

The power of innovative financing.

Renovating buildings for energy efficient cities

Conference Report

Conference objectives

The CITYnvest conference “The power of innovative financing” was organised for a one and half day on 4 and 5 December 2017, in Brussels, in collaboration with the Covenant of Mayors. It gathered 91 participants from various organisations.

The objective was twofold: identifying possible next steps for policy development at EU and Member States levels, based on identified barriers and bottlenecks for innovative financing models; and at fostering exchange of lessons learnt and success factors among local authorities with experience and willingness in implementing innovative financial models for energy efficiency projects.



Philippe Moseley @PhilippeMoseley · 4 dic 2017

How can #cities help finance #energyefficiency improvement measures?

@CITYnvest describes 5 steps: bit.ly/2AmPD3b (PDF) #FinanceLocalEE #Tw4SE

Philippe Moseley, European Commission EASME

A booklet with CITYnvest policy recommendations was handed over to key decision and policy makers, next steps were discussed and experiences shared based on project implementation.



Impressions



Diana Barglazan @dianabarglazan · 30 nov 2017
Honored to have the opportunity to speak at the @CITYnvest & @eumayors event on 4 December - The Power of Innovative Financing, Renovating buildings for energy-efficient cities #financelocalEE #localgov #EnergyEfficiency | citynvest.eu

Diana Barglazan, European Commission, DG Energy



János Benedek @javorbenedek · 4 dic 2017
Looking forward to discussing #financelocalEE prerequisites & innovative financing for #energytransition & #energyefficiency w/ @_EuroACE @eumayors @Energy4Europe @EUenergysavings

Benedek János, Member of the European Parliament

Conference key messages and Communication

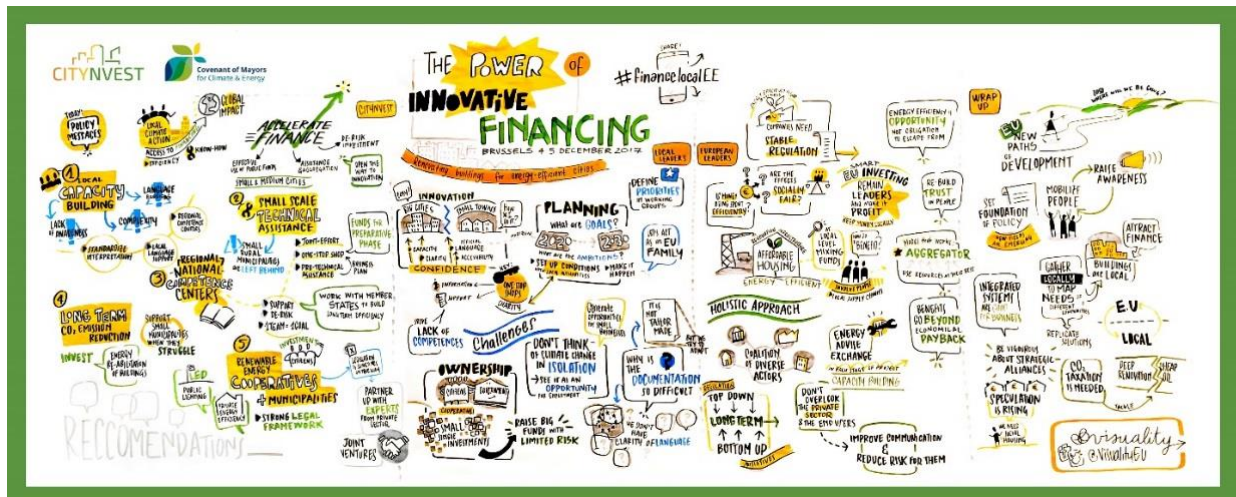


Diana Barglaza @dianabarglaza · 4 dic 2017

In risposta a @MrAndyDeacon e @CITYinvest

They say a picture says more than 1000 words. And here are over 3h of discussions summarised on a sheet of paper. #EnergyEfficiency #financelocalEE @CITYinvest

Thank you @visualityEU



On social media, hashtag #FinancelocalEE

- More than 50 Twitter accounts used the hashtag
- 200 tweets were made with the hashtag as well
- Over 120 000 Twitter users saw a tweet with the hashtag

An article on the launch of the 5 key recommendations was published on 4th December ([CEMR website](#) and [CITYinvest website](#)).

A [Press Release](#) was published on 5th December in English, French, Bulgarian and Spanish. It was sent via e-mail to all invited contact to the conference (967 contacts). The photos taken by the photographer were sent to all participants following the conference ([link](#))

4th of December – Day 1

Thomas Brose (Climate Alliance) opened by stating that CITYinvest is supporting the implementation of energy saving actions at local level contributing to reach EU energy targets. The increase in public/private funding for project development assistance under the Smart Financing for Smart Buildings initiative is a step in the right direction that should be followed by further actions.

Anette Jahn (EASME) showed that the EU Commission is launching initiatives to respond to the needs of local governments, like the **European City Facility** that will work as a pre- technical assistance to unlock finance for energy efficiency projects.

Then CITYnvest partners presented the **5 key recommendations**:

1. Reinforcing capacity buildings of local governments;
2. Further adapt supports schemes at local level with pre-technical assistance;
3. Dedicate national resources for one-stop shops at regional level as competence centres for local governments;
4. Commit to long terms plans for emission reduction at national level;
5. Create a positive environment for citizen-based initiatives.

Local leaders Talk (Moderator: Durmish Guri, CEMR; **Speakers:** Flo Clucas, Councillor of Cheltenham & CEMR Spokesperson on Local Finances; Timo Wyffels, expert Climate, Energy & Sustainability City of Roeselare & Co-ordinator Urban Agenda Partnership Energy Transition; Marco Dus, CoR rapporteur on Climate Finance)

Main Challenges at local level to implement innovative financing models

- Language use in the project application & implementation for local governments
- Create ownership for citizens by local governments, to support changing behaviours
- Lack of competence at local level in implementing innovative financing models

Main outcomes of the discussion

- Support one stop-shops as competence centres at the service of local governments implementing energy efficiency projects (example of one stop shop in Cheltenham, operated by a charity organisation receiving also Horizon 2020 funding)



Andy Deacon @MrAndyDeacon · 4 dic 2017

Recommendation 3 @CITYnvest - presented by RenoWatt team - push national governments to devote resources to the establishment of local/regional one-stop-shops for energy renovation #financelocalEE #1stopshop

Andy Deacon, policy coordinator Climate Alliance

- Further stimulate debate on cooperatives (example of Community Investment Company as a joint venture between public authorities and private company)
- Need to simplify procedures for accessing financing: the EU Commission (EASME) trying to simplify procedures to improve access to funding from the local level.



CCRE CEMR @CCRECEMR · 4 dic 2017

"One huge problem #localgov has with innovative financing is the complexity of the language. In my view, the simpler, the better."

- CEMR spokesperson on local finances, Cheltenham councillor @FloClucas

#FinanceLocalEE | #EnergyUnion

Flo Clucas, CEMR spoke person, Councils of European Municipalities and Regions

- Commitment from the EU Committee of the Regions to consider CITYnvest recommendations in the future

European Leaders Talk (Moderator: Andy Deacon, Climate Alliance; **Speakers:** Adrian Joyce, Secretary General, EuroAce & chairman Coalition for Energy Savings; Sorcha Edwards, Secretary General Housing Europe & member of Energy Efficiency Financial Institution Group Members; Benedek Jávor, vice-chair Committee on Environment, Public Health and Food Safety)

Main Challenges at EU level

- Change the mind-set of some members of the EU Parliament : energy efficiency not an obligation but a real opportunity from a financial point of view and for job creation
- Renovation programmes should both look at energy efficiency in buildings and at increasing the buildings quality standards and the urban quality in the area

Main outcomes of the discussion

- Regions are improving the use of structural funds for building renovations
- Private sector has the appetite and the competence to contribute to energy renovation programmes and to their financing
- Having long term targets and commitment is key to increase of investment in energy efficiency in the building sector



Angelika Poth @CemrPoth · 4 dic 2017

Energy efficiency happens at the local level and is encouraged by the EU, but we have a bottle neck, that is the national government, says MEP Benedek Javor
@CITYnvest #financelocalEE @CCRECEMR @ClimateAlliance

Angelika Poth-Mögele, executive director European affairs CEMR



Giustino E. Piccolo @GiustinoPiccolo · 4 dic 2017

#energyefficiency investments should be socially fair! Says @javorbenedek
@CITYnvest @dimataalliance #financelocalEE

Giustino Piccolo, project coordinator Climate Alliance

Conclusions: (moderator: Frédéric Vallier, Secretary General, CEMR; Speakers: Karlis Goldstein, Counsellor for Energy, Estonian Presidency of EU; Diana Barglazan, European Commission, DG Energy, Energy Efficiency Unit; Claude Turmes, Member of European Parliament, ITRE Committee)

- Political institutions to provide predictable climate policy choices
- Sustainable Energy Forums as a concrete initiative lead by the EU Commission to meet national, regional and local governments in different cities. So far, meetings in Riga, Paris, Madrid, Milano, Warsaw, Prague and Dublin and another meeting was planned on 11 December in Paris
- Call on local governments to put pressure on European institutions, in particular on the European Parliament and members who are not yet convinced on the importance of EU climate ambitious targets



Andy Deacon @MrAndyDeacon · 4 dic 2017

.@ClaudeTurmes - not enough national governments are sitting down with and consulting cities on climate & energy plans - important upcoming vote on Thursday #EnergyUnion #financelocalEE

Andy Deacon, policy coordinator Climate Alliance



CCRE CEMR @CCRECEMR · 4 dic 2017

"If it wants to have an energy policy adapted to cities, the EU must ensure that all funds and all technical assistance actually respond to #localgov's needs"

MEP @ClaudeTurmes at @CITYinvest conference | #financelocalEE #localgov

CEMR, Councils of European Municipalities and Regions

5th December – Day 2

Introduction

Giustino Piccolo (Climate Alliance) set the scene and briefly informed the audience that the final dissemination event would be used to share the main project results.

Christophe Milin (EASME) explained Horizon 2020 programme focus on financing energy efficiency projects: bridging the gap between project developers on the one hand and financiers on the other. H2020 call aimed to (1) identify and standardise the products, (2) clarify the risks and responsibilities at each stage of development and (3) provide financial guarantees. He stressed the importance of analysing the nature of the financial needs, to position the tools in the local economy, to take into account the local particularities (and build upon existing networks) and the need to avoid over-reliance. On current Horizon 2020 funding opportunities, he focused on financing energy efficiency and invited the participants to a masterclass on sustainable energy be organised by the EASME in Brussels.

Parallel sessions

Session 1: Financing models: ambition level up to 35% energy saving (Case Study: Elise Steyaert (Vlaams EnergieBedrijf, VEB). Moderator: Lieven Vanstraelen, Energinvest

Key challenges:

- Energy Performance Contracts (EPCs) are new instrument in Flanders (5 cases where VEB is/was facilitating the EPC contract: Psychiatric hospital, university, 2 school groups & city Geel)
- Programme Delivery Unit (PDU) risks disappear after the funding period from EU schemes. VEB has to work cost-independent, no budget/subsidies received so far. High facilitation costs remain a barrier.

Key messages:

- VEB to extent the EPC model: integrating circular economy principles, new output specifications (sensors), specific measure EPCs, clustering building owners, EPCs for street lighting.
- VEB act more and more as market facilitator by boosting the market via EPC model, addressing market failures, and stimulating framework contracts. ESCOs provide the financing about 4-4,5 % and public bodies have to comply with Eurostat note.
- Possible solutions on funding maybe from the market or additional funding (e.g. Elena-Fuensanta in the Murcia region).
- Need better conditions on price for establishing a renovation project

Session 2: Financing models: ambition level up to 50% energy saving (Case Study: Claudio Rochas (Sunshine project). Moderator: Miguel Casas, Energinvest

Key challenges:

- Latvia is aiming to achieve lower energy consumption in the building stocks below 100 kWh/m² and to reach even 68kWh/m². Huge investments ranging needed from 500M € to 8 Billion € (taking into consideration other measures than energy efficiency) for a country of about 2 million inhabitants.
- Most of the buildings (target: 38000 buildings) built between 1960-1980 when energy was a free commodity. Out of the 30.000+ buildings that need renovations only 1500 have been renovated over the last 10 years.
- Model EPC: the company (ESCO) for residential buildings (families) financed 20 years contract with ESCO taking most of the risks ; needed to have financing abilities to cover the financing period – problem as the debt was on the balance sheet and the banks did not want to lend anymore.

Key messages:

- SUNSHINE objective: separate the risks in the project and de-risk the investment. Make ESCO bankable (ESCO has a short term debt with the bank): the ESCO is financed by the commercial bank for one year, after, LABEEF fund takes over and finances (through forfaiting) the remaining of the 20-year EPC period
- Critical success factors: heavy monitoring in place; training for equipment for building dwellers; high standardization for Measurement & Verification; need to find a sustainability speed for the project and for ESCO bearing the risk.
- Long term sustainability of the model of 50% energy savings: structural funds co-financing the investments (covering 40-50% of the eligible costs).

Session 3: Financing models: ambition level up to 75% energy saving. (Case studies : OSER and Energies POSIT'IF. Moderator: Jean-Francois Marchand, Energinvest)

Two examples presented: models of OSER and Energies POSIT'IF. OSER is promoted by Region of Rhône-Alpes (France) while Energies POSIT'IF by Region Ile de France (France).

Key challenges:

- Project delivery unit (PDU) financing the projects. Business models are based on 3 innovations: 1) One-stop-shop for energy renovation 2) Guarantee on energy performance and 3) Third-party financing.
- PDU bear all risks: 1) Operational & technical risks acting as the contracting authority. 2) Financial risks as they finance totally (OSER) or partially (Energie POSIT'IF) the projects.
- The Funding Vehicles for OSER is Public ESCO, financed via EPC financing, loans and grants while for Energie POSIT'IF is Financial Institutions Property Owners and Investment funds via Equity/Own funds, loans, grants and utility incentives (white certificates).

Key messages:

- 2 years were necessary to operationalise the service, due to capacity buildings needs and legal framework constraints.
- 5 years for project cycle, (3 years of studies and 2 years of work).
- Fee for service is not yet self-sufficient.
- Need to speed the time to market the projects.

Pilot Regions Session (Moderators: Eva Baños, Giovanna Zamburlini, CEMR ; **Speakers:** Murcia Region, Rafael Ataz Gomez, Murcia region; Liege Region, Erika Honnay, GRE Liege; Rhodope Region, Ivanka Pandelieva, Sofia Energy Centre)

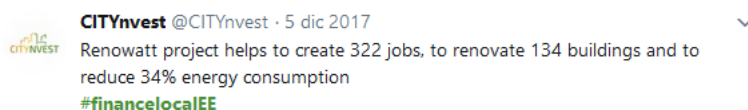
CITYnvest pilot three CITYnvest pilot regions results: Murcia (Spain), Rhodope (Bulgaria) and Liege (Belgium): a joint investment of some 157 million euro and saved up to 105.020 MWh.



- Murcia Region: Murcia Regional Energy Plan for the period 2016-2020 published in March 2017 with clear target to refurbish some 500 public buildings in the region. An inventory of their current energy consumption: public buildings consume 43.481.338 kWh of electricity, 4.358.894 kWh of gas and 4.991.902 kWh of oil gas.
The region aims to save 16.000.000 kWh of energy in total. 23% (4.270.329 kWh) of these savings will be reached through a retrofit of 23 large buildings.
- Liege Region: RenoWatt was presented as a regional one-stop-shop that supports municipalities from Wallonia to get their projects financed via EPCs. Often municipalities lack capacity when it comes to saving energy in public buildings. RenoWatt made an investment of 60M € which led to savings of 30%. About 16.500 hours were invested in training sessions. RenoWatt is pooling public buildings like schools or hospitals to decrease the risk that is related to Energy Performance Contracting (EPC).
- Rhodope Region: Rhodoshop is a recently founded one-stop-shop that supports municipalities from the Rhodope region in Bulgaria to take action on energy efficiency in their public buildings. Rhodoshop is a direct result of the CITYnvest project. The future ESCO and EPC contracts are expected to lead to 13 M € investment and an average energy saving of 8.8 GWh/year.

Key messages

- Submission of Project Development Assistance -PDA-proposals too burdensome for small municipalities. Small projects often do not qualify for EU programmes like EEEF, ELENA or PDA.(Ivanka Pandelieva, Sofia Energy Center)
- Political commitment is crucial for success (Erika Honnay, GRE Liege)
- Need for a strong Programme Development Unit (PDU); Models in pilot regions are easily replicable elsewhere in Europe (Rafael Ataz Gomez (INFO Murcia))
- Models in pilot regions are easily replicable elsewhere in Europe.



How cooperatives can finance energy efficiency renovations

Organised by:  Covenant of Mayors
for Climate & Energy

Introduction

Dirk Vansintjan, (president of REScoop.eu) introduced the concept of renewable energy cooperative and presented few exemplary projects of cooperatives working together with local authorities both for renewable energy installations and for energy efficiency measures.

Parallel Secession

Session 1: Cooperatives financing for energy efficiency in public buildings (Case study: Ecopower. Moderator: Alessandra Antonini, CoM)

Using the example of the city of Eeklo (Belgium) Jan De Pauw (Ecopower) presented how cooperatives can invest in energy efficiency in public buildings.

Key challenges:

- Tenders (clauses) are key.
- Long return on investments periods of public buildings renovations as a challenge for small cooperatives.

Key messages:

- Green and smart tenders could help creating a momentum in energy efficiency financing of public buildings with the cooperative model.
- Having a long term commitment and operating within an EU-wide framework (CoM) helps also cooperatives willing to invest in public building renovations.
- Partnerships (among small cooperatives and between cooperatives and local authorities) can be a game changer to boost the energy efficiency renovation market of public buildings.

Session 2: Cooperatives financing for energy efficiency in private buildings (Case study: Ecopower. Moderator: Jeppe Jensen, CoM)

Fiene Biesbrouck (Ecopower) presented two approaches of cooperatives mobilizing investments in energy efficiency in private buildings (households). The first approach used both by Pajopower: Kyotomobiel (Belgium) and Energent: Wijkwerf (Belgium), is based on a collective renovation project of a whole district. The second approach, used by Ecopower: Ecotraject (Belgium), is based on individual advice for deep energy home renovations. The main difference is that in the first case there are no costs (or very low costs) for individual homeowners, and the city is providing some subsidies, while in the second case the cost of the service is only for homeowners. In this second case the service is provided at a lower price for the cooperative members.

Key challenges:

- Small cooperatives although with great potential, may not be known both to citizens and to the local governments generating a lack of trust and visibility.

- For some households, even the smaller contributions to the cooperatives could be a challenge, making the implementation of some projects (e.g. approach 2 above) difficult. This is particularly relevant for low income households.

Key messages:

- Promote bundling of renewable energy projects with energy efficiency projects to generate more profits to be re-invested in energy efficiency.
- Support the cooperative model with strategic partnerships: city-cooperative-(company).
- Inform households of the cooperative offers when defining renovations strategies and master-plans at city level.

Session 3: Cooperatives financing for energy efficiency in lighting systems (Case study: Pajopower. **Moderator:** Giustino Piccolo, CoM)

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During the session the case of cooperative financing for street lighting projects was presented by Patrick Swyngedouw (Pajopower). The cooperative is working together with the city of Halle (Belgium) to finance the installation of new lighting systems in the city using the principles of the circular economy: the cooperative sells the “light as a service” to the public administration.

Key challenges:

- Mind-set change: First goal of the cooperative is energy consumption reduction, this implies smart lamps and less lighting (when not needed). This may generate questions in terms of “safety” and may not lead to a full support from the political elected representatives.
- “Light as a service” is a new type of project for cooperatives. There are very few reference projects in other parts of Europe and there are some bottlenecks in public procurement regulations.

Key messages:

- More energy efficient street lighting systems can be easy and quick-win projects to lower CO2 emissions by simply replacing light bulbs with LEDs.
- Before implementing “the easy project” local authorities should consider the added value of a “light as a service” project. Pajopower is currently developing a new business model that should be ready in the coming years.

Cooperatives financing large scale projects: Smart Grids and District Heating

During this session Daan Creupelandt (REScoop.eu), Ine Swennen (Ecopower) and Bram Pauwels (Beauvent) briefly presented the cases:

- [REScoop MECISE](#), a financing vehicle providing temporal equity to REScoops (in a later stage also municipalities could be considered).
- [WiseGrid project](#), where Ecopower and other Belgian cooperatives are working together with the City of Ghent in a test case of a smart grid in one of the city districts
- District heating Oostende (Belgium), where a small cooperative is investing in the local district heating pipes installation.



Conclusions

The closing session summed up the main outcomes of the day. Christophe Milin (EASME) presented the most interesting calls for proposals in the Horizon 2020 programme (see [presentation](#)) where local authorities can present applications also building on the examples presented during the conference. Jeppe Jensen (Covenant of Mayors Office) and Joanna Ziecina (DG Energy) presented the offering on financing of the Covenant of Mayors and gave a preview of the upcoming interactive funding guide of the initiative.

