Energy Efficiency Obligation Scheme in Bosnia and Herzegovina

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Agenda

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- Financing Energy Efficiency Measures
- Energy Efficiency Obligation Schemes
- Economic Benefits of Investing in Energy Efficiency
- Status and Next Steps
USAID Energy Investment Activity (EIA)

Policy and Technical Assistance Project

Total Funding: $7.17 million

Project Duration: September 2014 - 2019

Implementing Partner:
Advanced Engineering Associates International
EIA has 7 key activities:

All activities are supporting BiH EU integration and alignment with EU regulations
Financing Energy Efficiency Measures
Ways of financing EE measures in BiH

Public Budgets

Loans

EE Funds

* Obligation Schemes (EEO)
What are Energy Efficiency Obligation Schemes?
Energy Efficiency Obligation Schemes

Distributors and/or suppliers are obligated to achieve energy savings by investing in their end-users’ energy efficiency measures.
An example of the financial structure for a single user:

- **EEO (subsidy)**: 40%
- **Green Credit Lines (banks and EE funds)**: 50%
- **Own funds**: 10%

Total investment needed for the EE works (100%)
Energy Regulatory Commissions

All energy customers pay the EEO fee

Electricity distribution companies

Pay a share for their EE measures

Energy customers

Pay for the EEO subsidy

Contractors

Implement subsidized EE measures

EEO Beneficiaries

EEO Financial Architecture
Energy customers

EEO Beneficiaries

- Residential sector
- Focus on vulnerable customers
- Funds are invested where they are collected
Transparency
• EEO schemes provide better transparency. Independent Regulators monitor the implementation.

Lower costs
• By using the existing infrastructure of distribution companies and contacts with end customers.

Change of approach
• Companies that sell energy to end customers have an obligation to invest in energy efficiency measures.

Energy Regulatory commissions

Electricity distribution companies
EEO Administrative Architecture

1. Government/Ministries set the target.
2. Regulator sets up detailed rules and administers the scheme.
3. Energy distributors develop delivery routes for efficiency measures.
5. Delivers measures with installers.
6. Beneficiaries (Residential sector).
Economic Benefits of Investing in Energy Efficiency
The GDP multiplier for EE investments is up to 3.7 times.

1 KM (Bosnian Currency) EE Investment  →  GDP impact

Annual EE investment of 100 million KM = GDP increase in BiH of approximately 1%
New jobs!

Doubled or tripled demand for materials and equipment

Near 5,000 new jobs in manufacturing and service sectors
Energy saving and pollution reduction!

Annual energy savings equal to the annual electricity consumption of 17,000 average households

Annual reduction of CO2 emissions equal to the annual emissions of 19,000 vehicles
Status and Next Steps

• Finalization of the BiH EEO Model with the EEO Working Group and Experts
  • EEO Model Outline
  • Guidelines for Legislation Development
  • EEO Decree
  • Amendments to Laws
  • Methodologies
  • EEO Rulebook

• Work with key stakeholders to lobby for the implementation of the EEO
Thank you!

USAID Energy Investment Activity
www.usaideia.ba