the Energy Community's projects in energy efficiency and renewable energy; UNECE European Clean Energy Fund is another source of funding available; EBRD's Sustainable Energy Financing Facilities. USAID is also implementing energy efficiency projects in residential and public buildings and using a Development Credit Authority with partial loan guarantees;
  - Three models of ESCO operations in Hungary, Croatia and Czech Republic gave some practical examples of how to develop a market for energy efficiency services. All three presented show cases encourages us to believe that ESCO model could function well in the region, provided that the regulatory frame barriers are removed;
  - Energy efficiency is not a low hanging fruit and many barriers were also identified in the lack of technical capacity to prepare good project applications, cultural and information issues, fragmented markets and high transaction costs.
  - A possible solution is to use public funds like targeted grants and environmental externalities to open up the market and develop different structures for different types of markets.
4. In the Renewable energy sources sessions, the legal framework brought by the new RES Directive was discussed; also clear examples of what are the investments planned in Albania, Montenegro and Serbia, and how these will contribute to meet the targets were presented;
  5. The business panel brought together investors from the European Union who discussed the most important obstacles, but also good examples with successful infrastructure developments. Some of the barriers mentioned included the market distortion factors, lack of transparency and illiquidity, import/export fees, VAT reimbursement terms, all these leading to higher commodity prices, that are passed though to consumers;
  6. Finally, the last panel offered an interesting debate on the role of municipalities and the civil society in protecting environmental and cultural heritage, but also facilitating development of infrastructure and investments in renewable energy.