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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Energy Efficiency & Climate Change

Energy Efficiency Coordination Group
Energy Community Secretariat
Belgrade
6 June 2018
The REEP Business Model
The REEP & REEP Plus Structure

<table>
<thead>
<tr>
<th></th>
<th>Credit Line WeBSEFF II</th>
<th>Credit Line GEFF-WB</th>
<th>Direct WeBSEDFF</th>
<th>Direct Municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance</strong></td>
<td>€117m</td>
<td>€85m</td>
<td>€50m</td>
<td>€20m</td>
</tr>
<tr>
<td><strong>Incentives</strong></td>
<td>€11.2m</td>
<td>€17.5m</td>
<td>€5.75m</td>
<td>€2m</td>
</tr>
<tr>
<td><strong>Technical Assistance</strong></td>
<td>REEP</td>
<td><strong>REEP Plus</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>€0.3m WBIF</td>
<td>€3.3m Austria</td>
<td>€1.3m EBRD SSF</td>
<td></td>
</tr>
<tr>
<td></td>
<td>€3.5m EBRD SSF</td>
<td>€1.8m WBIF</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technical Assistance ESCO</strong></td>
<td>€3.6m WBIF</td>
<td></td>
<td>€1.0m WBIF</td>
<td></td>
</tr>
<tr>
<td><strong>Policy Dialogue</strong></td>
<td>REEP</td>
<td>REEP Plus</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>€2m WBIF</td>
<td>€2.5m EU IPA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>€0.5m EBRD SSF</td>
<td>€0.75m EBRD SSF</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>€0.5m SIDA</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
REEP policy adoption status and highlights in last period

**KEY**
- Green: Support delivered, needs formal adoption
- Blue: Support delivered, in process of adoption
- Orange: Delivered support – accepted and not requiring further adoption / adopted

### EPBD
- Primary legislation
- MEPS
- NCM
- EPC
- Inspection
- Calculation software
- EPC registry

### EED
- Procurement
- EEOs
- Article 7 notification
- NEEAP

**Countries:**
- Albania
- BA-RS
- BA-Fed
- FYR Macedonia
- Kosovo
- Serbia
- Montenegro

5 June, 2018
We are well into the implementation phase of REEP Plus in most countries and preparing new assignments.

**Primary legislation**
- Albania
- BA-RS
- BA-Fed
- FYRM
- Kosovo
- Serbia
- MNE
- Regional

**EPBD regulations & software**
- Phase 2
- Phase 2

**Building Renovation Strategies**
- Phase 2

**nZEB plans**

**EE financing incentives and mechanisms**
- Policy support commenced, expected completion by Q2 2018 onwards

**Training of energy auditors and assessors**

**EED Art 14 - Heating and cooling**

**Ecodesign & Labelling**

**EE Procurement**

Legend:
- Green: Policy support commenced, expected completion by Q2 2018
- Light green: Policy support commenced, expected completion by Q3 2018 onwards
- Dotted: Scope of policy support under development

5 June, 2018
REEP ESCO Project Preparation

**ESCO policy work**

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

**Project preparation**

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

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

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

- Discussed with beneficiaries
- Finalised
## ACHIEVEMENTS 2013 - April 2018

<table>
<thead>
<tr>
<th>Countries</th>
<th>Bosnia &amp; Herzegovina, Croatia, FYR Macedonia, Serbia</th>
</tr>
</thead>
<tbody>
<tr>
<td>PFIs</td>
<td>9 PFIs + 2 new PFIs expected to join June 2018</td>
</tr>
<tr>
<td>Total Financing provided to PFIs</td>
<td>EUR 117 mln</td>
</tr>
<tr>
<td>Total signed sub-loan amount</td>
<td>EUR 79.5 mln</td>
</tr>
<tr>
<td>Total no. of sub-projects</td>
<td>304</td>
</tr>
<tr>
<td>Current pipeline value</td>
<td>EUR 2.8 mln (3 Sub-projects)</td>
</tr>
<tr>
<td>Total CO₂ savings</td>
<td>116,897 t/year</td>
</tr>
<tr>
<td>Total equivalent primary energy savings (MWh/y): incl. renewable energy capacity added</td>
<td>499,695 MWh/year</td>
</tr>
<tr>
<td>Total equivalent primary energy savings (MWh/y): incl. renewable energy capacity added</td>
<td>54 MW</td>
</tr>
</tbody>
</table>

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EECG report March’18

- 9 PFIs
- EUR 92 mln signed
- EUR 78.5 mln
- 300
- EUR 3.9 mln
- 116,540 t/year
- 498,458 MWh/year
- 54 MW
Implementation update since last EECG meeting:

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

**Implementation planned in next quarter**

- Launch event: **Belgrade** (end-Sept 2018)
### REEP Finance – GEFF-Western Balkans

**Engagement of local banks**

<table>
<thead>
<tr>
<th>Country</th>
<th>Credit lines signed (#)</th>
<th>Signed (€m)</th>
<th>Pipeline (€m)</th>
<th>Total (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>EECG report March’18</strong></td>
<td><strong>EECG report March’18</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Albania</td>
<td>0.0</td>
<td>0.0</td>
<td>12.5</td>
<td>12.5</td>
</tr>
<tr>
<td>Bosnia &amp; Herzegovina</td>
<td>4 up 3</td>
<td>22.0 up 17.0</td>
<td>0.0</td>
<td>22.0</td>
</tr>
<tr>
<td>FYR Macedonia</td>
<td>2</td>
<td>4.0</td>
<td>3.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Kosovo</td>
<td>3</td>
<td>8.5</td>
<td>0.0</td>
<td>8.5</td>
</tr>
<tr>
<td>Montenegro</td>
<td>0.0</td>
<td>0.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Serbia</td>
<td>0.0</td>
<td>0.0</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9 up 8</strong></td>
<td><strong>34.5 up 29.5</strong></td>
<td><strong>50.5</strong></td>
<td><strong>85</strong></td>
</tr>
</tbody>
</table>

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

5 June, 2018
### Investment example

#### The Client

<table>
<thead>
<tr>
<th>Sector</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Ustikolina, BiH</td>
</tr>
<tr>
<td>Description</td>
<td>Family house – Tešević Family</td>
</tr>
</tbody>
</table>

#### Investments

<table>
<thead>
<tr>
<th>Investment cost</th>
<th>€5,700</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment measures</td>
<td>• Installation of biomass boiler and thermal insulation</td>
</tr>
<tr>
<td>Reasons for investment</td>
<td>To switch to a more energy efficient heating system and generate energy and cost savings</td>
</tr>
</tbody>
</table>

#### Results

<table>
<thead>
<tr>
<th>Operational results</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 6MWh per year energy savings on heating</td>
</tr>
<tr>
<td>• Improved living comfort</td>
</tr>
</tbody>
</table>
REEP Finance Direct Lending: WeBSEDFF

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 CO₂ 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
• CO₂ 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)

1. **LEGAL AND REGULATORY FRAMEWORK:**
   - Enabling primary legislation
   - Targets
   - Responsibilities
   - Enforcement provisions

2. **SCHEME ADMINISTRATION:**
   - Institutional structure and capacities
   - Scheme guidance
   - Operational methodologies
   - M&V systems

3. **OBLIGATED PARTIES DELIVERY MODELS:**
   - Routes to market
   - Funding/financing approach
   - Organisational strategies
   - M&V systems

- 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