

**Interreg**

CENTRAL EUROPE



European Union  
European Regional  
Development Fund

**PROSPECT2030**

TAKING  
**COOPERATION**  
FORWARD



PEER TO PEER LEARNING

26th of March 2021



Pooling investments on public buildings



PROSPECT2030

## **Streamline project implementation:**

- combining short payback measures with medium-to-long payback measures to achieve long term, deep energy savings while still promoting financially attractive options for participants
- a relatively simple screening process could be used to select the appropriate first tier of bundle
- the bundling can be ideal for a standardized set of energy efficiency measures

## **Simplify participant decision-making:**

- A PDA structure can ease the process of decision making reducing the range of options to be selected
- necessary expertise to make an informed decision can be livelized or supported

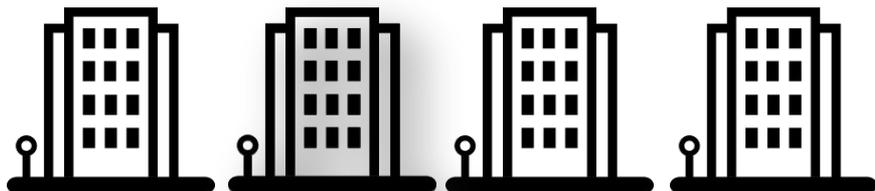
## **Reduce transaction costs through economies of scale:**

- design, administrative, tendering costs can be significantly reduced
- better use of available resources (financial, staff, expertises, etc...)



# AGGREGATION OF DEMAND

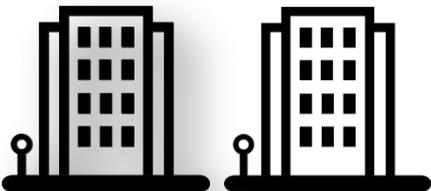
Municipality 1



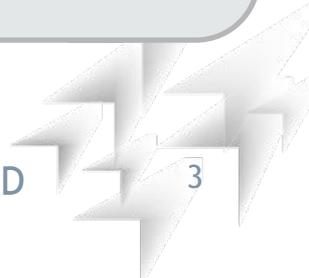
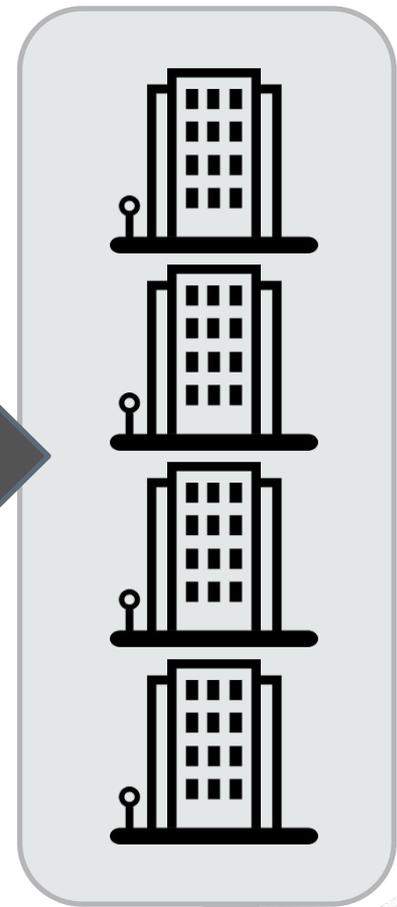
Municipality 2



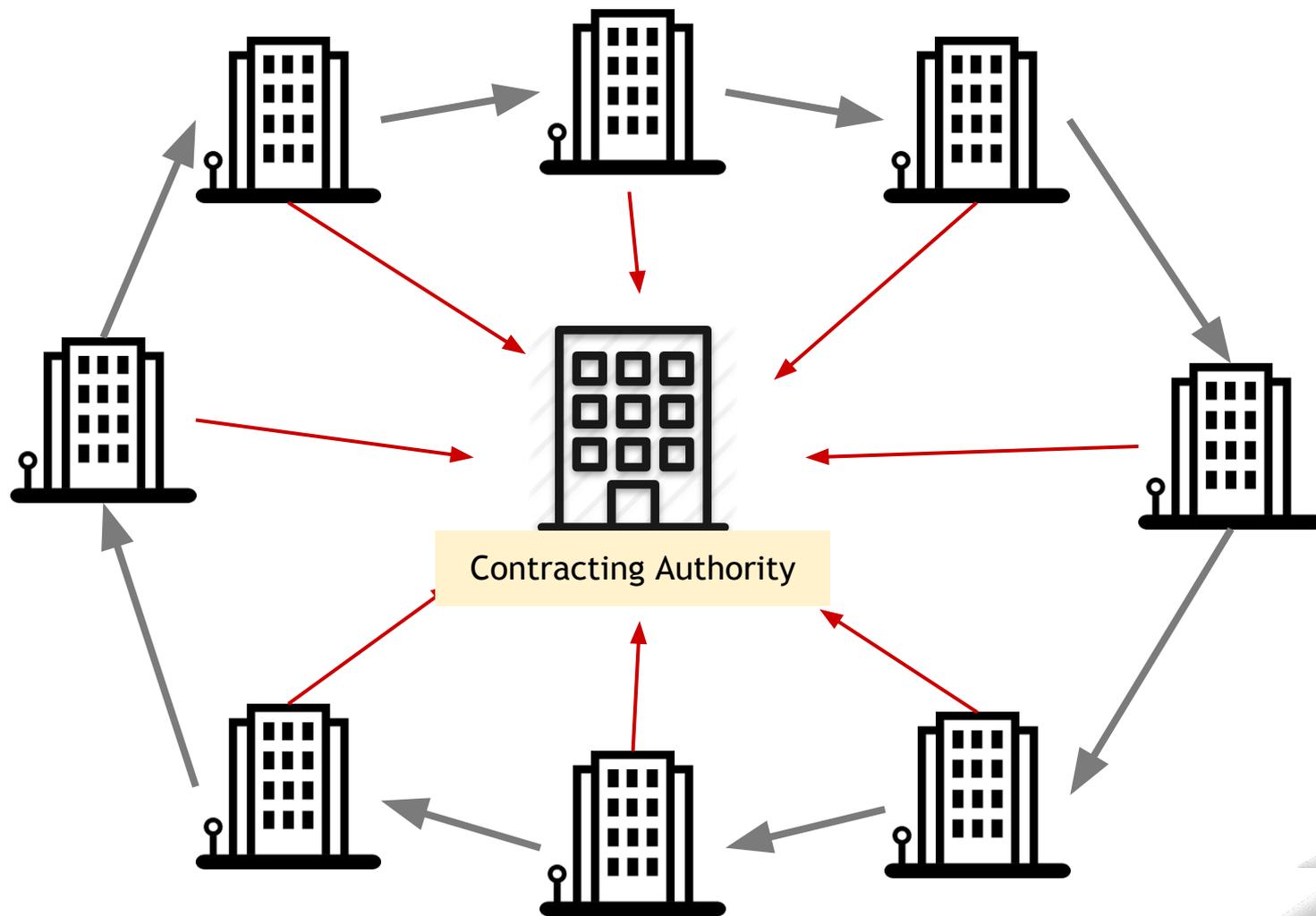
Municipality 3



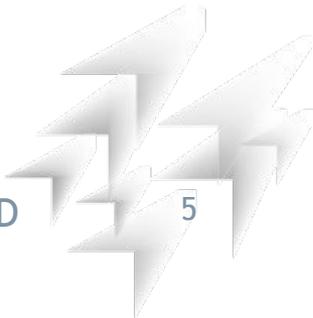
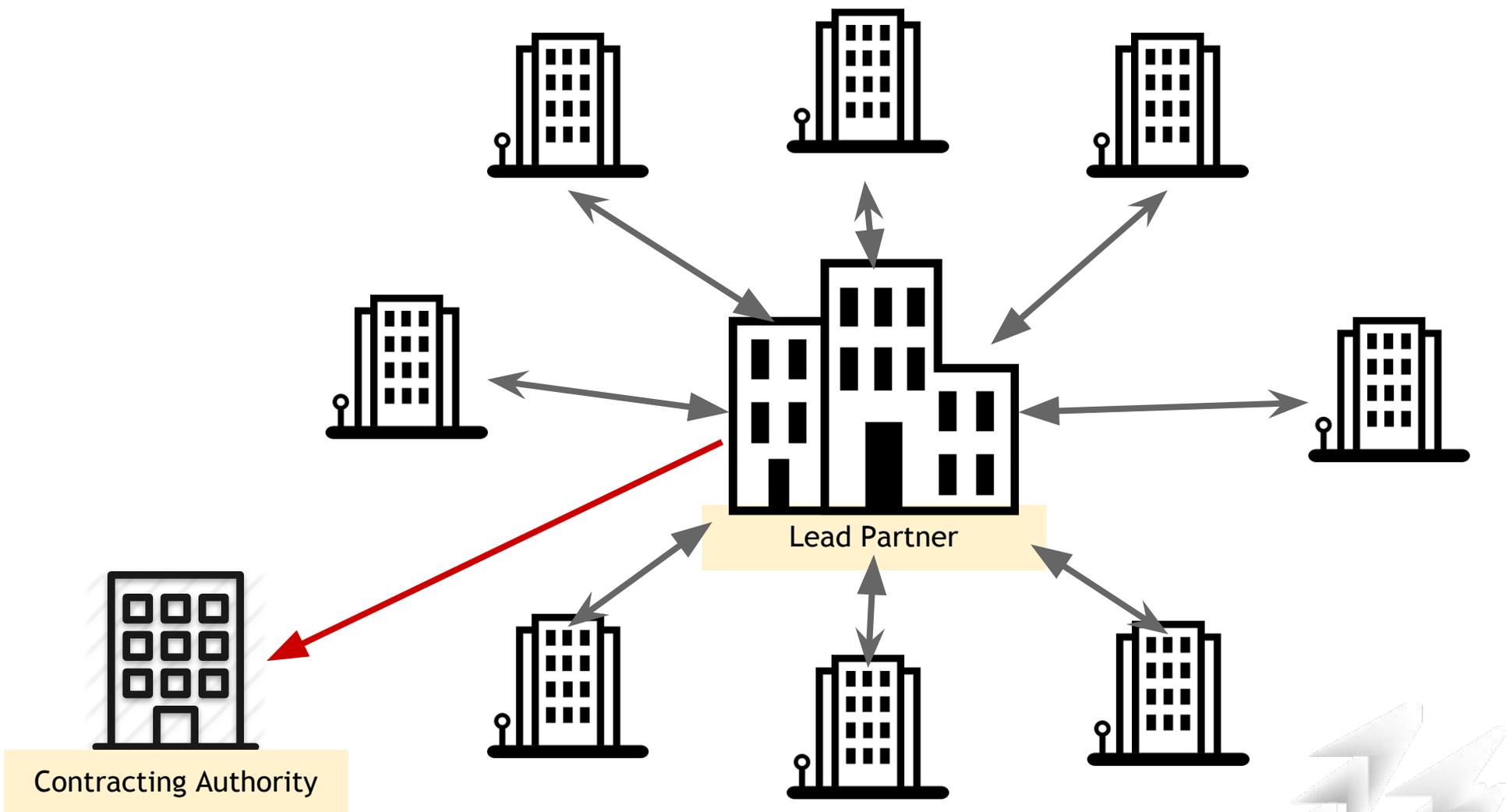
Municipality 4



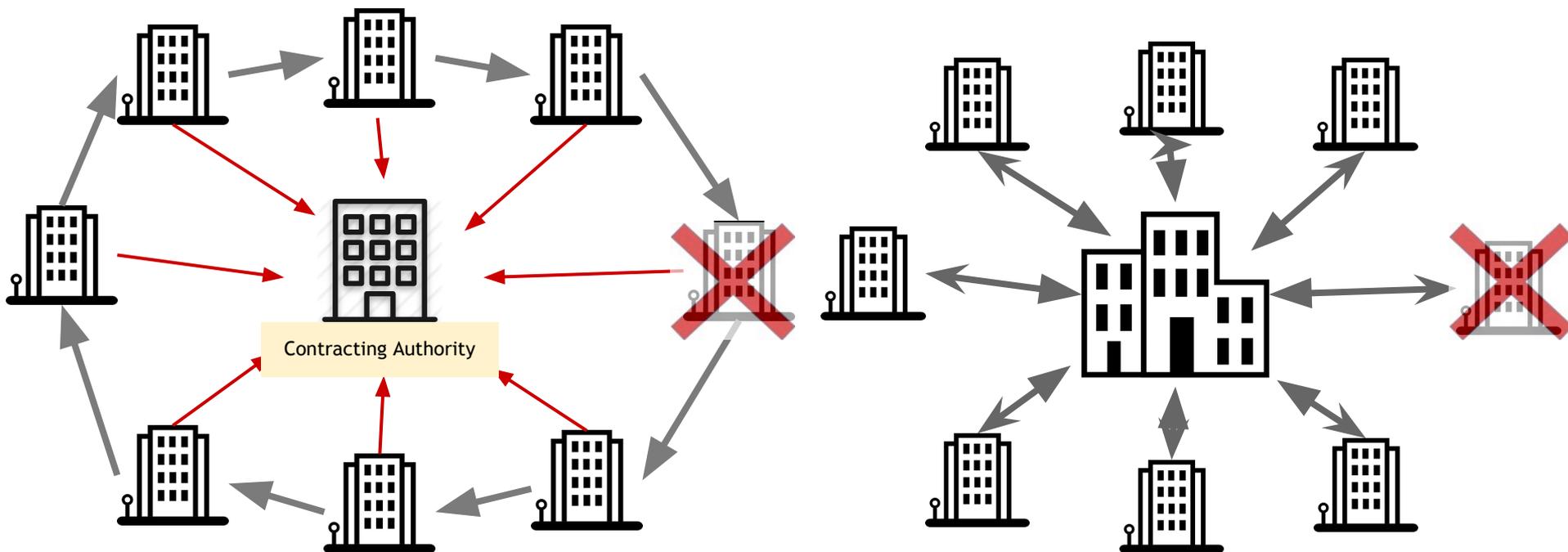
# POOLING SCHEME



# POOLING SCHEME



## What if one withdraws?



This scheme will not be anymore useful



## List of premises about the framework conditions:

- why are you doing it?
- is there any project/action plan behind (i.e. EU funded project, CoM Initiative, etc...)?
- any laws to be quoted?
- any preliminary agreements, meetings, call for adhesion or exchange of letters?
- recall briefly the procedure or intention of the agreement
- definitions or abbreviations used in the following chapters



## Object and goals

- what is the object of the agreement?
- the list of buildings to be renovated could be placed in annex and here recalled
- what is the procedure to change the list? .....*make it easy, you might need it.....*

## Common commitments and liabilities

- commitment of cooperation
- commitment in sharing the investment concept and declaration of being aware of its meaning and structure
- liabilities of the parties in achieving goals



## Specific commitments and tasks of the beneficiaries

- appoint a contact person
- access to data and sites
- any cost or responsibilities (i.e. appoint a construction manager, etc..) before and after the signature of the contracts
- conditions for approval of tender specifications and documents
- conditions for withdraw and related responsibilities

## Specific commitments and tasks of the PDA structure

- to provide assistance service and who's paying for it
- fixed deadlines if any
- what about the contracting authority?

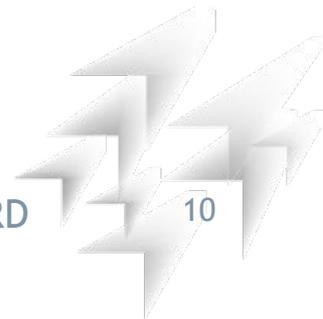


Modifications and changes at the agreements  
procedures and possibilities

Duration of the agreement  
[....]

Disputes  
[....]

ANNEXES  
List of buildings



## Energy Performance Contracting

Energy performance contracting (EPC) is a mechanism for organising the energy efficiency financing. The EPC involves an Energy Service Company (ESCO) which provides various services, such as finances and guaranteed energy savings. The remuneration of the ESCO depends on the achievement of the guaranteed savings. The ESCO stays involved in the measurement and verification process for the energy savings in the repayment period.



## OPERATION RISK ALLOCATION IN THE EPC

The legal nature of the EPC in a PPP context, imposes that the ESCO must take on specific risks:

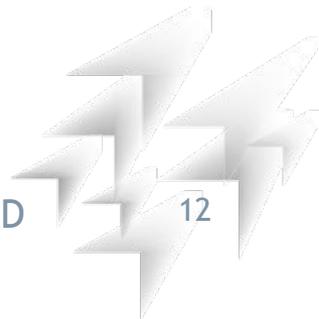
**TECHNICAL RISKS:** risks regarding the planning and design of the technical solutions phase, risks regarding the technical efficiency of the measures and services performed;

**FINANCIAL INVESTMENT RISK:** increase in the cost of loans and money over the contract duration

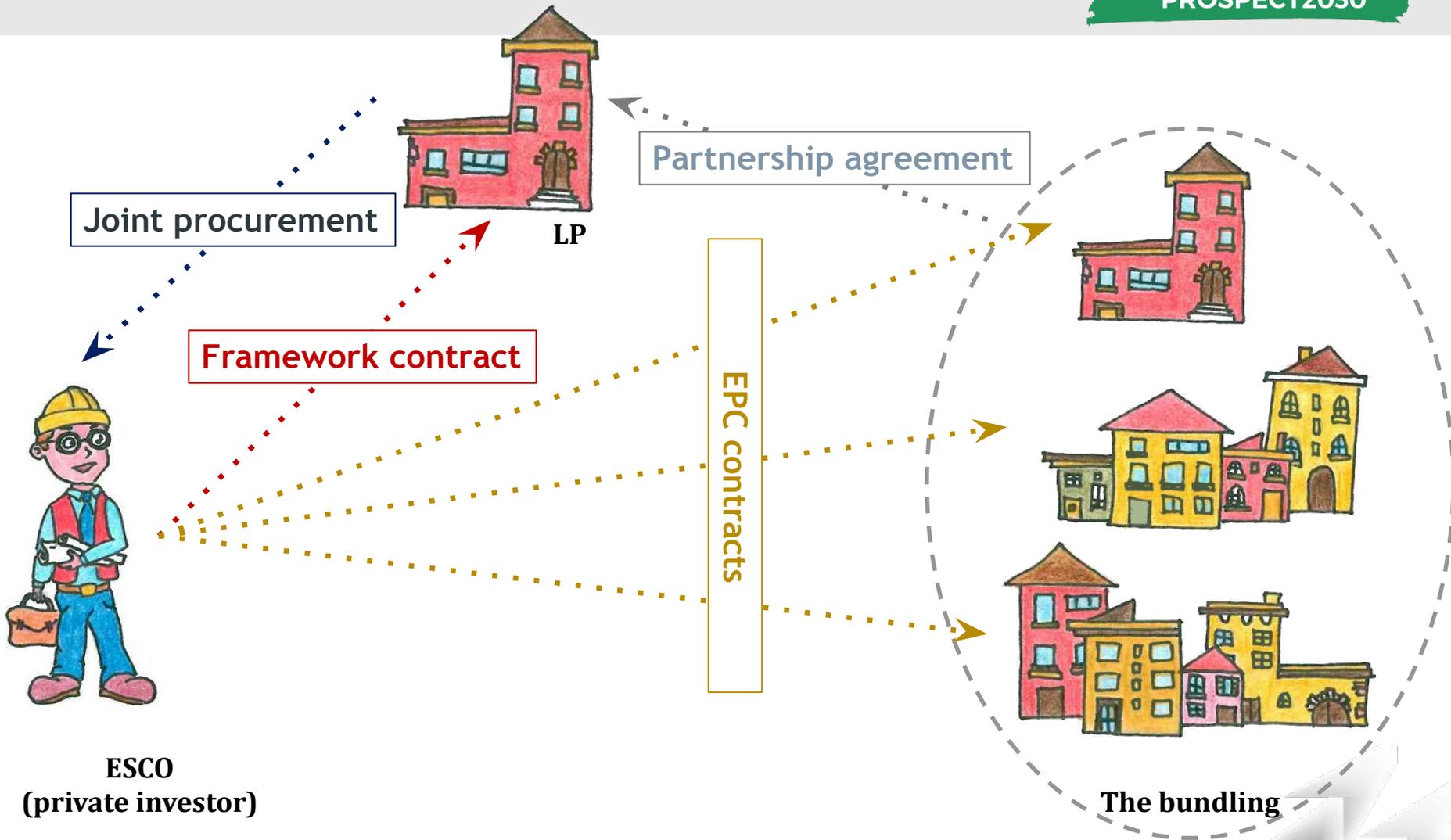
**CONSTRUCTION RISKS:** related to the late completion of works, non compliance to planned standards, increase in building costs, any inconveniences related to the building performance and activities as well as the non completion of the e.e measures.

**PERFORMANCE RISK:** the risk of not reaching guaranteed performances and results implicates the proportioned reduction of payback fees

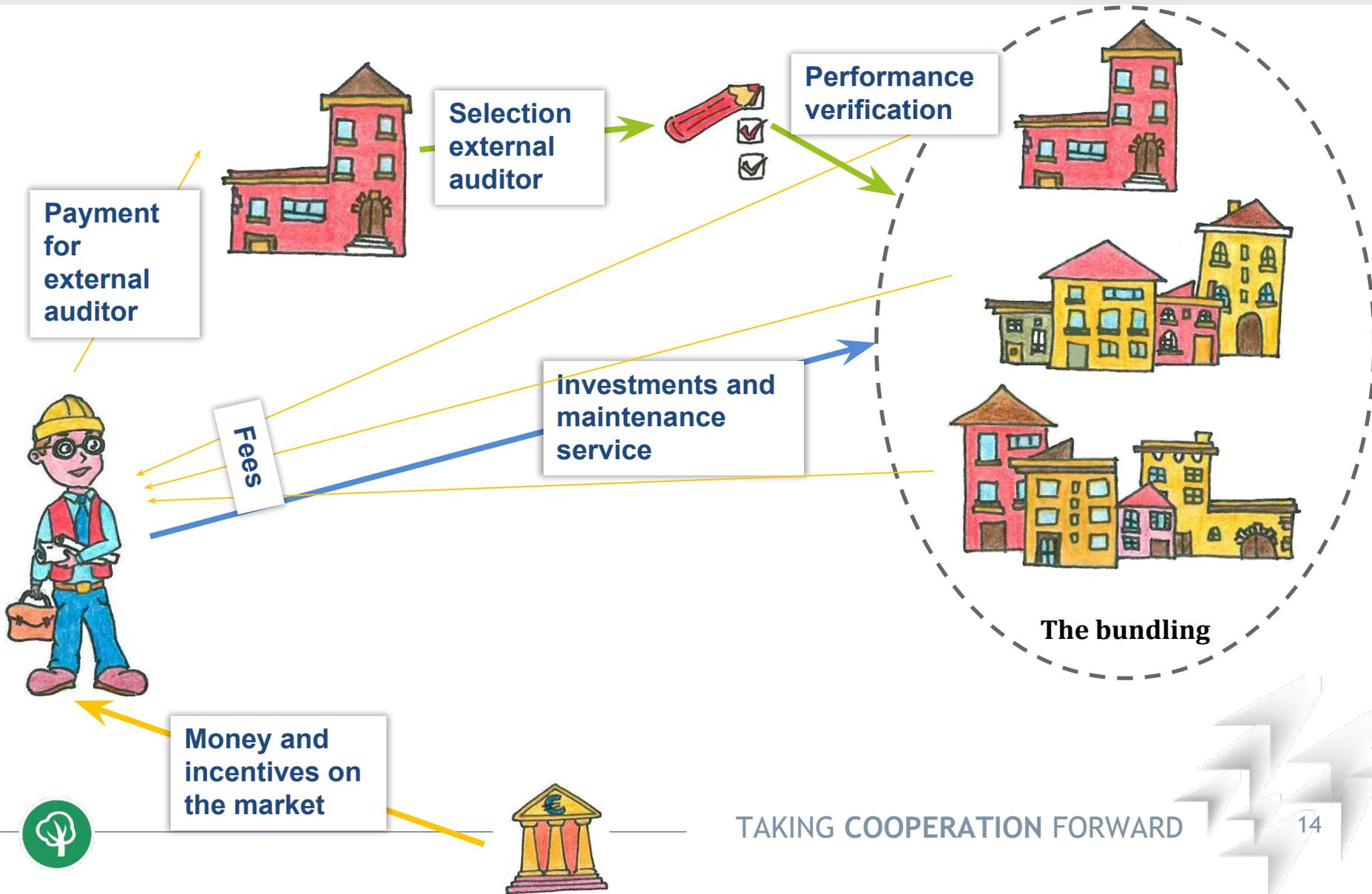
**LESS ENERGY SAVINGS = LESS PAYBACK FEES**



# TENDERING PROCEDURE



# OPERATIONAL PHASE



# EPC INVESTMENTS IN PIEMONTE

Type of investments	Amount	Status	Project
18 public buildings (5 Municipalities)	2.5 M€*	<i>Awarded and in operation</i>	2020Together
3.000 street light points (6 Municipalities)	2.4 M€*	<i>Awarded and in construction phase</i>	2020Together
3 public buildings (1 Municipality)	0.5 M€**	<b>Failed</b>	PEACE_Alps
8 public buildings (4 Municipalities)	0.5 M€**	<b>Failed</b>	STEPPING
6 public buildings (2 Municipalities)	0.5 M€**	<i>Tender launched. <b>No bids</b></i>	STEPPING
8 public buildings (1 public authority)	2 M€*	<i>Awarded . Design phase</i>	STEPPING
16 public buildings (10 Municipalities)	2 M€*	<i>Awarded . Design phase</i>	STEPPING

\*Awarded \*\*Baseline



# EPC INVESTMENTS IN PIEMONTE

- Energy Renovation of 18 public buildings coupled with energy supply
- EPC duration of 13 years (1 for construction + 12 of maintenance)
- 5 Municipalities and Bosch Energy and Solutions Italy as ESCO
- Guaranteed savings by 61% with a shared system in the case of over-performance (70-30)
- Investments: 2.5 M€ + VAT

