Interreg CENTRAL EUROPE
European Union European Regional Development Fund

BOOSTEE-CE

DELIVERABLE T4.1.3

Transnational Energy Efficiency Financing Strategy visualization on the Online Energy Platform - OnePlace

Version 01/2020

D.T4.1.3: Strategy visualization on the Online Energy Platform - OnePlace

A.T4.2 Transnational Energy Efficiency Financing Strategy Development

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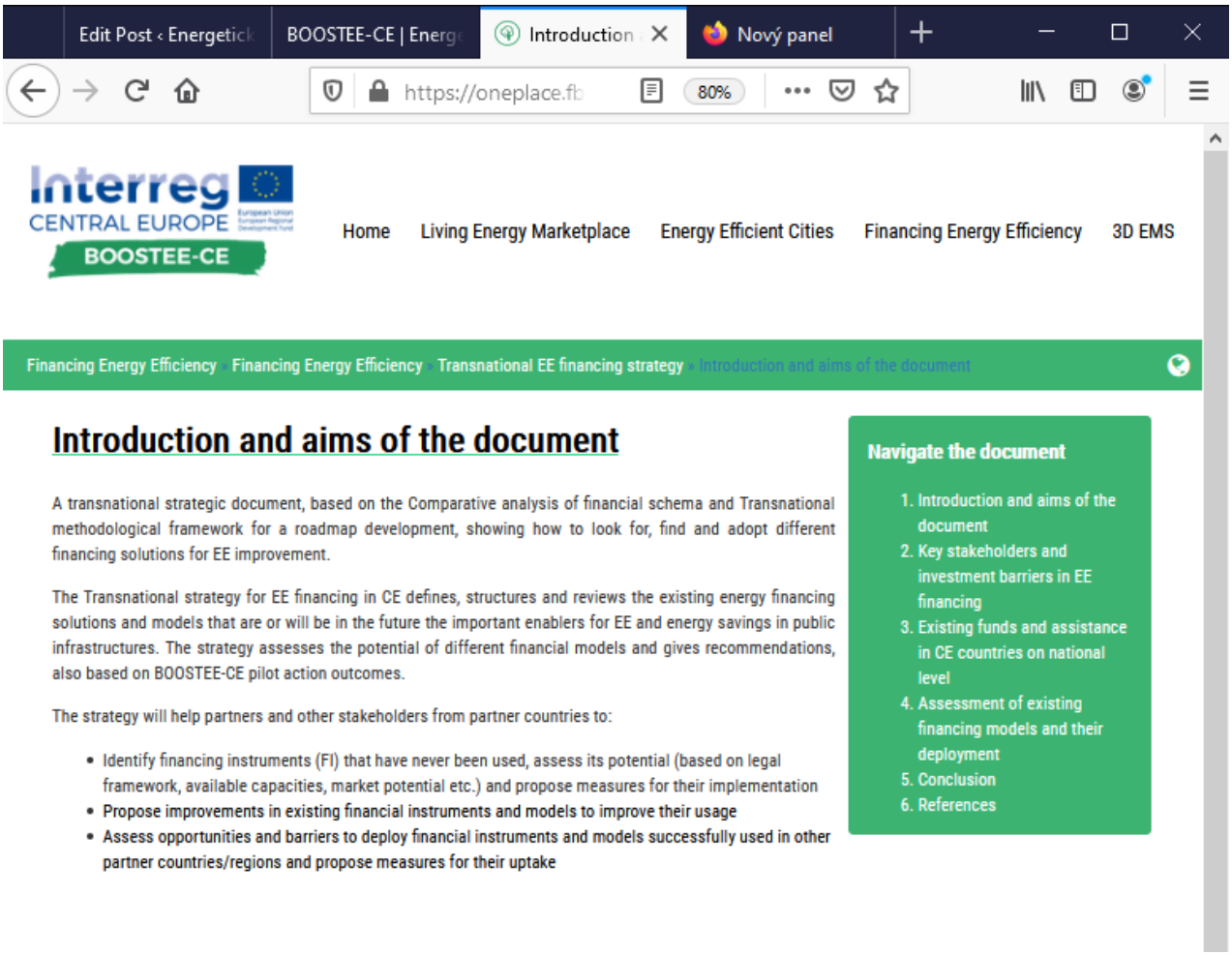
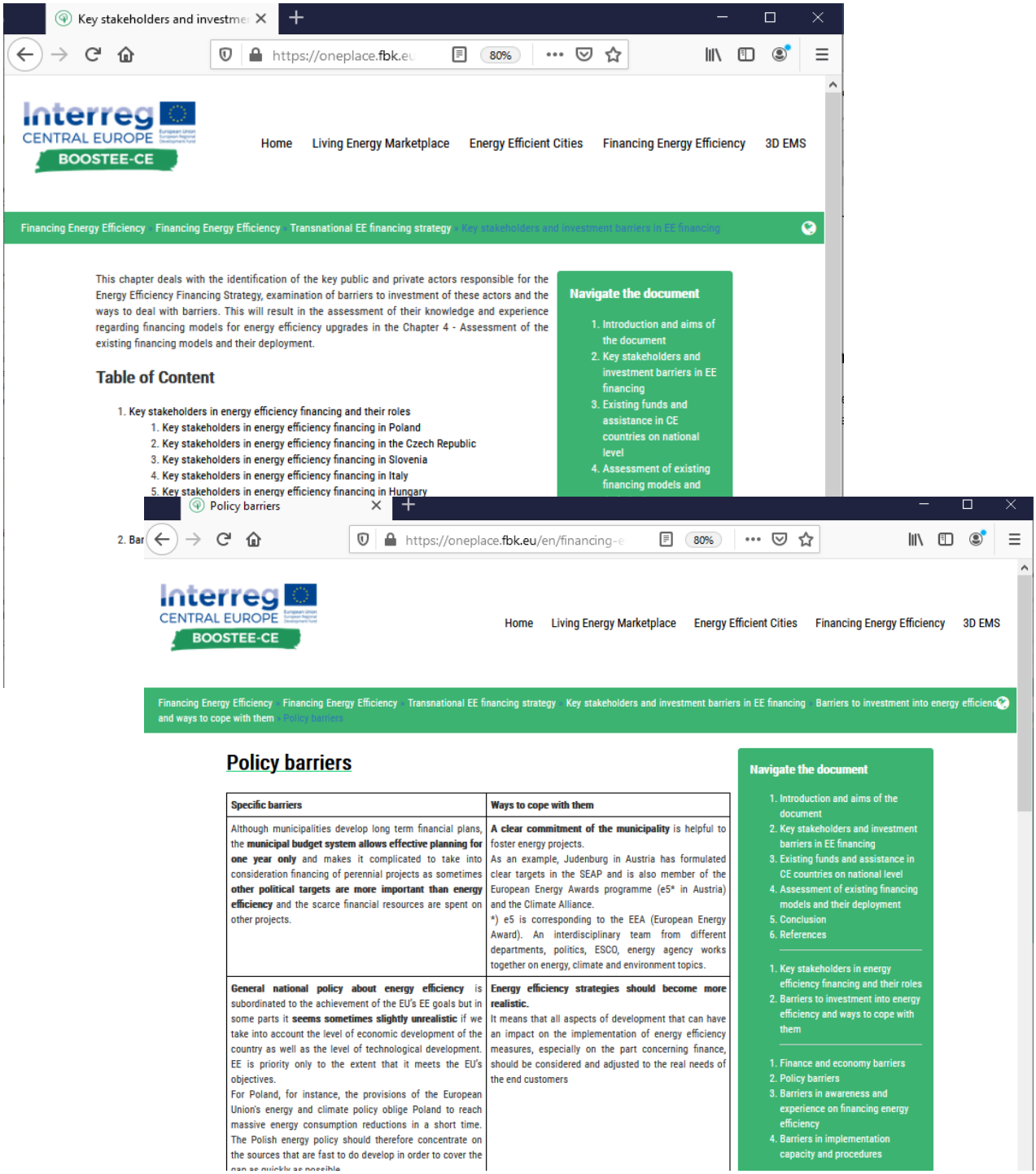
1. Introduction and aims of the document

Transnational Energy Efficiency Financing Strategy visualization on the Online Energy Platform - OnePlace is a Visual presentation of the transnational strategy module Financing Energy Efficiency of the Online Energy Platform (WPT2). The document fully reflects the Transnational Energy Efficiency Financing Strategy D.T4.1.2 and presents it transnational strategy outcomes online in the interactive way:



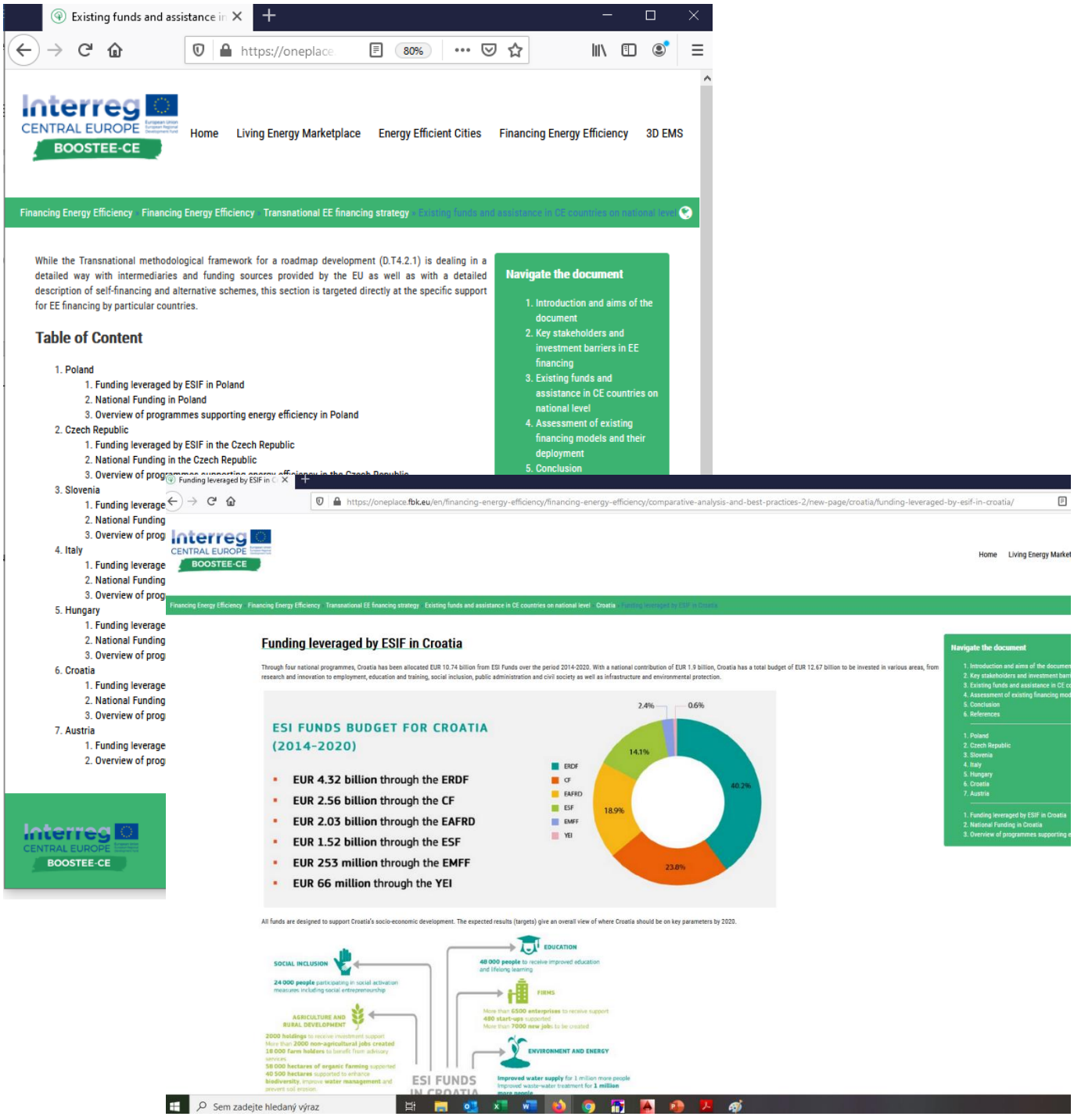
2. Key stakeholders and investment barriers in EE financing

This chapter deals with the identification of the key public and private actors responsible for the Energy Efficiency Financing Strategy, examination of barriers to investment of these actors and the ways to deal with barriers.



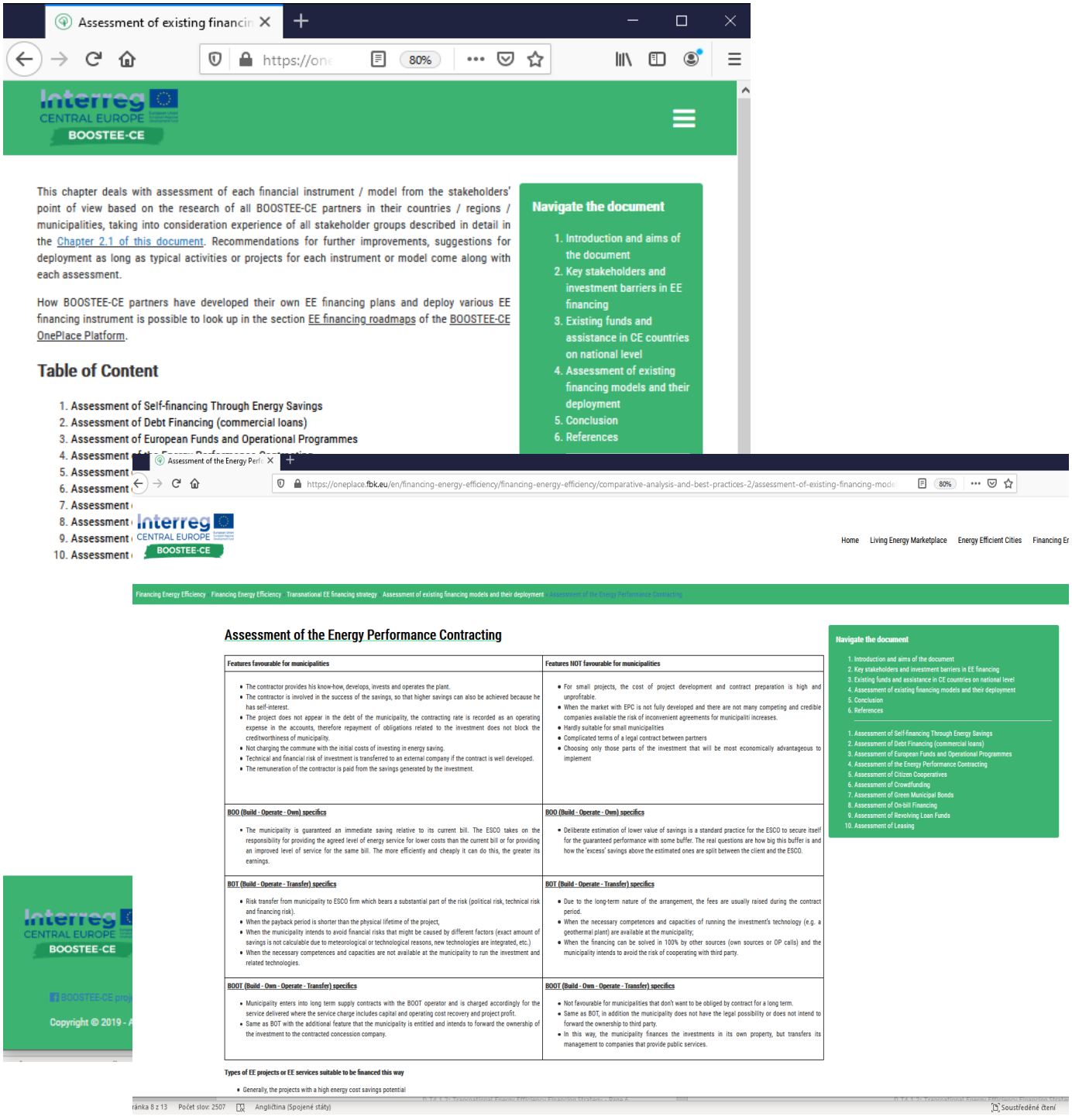
3. Existing funds and assistance in CE countries on national level

This section is targeted directly at the specific support for EE financing by particular countries.



4. Assessment of existing financing models and their deployment

This chapter demonstrates the assessment of each financial instrument / model from the stakeholders' point of view based on the research of all BOOSTEE-CE partners in their countries / regions / municipalities, taking into consideration experience of all stakeholder groups described in detail in the Chapter 2.



Assessment of existing financir

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This chapter deals with assessment of each financial instrument / model from the stakeholders' point of view based on the research of all BOOSTEE-CE partners in their countries / regions / municipalities, taking into consideration experience of all stakeholder groups described in detail in the Chapter 2.1 of this document. Recommendations for further improvements, suggestions for deployment as long as typical activities or projects for each instrument or model come along with each assessment.

How BOOSTEE-CE partners have developed their own EE financing plans and deploy various EE financing instrument is possible to look up in the section EE financing roadmaps of the BOOSTEE-CE OnePlace Platform.

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Assessment of the Energy Performance Contracting

Features favourable for municipalities	Features NOT favourable for municipalities
• The contractor provides his know-how, develops, invests and operates the plant. • The contractor is involved in the success of the savings, so that higher savings can also be achieved because he has self-interest. • The project does not appear in the debt of the municipality, the contracting rate is recorded as an operating expense in the accounts, therefore repayment of obligations related to the investment does not block the creditworthiness of municipality. • Not charging the commune with the initial costs of investing in energy saving. • Technical and financial risk of investment is transferred to an external company if the contract is well developed. • The remuneration of the contractor is paid from the savings generated by the investment.	• For small projects, the cost of project development and contract preparation is high and unprofitable. • When the market with EPC is not fully developed and there are not many competing and credible companies available the risk of inconvenient agreements for municipaliti increases. • Hardly suitable for small municipalities • Complicated terms of a legal contract between partners • Choosing only those parts of the investment that will be most economically advantageous to implement
BOO (Build - Operate - Own) specifics • The municipality is guaranteed an immediate saving relative to its current bill. The ESCO takes on the responsibility for providing the agreed level of energy service for lower costs than the current bill or for providing an improved level of service for the same bill. The more efficiently and cheaply it can do this, the greater its earnings.	**BOO (Build - Operate - Own) specifics** • Deliberate estimation of lower value of savings is a standard practice for the ESCO to secure itself for the guaranteed performance with some buffer. The real questions are how big this buffer is and how the 'excess' savings above the estimated ones are split between the client and the ESCO.
BOT (Build - Operate - Transfer) specifics • Risk transfer from municipality to ESCO firm which bears a substantial part of the risk (political risk, technical risk and financing risk). • When the payback period is shorter than the physical lifetime of the project, • When the municipality intends to avoid financial risks that might be caused by different factors (exact amount of savings is not calculable due to meteorological or technological reasons, new technologies are integrated, etc.) • When the necessary competences and capacities are not available at the municipality to run the investment and related technologies.	**BOT (Build - Operate - Transfer) specifics** • Due to the long-term nature of the arrangement, the fees are usually raised during the contract period. • When the necessary competences and capacities of running the investment's technology (e.g. a geothermal plant) are available at the municipality; • When the financing can be solved in 100% by other sources (own sources or OP calls) and the municipality intends to avoid the risk of cooperating with third party.
BOOT (Build - Own - Operate - Transfer) specifics • Municipality enters into long term supply contracts with the BOOT operator and is charged accordingly for the service delivered where the service charge includes capital and operating cost recovery and project profit. • Same as BOT with the additional feature that the municipality is entitled and intends to forward the ownership of the investment to the contracted concession company.	**BOOT (Build - Own - Operate - Transfer) specifics** • Not favourable for municipalities that don't want to be obliged by contract for a long term. • Same as BOT, in addition the municipality does not have the legal possibility or does not intend to forward the ownership to third party. • In this way, the municipality finances the investments in its own property, but transfers its management to companies that provide public services.

Types of EE projects or EE services suitable to be financed this way

• Generally, the projects with a high energy cost savings potential

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5. Conclusion

This part summarises the common practise in EE financing, suggest possible future developments of EE portfolio in municipalities and brings recommendations to the municipalities as well as to other stakeholders about developing own strategies as well as particular EE projects.