

# REEP & REEP Plus update

Regional Energy Efficiency Programme for the Western Balkans

Funded by the European Union



In cooperation with the  
Energy Community Secretariat



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Belgrade

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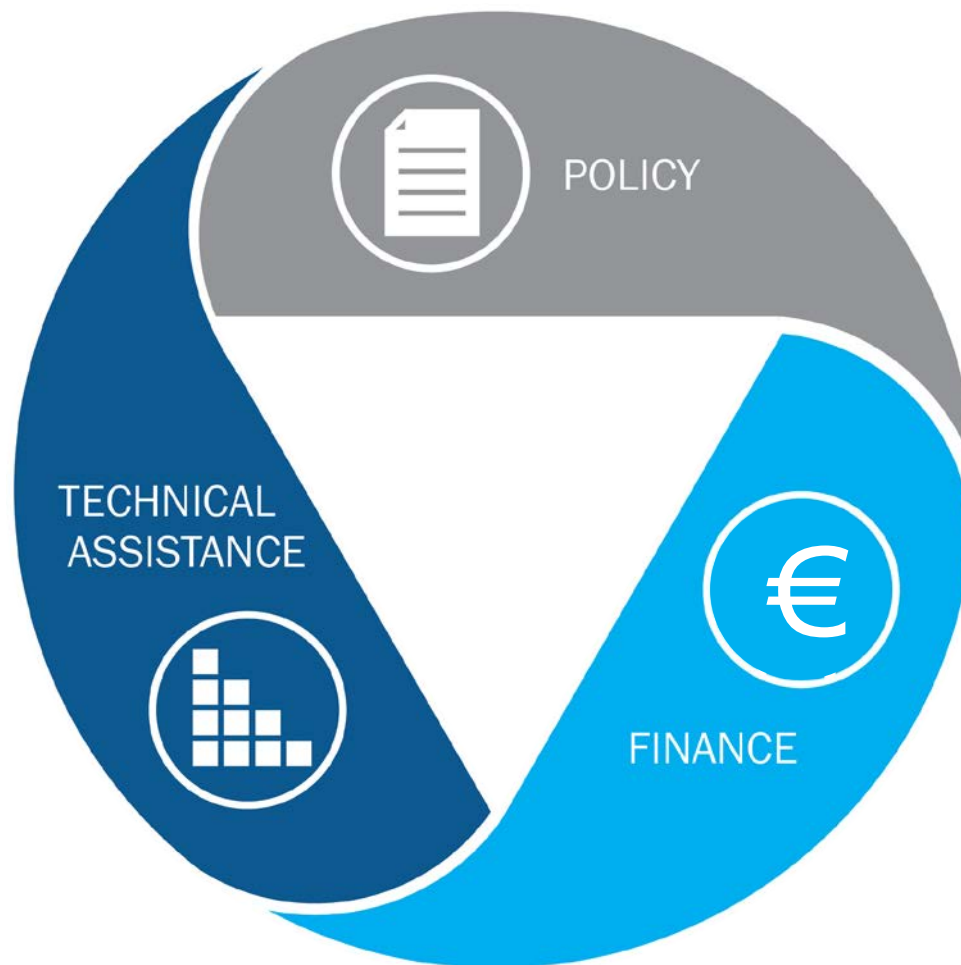


**European Bank**  
for Reconstruction and Development

# The REEP Business Model



European Bank  
for Reconstruction and Development



# The REEP & REEP Plus Structure



	Credit Line WeBSEFF II	Credit Line GEFF-WB	Direct WeBSEDF	Direct Municipalities
Finance	€117m	€85m	€50m	€20m
Incentives	€11.2m	€17.5m	€5.75m	€2m

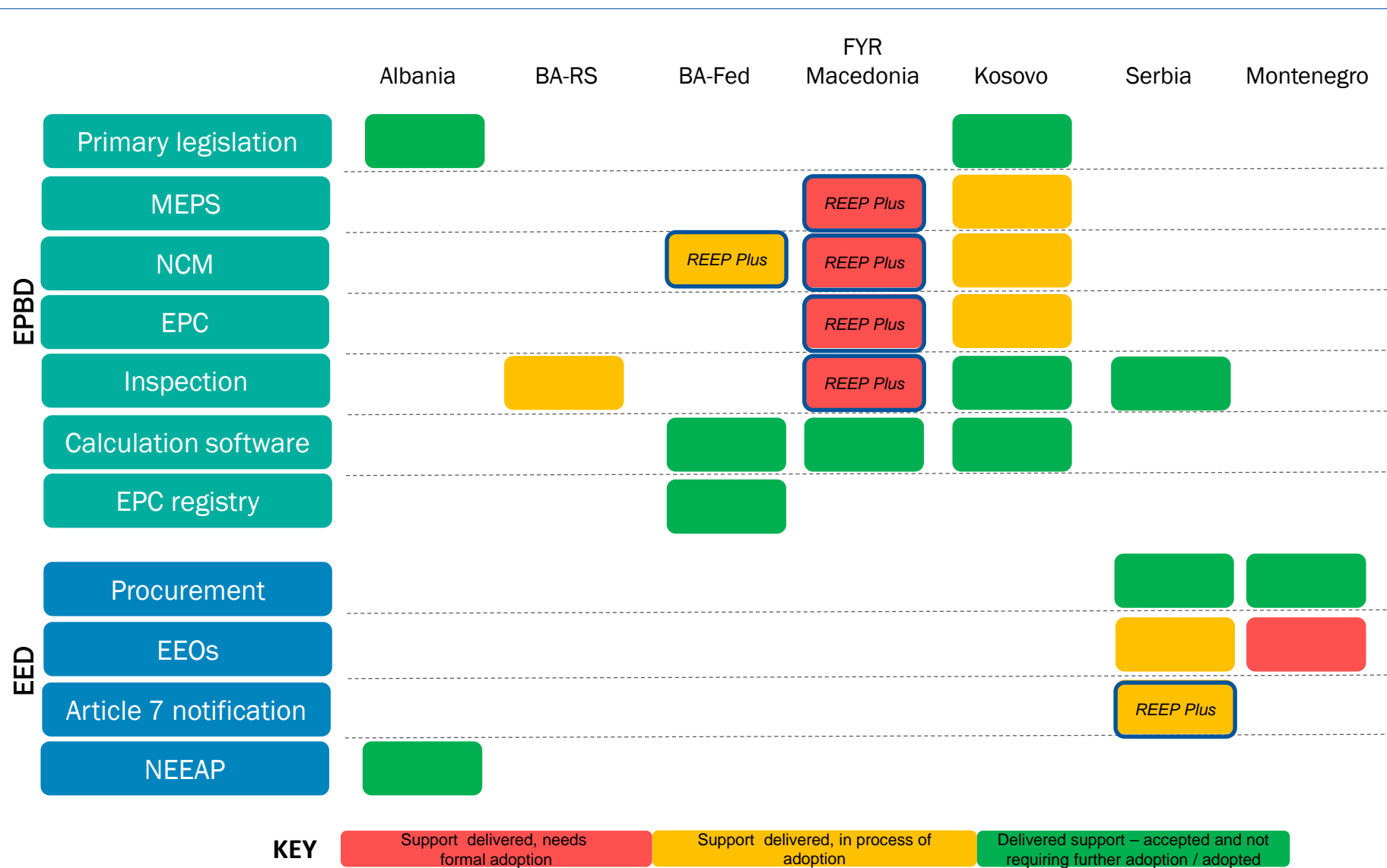


	REEP	REEP Plus
Technical Assistance	€0.3m WBIF €3.5m EBRD SSF	€3.3m Austria €1.8m WBIF
Technical Assistance ESCO	€3.6m WBIF	€1.0m WBIF



	REEP	REEP Plus
Policy Dialogue	€2m WBIF €0.5m EBRD SSF €0.5m SIDA	€2.5m EU IPA €0.75m EBRD SSF

# REEP policy adoption status and highlights in last period



# We are well into the implementation phase of REEP Plus in most countries and preparing new assignments

Albania BA-RS BA-Fed FYRM Kosovo Serbia MNE Regional

Primary legislation



EPBD regulations & software

Phase 2



Phase 2



Building Renovation Strategies



nZEB plans

EE financing incentives and mechanisms



Training of energy auditors and assessors




EED Art 14 - Heating and cooling



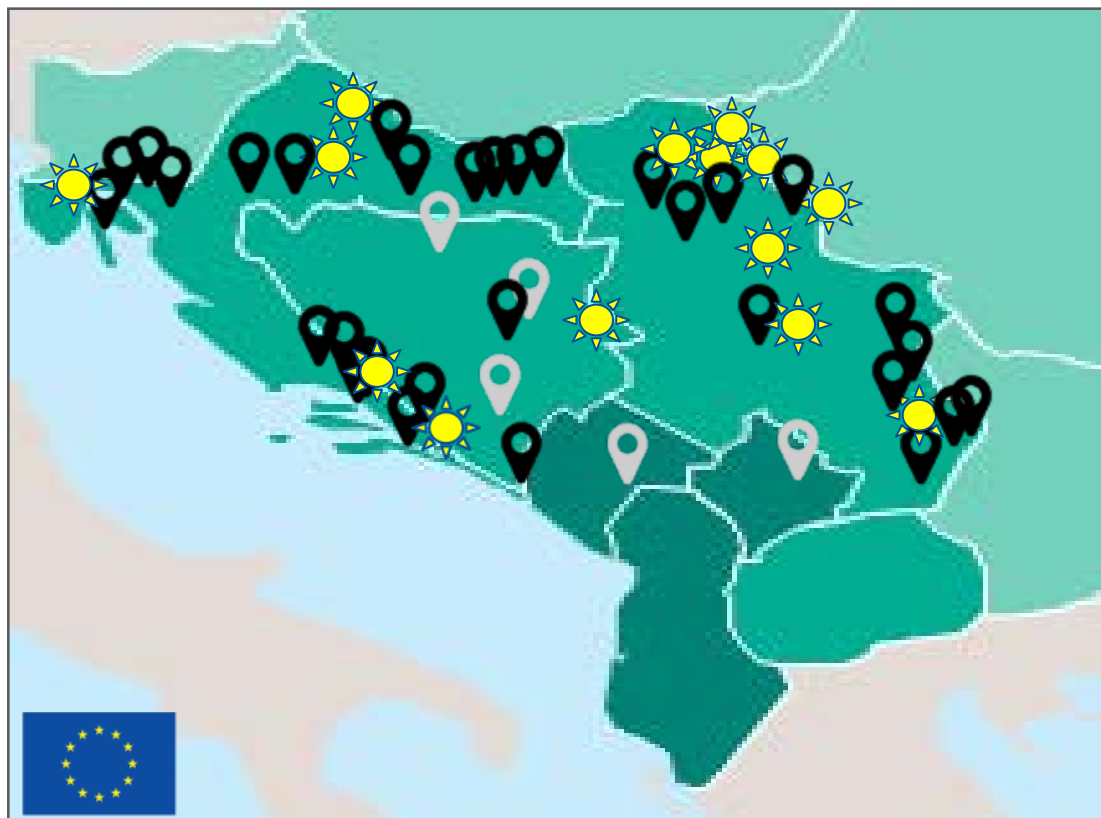
Ecodesign & Labelling






EE Procurement

-  Policy support commenced, expected completion by Q2 2018
-  Policy support commenced, expected completion by Q3 2018 onwards
-  Scope of policy support under development

# REEP ESCO Project Preparation



## Project preparation

-  Tendered, contracted or implemented
-  Feasibility studies done
-  Tenders under preparation

## ESCO policy work

Legal analysis and ESC, EnPC contract templates prepared for all Western Balkan countries.

Legal gap analysis and contract templates for energy performance (EnPC) and energy supply (ESC)

- ✓ Discussed with beneficiaries
- ✓ Finalised

REEP supporting preparation of projects for >EUR 72m investments

Outcome of ESCO project and policy support

### Bosnia and Herzegovina

- 1 hospital EE project
- 3 district heating ESCO projects
- 1 street lighting ESCO project

### Serbia

- 19 street lighting ESCO projects approved
- 9 building and 1 district heating ESCO projects







### Croatia

- 18 street lighting ESCO projects

# REEP Finance: WEBSEFF II

## ACHIEVEMENTS 2013 - April 2018

EECG report March'18

Countries	Bosnia & Herzegovina, Croatia, FYR Macedonia, Serbia		
PFI	9 PFIs + 2 new PFIs expected to join June 2018		9 PFIs
Total Financing provided to PFIs	EUR 117 mln		EUR 92 mln signed
Total signed sub-loan amount	EUR 79.5 mln		EUR 78.5 mln
Total no. of sub-projects	304		300
Current pipeline value	EUR 2.8 mln (3 Sub-projects)		EUR 3.9 mln
Total CO <sub>2</sub> savings	116,897 t/year		116,540 t/year
Total equivalent primary energy savings (MWh/y): - incl. renewable energy capacity added	499,695 MWh/year 54 MW		498,458 MWh/year 54 MW

# REEP Finance – GEF- Western Balkans

## Implementation update since last EECG meeting:

- **Regional hubs:** 2<sup>nd</sup> regional hub office established in **Tirana** in April 2018
- **Visibility events:**
  - **Launch events: Skopje** (April 24<sup>th</sup>, 2018)
  - **Mostar Fair** participation (Unicredit) in **Mostar** , April 10-14<sup>th</sup> 2018
  - **GEFF marketing campaigns:** 2<sup>nd</sup> flight marketing campaign launched in BiH (March), Kosovo (1<sup>st</sup> flight, March) and FYROM (1<sup>st</sup> flight, April)
  - **Case studies** (<https://ebrdgeff.com/ba/projects/>): first two success stories published on GEF BiH website in May 2018

## Implementation planned in next quarter





- **Launch event: Belgrade** (end-Sept 2018)





# REEP Finance – GEF- Western Balkans

## Engagement of local banks

Country	Credit lines signed (#)		Signed (€m)		Pipeline (€m)	Total (€m)
		<i>EECG report March'18</i>		<i>EECG report March'18</i>		
Albania			0.0	0.0	12.5	12.5
Bosnia & Herzegovina	4 	3	22.0 	17.0	0.0	22.0
FYR Macedonia	2	2	4.0	4.0	3.0	7.0
Kosovo	3	3	8.5	8.5	0.0	8.5
Montenegro			0.0	0.0	5.0	5.0
Serbia			0.0	0.0	30	30
<b>Total</b>	<b>9 </b>	<b>8</b>	<b>34.5 </b>	<b>29.5</b>	<b>50.5</b>	<b>85</b>

- **8 banks have expressed their interest** in Albania, FYR Macedonia, Montenegro and Serbia (**7 have signed** Mandate Letters with EBRD)

# Investment example

## The Client

<b>Sector</b>	Residential
<b>Location</b>	Ustikolina, BiH
<b>Description</b>	Family house – Tešević Family

## Investments

<b>Investment cost</b>	€5,700
<b>Investment measures</b>	<ul style="list-style-type: none"><li>• Installation of biomass boiler and thermal insulation</li></ul>
<b>Reasons for investment</b>	To switch to a more energy efficient heating system and generate energy and cost savings



## Results

### Operational results

- 6MWh per year energy savings on heating
- Improved living comfort

# REEP Finance Direct Lending: WeBSEDF

## Financial structure

Direct finance	€50m
Incentives	€5.75m
Technical cooperation	€1.3m



## Progress

- **7 projects approved** to date for a total of €31.9m (SHPP, biomass and biogas)
- **1 project in the pipeline**, with indicative loan amount of €4.0 - €5.0m (biomass CHP) with expected CO<sub>2</sub> emissions saved: 7,000 tonnes/year

## Results

- 25.9 MW installed, equivalent to the annual electricity needed by the street lighting systems of cities the size of Sarajevo, Tuzla and Mostar combined
- CO<sub>2</sub> emissions saved: 339,826 tonnes/year

## Issues

- Continuing challenge with identifying suitable ESCO projects for financing
- The renewable energy part is almost fully invested: will allow ramp up of activities under REEP Plus



# REEP Finance: Direct Lending to Municipalities

## Background:

- **EUR 20 million** EBRD financing for up to 4 projects, with **EUR 2 million** grant co-financing available (ca. 10% grant)
- To be utilized for direct loans to states, cities or municipal companies to improve EE in public buildings (i.e. schools, hospitals, government buildings)

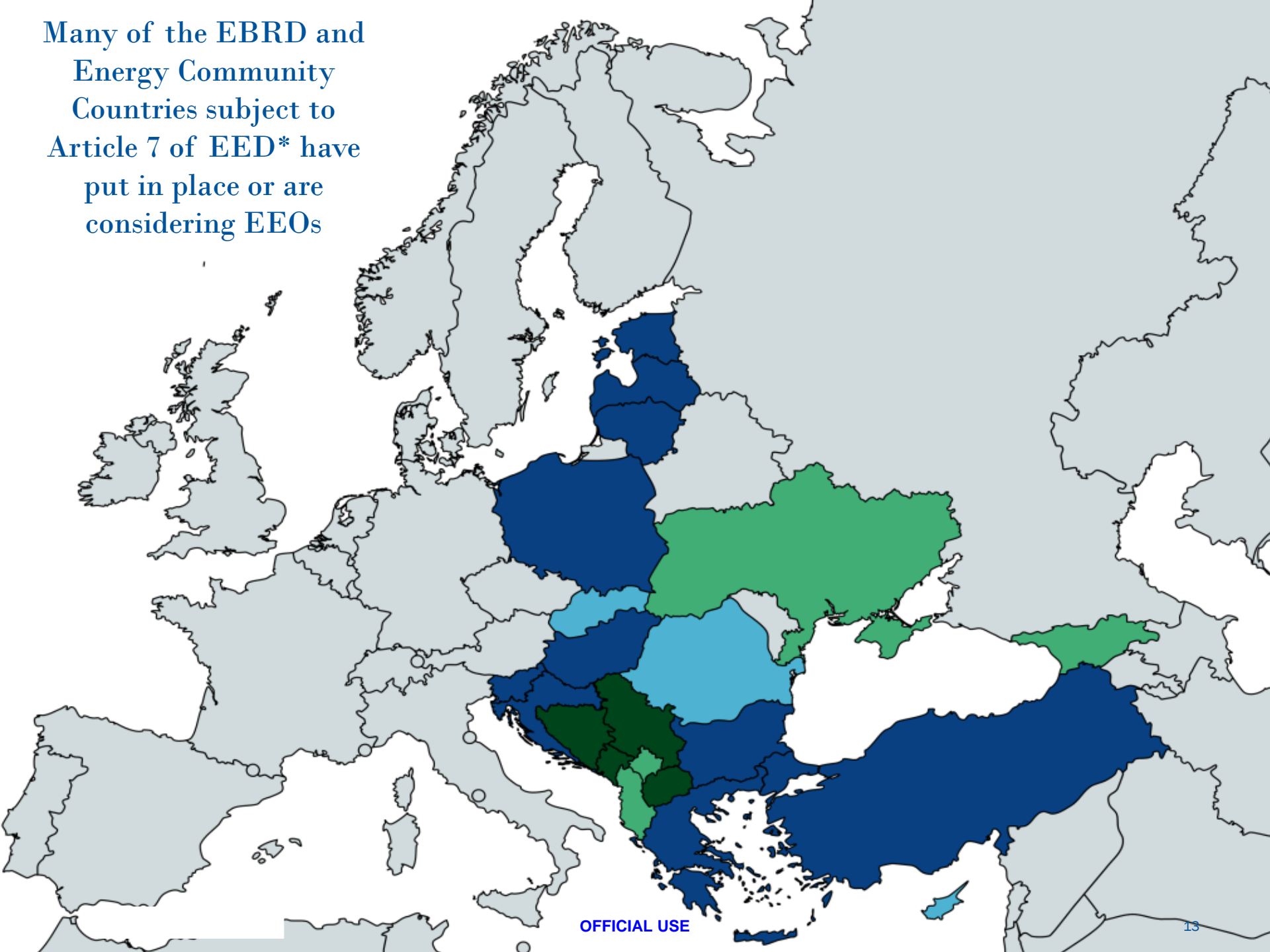
## Progress to May 2018:

- **Marketing** has commenced in Q3'2017
- **First pilot project approved by the EBRD Board January 2018:** the EBRD will support the EE retrofit of the Zenica regional hospital in Bosnia Herzegovina – the second biggest energy user in the Canton. Total estimated investment of EUR 13.6 million supported by a sovereign EBRD loan of EUR 10 million and EUR 1 million EU investment grant. Technical assistance under the REEP ESCO window has enabled the preparation of the project.

## Upcoming Activities:

- Signing of first EBRD loan agreements is anticipated in June 2018.

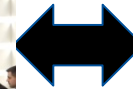
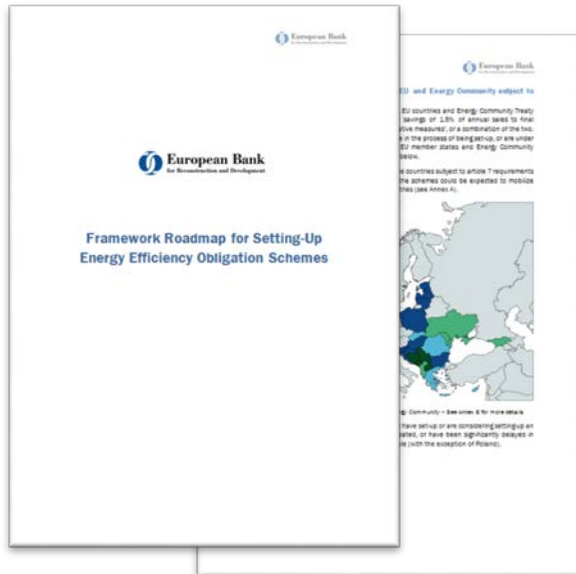
Many of the EBRD and Energy Community Countries subject to Article 7 of EED\* have put in place or are considering EEOs



# EBRD and Energy Community Secretariat would like a regional perspective on common challenges and approaches on EEOs



Our region faces specific challenges when rolling out EEOs: Low electricity prices, incumbent monopolies, weak compliance / enforcement, etc



## Draft report on EEOs in EBRD and Energy Community countries

First draft prepared and distributed  
Expert roundtable inputs

## On-going PD engagements

*Serbia:* Art. 7 decision support (not EEOs)  
*Montenegro:* Art. 7 decision support (not EEOs)  
*Bulgaria:* On-going 'diagnostic'  
*Croatia:* Support to EEO in primary law

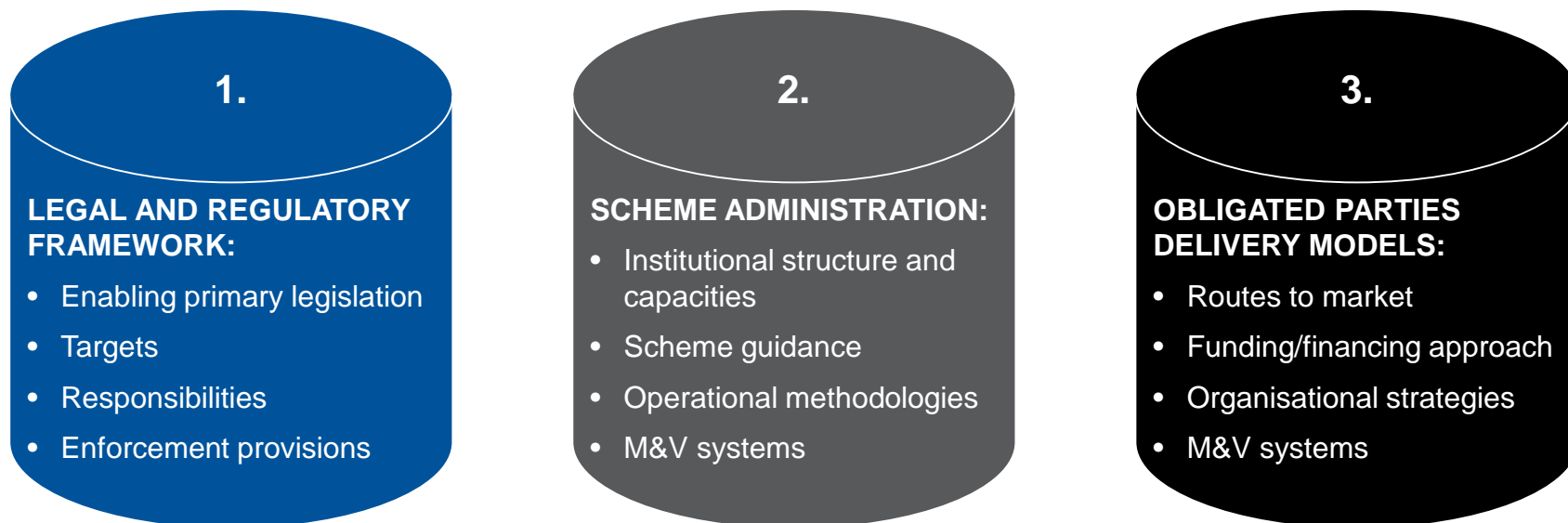
## Enhancing our PD approach

Focusing on key aspects  
Identify new opportunities for engagement



# Key aspects of EBRD's new EEO report

Aims to assess specific barriers and key success factors for implementing a successful EEO in EBRD's Countries of Operation (covering Energy Community)



- A successful EEO scheme needs all three pillars to be in place
- EBRD is investigating potential role in supporting utility-driven EE schemes

# Thank you



## EBRD

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- Marinela Kalemi
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- Veronika Spacapan
- Sara Lawson
- Caroline Clarkson



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- Borko Raicevic

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