



# Increasing capacities in Cities for innovating financing in energy efficiency

A review of local authority innovative large scale  
retrofit financing and operational models

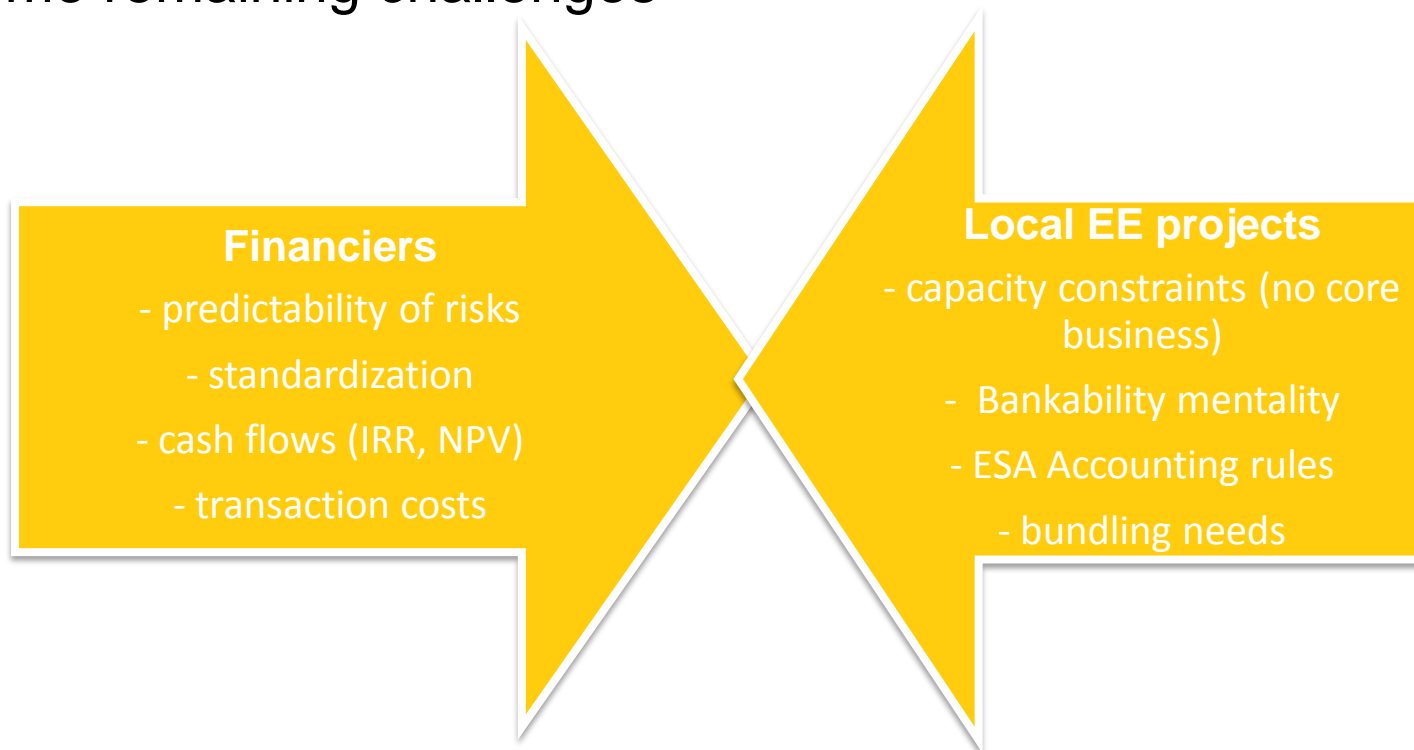
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# The rationale for CITYinvest

## How to accelerate investments?

- ❑ No need for reinventing the wheel
- ❑ Catalyst role for LRA – reflected in current EU directives, but some remaining challenges



# Approach of CITYnvest

1. Analysing successful examples with track records (24 cases)

2. Understanding their **business models**, key **success** factors and **replicability**

3. **Wide-scale capacity-building** & Testing/implementation in **3 pilot regions** (BG, ES, BE)

**10 focus countries:** mobilizing the whole chain of stakeholders

1. Political **commitment**: setting targets
2. From plan to **bankable** project
3. Align the **financing** and **operational** structure (pooling)
5. Sustain/enlarge **scope**

**Impact:**

- ✓ Building capacities of 650 local authorities, 10 national representatives and 300 key stakeholders

**Impact:**

- ✓ Mobilise € 73,3 million
- ✓ Save 58,6GWh
- ✓ 1,246 sustainable job created

## What have we done?

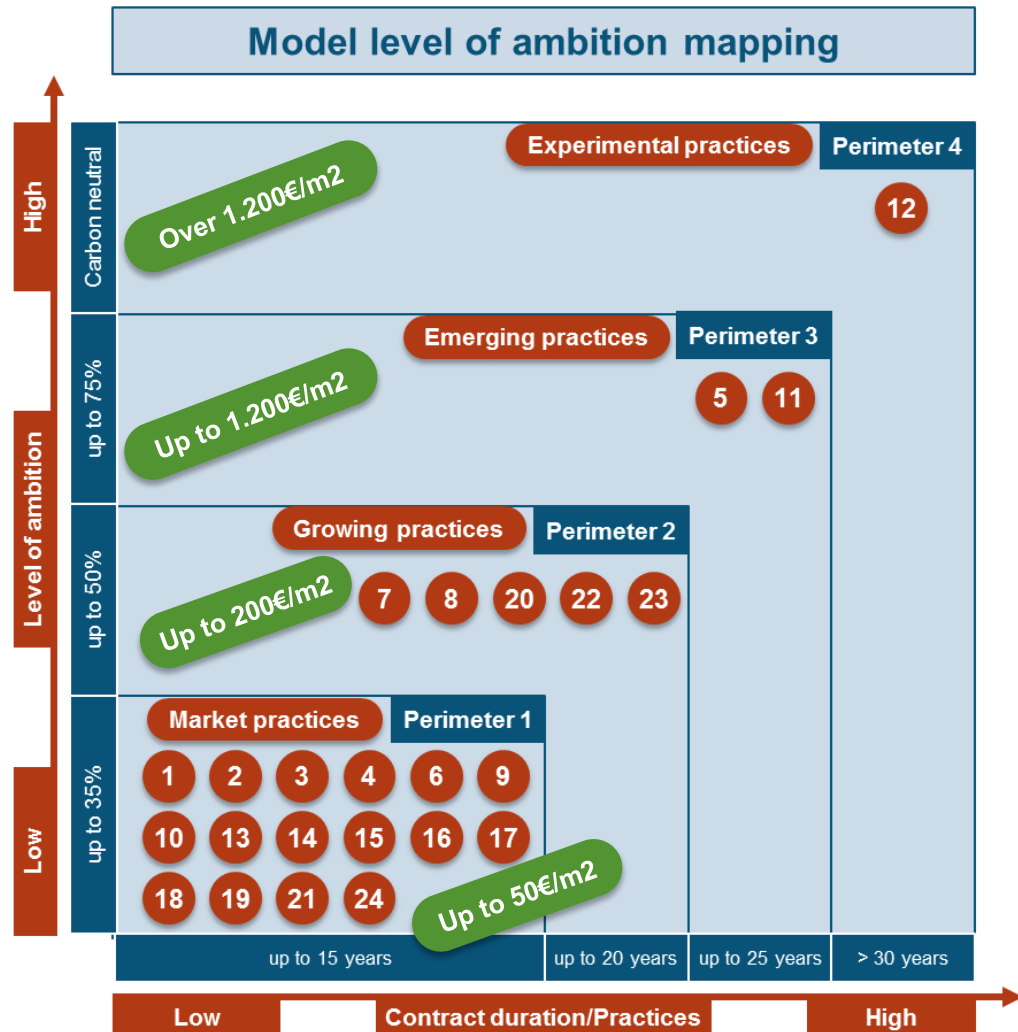
- ❓ Analysed 24 existing models that address large scale and deep energy efficiency retrofit programs (including RES) involving public authorities across Europe (11 countries)
  - Level of ambition (aimed % of energy reduction, investment intensity, contract duration)?
  - Implementation methodology (technically and operationally) used?
  - Which operational services are provided to the beneficiaries?
  - Which financing schemes have been used?
  
- ❓ Provided a benchmark/comparison of the models along the following themes:
  - Their operational schemes (Facilitation, Integration and Aggregation)
  - Their implementation model (Separate Contractor Based (SCB) and EPC/ESC)
  - Their financial schemes (financing by Financial Institutions, by the ESCOs, by the Program Delivery Unit, by Investment Funds, by Citizens)
  - Attractiveness and risks
  - Impact on public balance sheet, staff requirements, scalability, development maturity, challenges and other
  
- ❓ Provided guidance material to support local authorities in their search for financing of their EE and RES programs (Recommendation and Decisions matrix)

Models involving facilitation are mainly financed via Financial Institutions or ESCOs while models using integration are mainly financed through the Program Delivery Unit (PDU) or an investment fund.

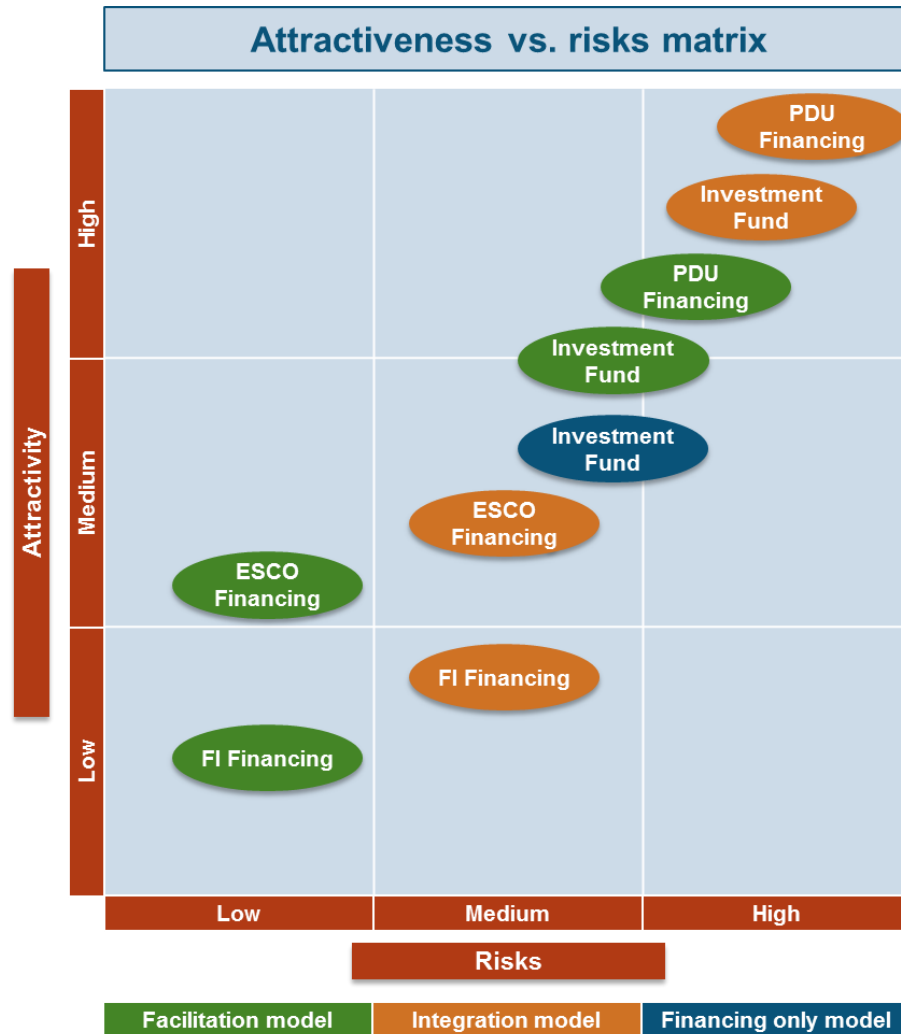
Model positioning synthesis					
	Facilitation model		Integration model		Financing only model
	Without aggregation	With aggregation	Without aggregation	With aggregation	
FI financing (*)	REDIBA Eco'Energies EERFS	Berlin ESP RE:FIT Vlaams energiebedrijf ENSAMB Energie POSIT'IF	Warm Up North	-	N/A
ESCO financing	REDIBA Eco'Energies EERFS	Berlin ESP RE:FIT Vlaams energiebedrijf Rotterdam GB EE Milan PadovaFIT!	-	-	N/A
PDU financing (**)	OSER	Fedesco Ox Futures	OSER	Fedesco Energie POSIT'IF Eandis EDLB EscoLimburg 2020 SPEE Picardie	N/A
Investment fund	EERFS SUNSHiNE	-	-	EscoLimburg 2020 Cambridgeshire MLEI	Energy Fund Den Haag KredEx
Citizens financing	-	OxFutures Brixton Energy Co-op	-	-	Saerbeck

The great majority of the models target Perimeter 1 or “standard market practice”, though factor 2 (50% savings) models gain in attention, factor 4 (75% savings) models remain marginal.

Models			
1	REDIBA	2	Berlin Energy Saving Partnership
3	RE:FIT	4	Vlaams Energiebedrijf
5	OSER	6	Fedesco
7	Eandis EDLB	8	ESCOLimburg 2020
9	Eco'Energies	10	Energy Fund Den Haag
11	Energies POSIT'IF	12	Climate Community Saerbeck
13	Cambridgeshire MLEI	14	Ox Futures
15	Rotterdam Green Building	16	Energy Efficiency Milan
17	ENSAMB	18	Brixton Energy Co-op
19	EERFS	20	SUNSHINE
21	Warm Up North	22	SPEE Picardie
23	KredEx	24	PadovaFIT!



The attractiveness of the integrator model is very high (especially if it integrates financing) but comes along with higher risks for the integrator.



## Conclusions

- ❑ The success of the models often seem correlated with the existence of a well-functioning Program Delivery Unit, and...
- ❑ A clear leadership role of the public partner (ambition and willingness to invest)
- ❑ EPC/ESC implemented models are very fit for perimeter 1 energy efficiency ambition levels (<35% savings), mostly driven by facilitation models
- ❑ Factor 2 (50% savings) and factor 4 (75% savings) energy efficiency ambition levels are very often “integration” driven, both technically as financially.
- ❑ High energy efficiency ambition levels (factor 2 and factor 4) do not focus on short to medium pay-back terms



# Thank You

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