Policy Guidelines for Centralised Energy Efficiency Financing Mechanisms

EECG workshop

12 March 2020
Introduction and welcome (EnCS & EBRD)

Agenda

Context and Introduction to Policy Guidelines

- Context and relationship with EED
- EU approaches and activity in Energy Community
- Scope and structure of Policy Guidelines

Case Studies from Croatia

- Case Study 1: Public Buildings Refurbishment Programme
- Case Study 2: Energy Efficiency Fund

Questions
Policy Guidelines for Centralised Energy Efficiency Financing Mechanisms

Context
Article 7 EU Member States – contribution of energy savings

- Energy efficiency National Fund, 6,646, 3%
- Energy or CO₂ taxes, 34,421, 14%
- EEOSs, 86,051, 34%
- (a) Energy efficiency National Fund, 6,646, 3%
- (b) Financing schemes or fiscal incentives, 49,032, 19%
- (c) Regulation or voluntary agreement, 27,129, 11%
- (d) Standards and norms, 21,640, 9%
- (e) Energy labelling schemes, 1,004, 0.4%
- (f) Training and education, 9,154, 4%
- (j) Any other policy measures, 15,197, 6%

Use of finance mechanisms in 2014-2020 period by EU Member States

Source of funding
- Taxation
- Energy bills
- Industry

Allocation mechanism
- Tax relief
- Grant / loans (including EE Funds)
- Tenders
- EEOS
- Energy / carbon taxes
- Voluntary Agreements
- Regulations

Scope of Policy Guidelines

- IT
- NL
- AT
- BE
- ES
- SI
- DE*
- PT
- DE*
- DK*
- AT
- DK
- FR
- IT
- SI
- UK
- SE
- AT
- FI
- DE
- ES
- BE
- FI
- NL
- DE
- UK
- BG*
EED Article 20 as a component of Article 7

Contracting Parties encouraged to set up
- Financing facilities for Energy Efficiency
- Facilitating institutions

Aim is to
- “maximise the benefits of multiple streams of financing” [Para. 1]
- “increasing energy efficiency in different sectors” [Para. 2]

To do this Contracting Parties may
- Set up a National Energy Efficiency Fund [Para. 4] – but alternative mechanisms are also admissible
- Use these mechanisms for achieving Article 5 and Article 7 obligations [Paras. 5 and 6]

Interplay with Article 7
- Many EEO schemes allow a “buy-out” to a National Energy Efficiency Fund
- Cost can be fixed on a €/kWh-saved basis relative to
- Must be able to enforce payment or penalty

![Diagram showing the interplay between Article 7 Target, EEO savings, EE Fund savings, and Other Alternative Measures savings with a buy-out link]

EEO savings

EE Fund savings

Other Alternative Measures savings

Article 7 Target

Buy-out
Revised EED – reconfiguration for 2021-2030

The revised Article 7 target is:

- Longer in duration (2021 – 2030)
- Deeper in ambition (no exclusions can be applied to reference value)

Within EU set to 0.8% of annual average final consumption during 3 years to 1 January 2019

- This results in real terms savings higher than 2014-2020 requirement of 1.5% annual savings but with substantial reductions allowed
- Major increase from 0.7% with reductions set for Contracting Parties (2017-2020)

Must consider need to alleviate energy poverty and report thereon
### Active centralised finance mechanisms in Energy Community – country-specific schemes

#### Bosnia and Herz.

<table>
<thead>
<tr>
<th>Name of mechanism</th>
<th>Type / sector</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving Fund</td>
<td>Loans / municipalities</td>
<td>UNDP / Swedish Gov.</td>
</tr>
<tr>
<td>The Environment Fund</td>
<td>Grants &amp; loans / municipalities</td>
<td>UNDP / GCF</td>
</tr>
<tr>
<td>Bosnia EE project (due 2020)</td>
<td>Grants &amp; loans / municipalities</td>
<td>World Bank / KfW / others</td>
</tr>
</tbody>
</table>

#### Montenegro

<table>
<thead>
<tr>
<th>Name of mechanism</th>
<th>Type / sector</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Protection Fund</td>
<td>Various</td>
<td>UNDP / Gov. / Others</td>
</tr>
<tr>
<td>Energy Efficiency Home</td>
<td>Loans / residential</td>
<td>Government &amp; banks</td>
</tr>
</tbody>
</table>

#### Albania

<table>
<thead>
<tr>
<th>Name of mechanism</th>
<th>Type / sector</th>
<th>Provider</th>
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</thead>
<tbody>
<tr>
<td>Energy efficiency in public buildings</td>
<td>Loans / public buildings</td>
<td>World Bank</td>
</tr>
</tbody>
</table>

#### Serbia

<table>
<thead>
<tr>
<th>Name of mechanism</th>
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</thead>
<tbody>
<tr>
<td>State Energy Efficiency Fund</td>
<td>Loans &amp; grants / municipalities</td>
<td>EU and Gov. of Serbia</td>
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</tbody>
</table>

#### Kosovo

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<tr>
<th>Name of mechanism</th>
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</thead>
<tbody>
<tr>
<td>Kosovo Energy Efficiency Fund</td>
<td>Loans &amp; grants / municipalities</td>
<td>EU and Government of Serbia</td>
</tr>
</tbody>
</table>

#### North Macedonia

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<thead>
<tr>
<th>Name of mechanism</th>
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<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector energy efficiency</td>
<td>Grants &amp; loans / public</td>
<td>World Bank</td>
</tr>
</tbody>
</table>

#### Ukraine

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<thead>
<tr>
<th>Name of mechanism</th>
<th>Type / sector</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency Fund</td>
<td>Loans and rebates / residential</td>
<td>EU, IFC, Others</td>
</tr>
<tr>
<td>Warm loans</td>
<td>Loans and rebates / residential</td>
<td>Government</td>
</tr>
</tbody>
</table>

#### Moldova

<table>
<thead>
<tr>
<th>Name of mechanism</th>
<th>Type / sector</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>MoREEFF and MoSEFF</td>
<td>Credit lines / commercial and residential</td>
<td>EBRD, EU, SIDA</td>
</tr>
</tbody>
</table>

#### Georgia

<table>
<thead>
<tr>
<th>Name of mechanism</th>
<th>Type / sector</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency Fund (planned)</td>
<td>TBD</td>
<td>Government</td>
</tr>
</tbody>
</table>
Active finance mechanisms in Energy Community – regional schemes

<table>
<thead>
<tr>
<th>Name of mechanism</th>
<th>Type / sector</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green for Growth Fund</td>
<td>Loans / public, commercial and residential</td>
<td>EIB, EBRD, KfW and others</td>
</tr>
<tr>
<td>Green Energy Financing Facility (GEFF)</td>
<td>Loans and grants / Residential and commercial</td>
<td>EBRD and European Union</td>
</tr>
</tbody>
</table>
Policy Guidelines for Centralised Energy Efficiency Financing Mechanisms

Policy Guidelines
Scope and structure of Guidelines

**EED Role**
- How centralised financing mechanisms can contribute towards Energy Efficiency Directive obligations

**Funding sources**
- The potential sources of funds: eg taxation, energy bills, fees, emissions allowance sales

**Mechanism options**
- Routes for provision and what market failure they address: grants, loans, credit lines, on-bill, tax rebates etc

**Allocation approaches**
- How money is allocated: eg tenders, first-come-first-serve, bilateral contracting etc

**Recommendations for design**
- Key lessons learnt on successfully designing and establishing a scheme within a coherent policy mix
Form of support - options

- Direct loans
- Credit lines
- Guarantees
- On-bill finance
- Direct Grants
- Tax-credit schemes

- What is the market failure being addressed?
  - E.g. Lack of information, split incentives, access to capital → different mechanism address different issues

- What is the end use sector being targeted?
  - Public, transport, industrial & commercial, residential? Different groups face different challenges

- What measures are being supported?
  - Complex or simple measures?
  - High or low volume?
  - Expensive or cheap?
Structure of financing mechanism – Energy Efficiency Fund

- **Funding source varies:**
  - Government budget, energy levies, donors, fees, loan repayments

- **Benefits to approach:**
  - Can be relatively simple to set up
  - Good at accelerating take-up of new technologies and building markets
  - Easy to tailor to non-cost objectives

- **Potential issues:**
  - Potential to distort commercial markets
  - Scale hard to achieve
  - Grant-based systems can be expensive and of questionable cost-effectiveness
  - Loan-based schemes have struggled in residential sector

- **Bulgarian example:**
  - Soft loans & partial credit guarantees
  - Focuses on non-residential sectors
  - Combines with technical assistance / energy audits
  - Management board – 6 private and 5 ministerial
Structure of financing mechanism - loans

**EBRD GEFF example:**
- Offers capital for on-lending by local financial institutions otherwise unavailable
- Backed by technical assistance to build market and raise awareness
- Combined with incentives to stimulate market

**Delivery body varies**
- Can be public body, energy firms, banks, donors etc

**Benefits**
- Good at targeting access to capital issues
- Can be tailored to specific objectives → eg deep retrofit
- Good at accelerating take-up of new technologies

**Potential issues**
- Difficult to scale-up
- Needs strong support from information campaigns
- Offering must be attractive
Structure of financing mechanism – tax schemes

- **Multiple forms:**
  - Credits, reductions, rebates, accelerated depreciation

- **Benefits of tax measures:**
  - Can be cost effective (to public purse)
  - Can deliver at substantial scale
  - Help embed energy efficiency within enterprise investment decisions
  - Overlap with initiatives to tackle grey economy

- **Potential issues:**
  - Can be complex to avail
  - Access to value may be difficult for individuals
  - Free-rider concerns

- **Italian example:**
  - 39% of Italian Article 7 target as of 2017
  - Applies to EE refurb / renovation to buildings
  - Reduction in income tax (personal or corporate)
  - Granted to private citizens and entities
Allocation mechanism - tenders

- **Delivery body can vary**
  - Public agency, regulator, 3rd party

- **Funding source also varies**
  - Taxation, energy bills, carbon allowances

- **Benefits**
  - Evidence suggests good cost efficiency
  - Easy to tailor to specific objectives
  - Easier route to market for ESCOs

- **Potential issues**
  - May have unstable budget
  - Dealing with “winner’s curse”
  - Issues of State Aid

- **Portuguese example:**
  - 34% of Article 7 target as of 2017
  - Funded through energy tariff levies (~ 0.2% in 2017)
  - Two separated bidding groups: electricity sector firms and non-electricity sector firms
  - Multi-criteria: economic, social, quality
  - Minimum 20% co-financing

<table>
<thead>
<tr>
<th>Results</th>
<th>All eligible bidders</th>
<th>Excluding electricity sector firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€7 Million - Industry</td>
<td>€3 Million “tangible” (industry, services, households)</td>
</tr>
<tr>
<td></td>
<td>€4 Million - Services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>€3 Million - Households</td>
<td></td>
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<tr>
<td></td>
<td>€2 Million – “intangible”</td>
<td></td>
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<td></td>
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</table>
Policy categories – cost and complexity (Residential sector)

Source: ENSPOL (2015)
Energy Saving Policies and Energy Efficiency Obligation schemes - D5.1 Combining of EEOs and alternative policies
Policy categories – cost and complexity (industrial sector)

# Policy categories – comparison of selected finance mechanism types

<table>
<thead>
<tr>
<th>Public grants (inc. through EE Funds)</th>
<th>Direct loans (inc. through EE Funds)</th>
<th>Supported 3rd Party loans</th>
<th>On-bill finance</th>
<th>Tax rebates/relief</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Good for demonstration projects</td>
<td>• Necessary for more costly, complex projects</td>
<td>• Leverages existing relationships</td>
<td>• Ties energy savings directly to bill reductions</td>
<td>• Can achieve scale</td>
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<tr>
<td>• Have additional “emotional impact” for consumers</td>
<td>• Can achieve greater leverage</td>
<td>• Helps develop capacities in commercial sector</td>
<td>• Can be attached to house rather than individual</td>
<td>• Embeds energy efficiency in investment decisions</td>
</tr>
<tr>
<td>• Relatively straightforward to operate</td>
<td>• Best combined with technical assistance</td>
<td>• Helps ignite market</td>
<td>• Requires suitable partner banks</td>
<td>• Overlap with initiatives to tackle grey economy</td>
</tr>
<tr>
<td>• Struggle to achieve scale</td>
<td>• Consumer still bears cost and risk</td>
<td>• Selection process should be transparent and fair</td>
<td>• Can be very complex to set up – consumer lending legislation</td>
<td>• Can be regressive if no avenue for low income consumer to avail value</td>
</tr>
<tr>
<td>• At whim of budget considerations</td>
<td>• Favours better-off consumers with good credit ratings</td>
<td></td>
<td>• Keeping repayments below savings can mean long repayment periods</td>
<td>• Significant free rider concerns</td>
</tr>
<tr>
<td>• Often have poor cost-efficiency</td>
<td>• Can be complex to set up</td>
<td></td>
<td>• Issues at sale of property</td>
<td></td>
</tr>
<tr>
<td>• Limited leverage can be achieved</td>
<td>• “Soft” means subsidised</td>
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**Public grants**
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Policy Guidelines for Centralised Energy Efficiency Financing Mechanisms

Case Studies from Croatia
Policy Guidelines for Energy Efficiency Funds and Centralised Financing Mechanisms

Case Study 1: Public Buildings Refurbishment Programme
Drivers for establishment and sectoral focus

- To achieve goals set forth in the EED, **government funds are insufficient**
- The mechanism therefore aimed to bring forward **private sector investment via ESCos** and EU funds via grant schemes
- The building renovation mechanism significantly increased activity in construction, and **established a competitive ESCo market in Croatia**

**Sectoral focus**
- ESCo focus is on large buildings with higher energy consumption per unit surface area
- Grants aim at buildings with less energy consumption (i.e. Museums, theatres), unreliable energy consumption forecast (i.e. Schools) and/or other barriers for renovation (i.e. Cultural heritage)
Design of mechanism – Tenders for ESCOs

**Authorisation/Program to APN**
- Energy audit, technical input data
- RFP published by APN
- Standard EnPC
- Monitoring and verification defined

**Tender**
- APN launches public procurement for ESCO in public buildings
- ESCO assumes risks of design, construction and O&M
- ESCO financing 100% on its balance sheet
- Minimum savings: 50%
- No procurement for construction or financing
- Bids evaluated only on assumption of results to be achieved in refurbishment
- Technical data for building published

**ESCO**
- Financing
- Subcontractors
- Design
- Operating & Maintenance
- Guarantees
**ESCO regulatory framework**

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<tr>
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</thead>
<tbody>
<tr>
<td>Definition of energy service and Energy Performance Contract</td>
<td>Defines a public web based software for measurement and verification of „deemed“ energy savings</td>
<td>Mandatory collection of data about real energy consumption, for public buildings</td>
<td>Defines details for public procurement</td>
<td>Mandatory for public sector</td>
<td>Provides details for participants – public authorities</td>
</tr>
<tr>
<td>Defines risk assumptions for ESCO (Energy Service Provider), article 26.</td>
<td>Defines Energy Performance Contract clauses and principles Article 26 a)</td>
<td>Contains data for normalisation of consumption – relevant building characteristics, type, use, climatic data</td>
<td>Defines mandatory clauses and principles for Energy Performance Contracts</td>
<td>Provides details of implementation</td>
<td>Ensures transparency</td>
</tr>
<tr>
<td>Defines roles and obligations in contracting (procurement) for public buildings</td>
<td>Provides methodology to calculate and determine savings for a list of measures</td>
<td>Mandatory for public buildings – energy data provided from energy suppliers</td>
<td>Defined according to regulatory framework</td>
<td>Defined according to regulatory framework</td>
<td>Interpretation of contractual relations in Energy Performance Contract</td>
</tr>
<tr>
<td></td>
<td>Authorisation and responsibility for data input, dispute settlement</td>
<td>Delivers calculation of „measured savings“ – real consumption vs reference consumption</td>
<td>Definitions for budgetary implementation of payments for energy service</td>
<td>Publicly available</td>
<td>Rules for verification of design</td>
</tr>
</tbody>
</table>
Execution of ESCO model

**Tender**
- Open procurement
- ESCO’s bid for guaranteed savings
- Design not defined

**Design**
- ESCO makes the design
- Independent experts audit the design
- If ESCO does not provide design to achieve guaranteed savings, contract is terminated

**Renovation**
- ESCO executes renovation on its own cost and organisation
- Public beneficiary audits works executed
- Renovation completed upon positive report by an independent engineer

**Operation**
- ESCO liable for O&M of its investment
- Guaranteed savings audited once a year
- Additional savings determined from actual energy bill
- ESCO can choose to deliver energy

**Termination of EPC:**
- Building owner
- ESCO
- New ESCO

**Payment mechanism:**
- Guaranteed savings
- EPC savings
- Metered savings

**Default**

- From elements permanently attached to a building (i.e. Insulation of walls, windows, roof etc.)
- Calculated from the design verified by independent experts
- Deemed achieved if characteristics of EPC asset is as designed
- If EPC assets at any time do not have the ability to perform in all designed elements - no payments are made to ESCO

- Calculated from energy consumption data in national system (15GE) and normalised according to regulation
- Normalisation includes minimum degree/days for the building
- No other evidence is necessary – savings not attributed to a precise source
- Payments made as monthly payments with one year delay
Challenges faced: non technical barriers for EnPC

<table>
<thead>
<tr>
<th>Business model</th>
<th>Financial</th>
<th>Legal</th>
<th>Accounting</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low rates of return or insignificant investment</td>
<td>No new assets for collateral</td>
<td>Settlement of disputes</td>
<td>Taxes for EnPC – OPEX or CAPEX?</td>
<td>Lack of practice</td>
</tr>
<tr>
<td>ESCO risks inproportionate to rewards</td>
<td>Uncertain cash flow</td>
<td>Liabilities</td>
<td>Ownership of assets</td>
<td>Understanding of roles in EnPC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quid pro quo?</td>
<td>Debt assumptions</td>
<td>Experience</td>
</tr>
</tbody>
</table>

- **EnPC** – a highly complex area, unlikely that spontaneous development can resolve fundamental issues, however:

- **Non technical barriers** can be dealt with through a set of *interrelated regulatory and policy instruments!*
Lessons learnt and areas for improvement

**Key successes:**
- Renovations implemented quickly and with high quality
- ESCo market developed at an unexpected pace

**Lessons learnt:**
- Detailed regulatory framework necessary to create ESCo market
- Transparency and simplicity of the process key to raising interest of private investors
- Allowing ESCo the right to design measures enable competitive market
- Large project attract more interest

**Areas for improvement:**
- Stop and go
- Use of EU funds
- Introduction of FI’s
- Competitive process for grants to ESCos

**Follow on initiatives:**
- Support schemes for EU funds under development (grants and FI’s)
- Further development of national EMIS for measured savings
Policy Guidelines for Energy Efficiency Funds and Centralised Financing Mechanisms

Case Study 2: Energy Efficiency Fund
Drivers for establishment and sectoral focus

- Funds from OPCC planned as grants for building owners
- Multiapartment buildings have the highest potential for energy savings
- Article 7 EED alternative approach includes renovation of public buildings, multiapartment buildings and family homes
- At the time of planning for OPCC no significant experience with ESCO

Sectoral focus

- Public buildings
- Multiapartment buildings
- Family homes

For public buildings focus is on buildings with lower energy consumption, and/or expected decrease of energy consumption (schools, due to demographic trends; museums, cultural heritage buildings etc.)
## Grant support mechanism

<table>
<thead>
<tr>
<th>Public buildings</th>
<th>Multiapartment buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subsidies 40% from EPEEF defined in RFP</strong></td>
<td></td>
</tr>
<tr>
<td>ESCO paid in construction phase</td>
<td></td>
</tr>
<tr>
<td><strong>Subsidies contracted from EPEEF to public authority</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Subsidies 60% from ESIF in a call for MA buildings</strong></td>
<td></td>
</tr>
<tr>
<td>Awarded up to available funds</td>
<td></td>
</tr>
<tr>
<td><strong>Subsidies contracted with MA building owners (50%)</strong></td>
<td></td>
</tr>
</tbody>
</table>
Call for proposals for renovation of multi-apartment buildings

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>10/16</td>
<td>CFP Published</td>
</tr>
<tr>
<td>10/16 - 01/17</td>
<td>CFP Duration: 90 Days</td>
</tr>
<tr>
<td>01/17 – 05/17</td>
<td>Evaluation Period: max 120 Days</td>
</tr>
<tr>
<td>05/16 - 06/17</td>
<td>Contract Sign Off: 45 Days</td>
</tr>
<tr>
<td>07/17 - 12/18</td>
<td>Implementation Period</td>
</tr>
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</table>

**CFP Published**
- Published on 17.10.2016.
- Closed on 31.01.2017.

**CFP Duration: 90 Days**
- Info campaign
- Q&A
- Workshops

**Evaluation Period: max 120 Days**
- Evaluation of project proposals
- Grant awards

**Contract Sign Off: 45 Days**
- Tripartiy agreement – MA1, MA2 and Beneficiary

**Implementation Period**
- 18 months
- Payments on each 3 months
- Reporting to MA1 and MA2

**Managing Authority**
- Ministry of Regional Development and EU Funds
  - Manages implementation of the Operational Programme

**Intermediate Body Level 1**
- Ministry of Construction and Physical Planning
  - Strategic Planning of Available Resources
  - Planning and Announcement of Calls for Grants

**Intermediate Body Level 2**
- Energy Efficiency and Environmental Protection Fund
  - Evaluation of Project Proposals
  - Cooperates with the beneficiaries and monitors the progress of projects

**Audit Authority**
- Agency for the Audit of European Union Programmes Implementation System

**Certifying Authority**
- Ministry of Finance
ENERGY RENOVATION OF RESIDENTIAL BUILDINGS
ERDF CALL FOR MULTI APARTMENT BUILDINGS 2016

MULTI APARTMENT BUILDING, ZAGREB

- **TOTAL GRANT**: 72 mil €
- **GRANT RATE**: 60%
- **BUILDINGS CONTRACTED**: 584
- **TOTAL HEATED FLOOR AREA RENOVATED**: 900,000 m²
- **AVERAGE BUILDING AGE**: 49 years
With ESCo as the investor, energy service can be applied and subsidised for multi apartment buildings, unlocking enormous renovation potential!
**Competitive process – proposal for public and multi apartment buildings**

1. **Co-owners apply for subsidy for EnPC**
2. **Request for proposals – tendering process**
3. **ESCo's bid for renovation – 100% of savings + grant**
4. **EnPC in line with EUROSTAT rules for government debt and deficit**

- **Grants payed after completed renovation**
- **Termination of contract in case of non performance**

**Basic rules for competitive process:**

- ESCo's apply for grants
- ESCo's can ask for grants above savings guaranteed
- Grants considered to be a price in a tendering process
- Standardised contracts used to protect co-owners
- Full application of EUROSTAT rules – ESCo an economic owner of investment!
Development of energy service market

- Energy service market must be developed to apply competitive process
- Stringent rules and processes for government buildings can provide framework for renovation of multi apartment buildings – unlocking potential
- Not possible if ESO’s are not economical owners of investment – EUROSTAT rules!
Challenges faced - ESCo

**Challenges:**
- Tax treatment of EPC
- Public debt assumption and difference from PPP
- No general strategy for public building management
- Lack of information/confidence
- Collateral for ESCo’s
- Verification of savings for „soft” measures

**Mitigation:**
- Accounting standards interpretation proposed
- Model contract in line with EUROSTAT guidance note
- Not mitigated
- Public perception improved due to results
- Planned introduction of FI’s
- Improvement of government EMIS

**Major obstacle for implementation of ESCo is inability to use EU grants for ESCo as a beneficiary!**
Challenges faced – grants for building owners

Challenges:

- Lack of own resources of public building owners to participate in project
- Lack of administrative capacity
- Lack of resources for grants
- Stop and go

Mitigation:

- Use of special fond for EU projects
- Staffing, more focus on larger projects
- Programming for the next period
Lessons learnt and areas for improvement

- Both models implemented successfully
- ESCo depends on detailed and stringent regulation
- Grants not sufficient to achieve all objectives
- For grants – high administrative burdain
- For ESCo – no experience for creating a constant deal flow supported with grants and FI’s

- For ESCo – development of appropriate grant and FI scheme for ESCo as a beneficiary is underway
- For grants – making procedures as simple and standardised as possible
- Both areas addressed simultaneously to avoid canibalism and deal with stop and go problems
Policy Guidelines for Energy Efficiency Funds and Centralised Financing Mechanisms

Q&A
Key questions – for group discussion

1. Regarding operating or proposed schemes in your countries - what has been the main driver for their establishment? (eg legal obligation, identified market failures, donor support)

2. What has been successful and why from these schemes?

3. What have been the main challenges both in establishment and operation?

4. What ideas do you have for how the schemes could have been improved?
Feedback on the proposed Policy Guidelines

- Do you feel the objective of the Policy Guidelines is the right one?
- Does the scope cover the most important issues when developing such policies?
- Is there anything you feel is missing from the proposed scope?
- Should any adjustments be made to the structure?
- What form do you feel is most useful for the Case Studies?
- Do you have any other comments on the proposed document?