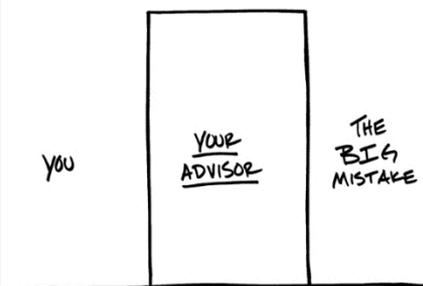


Public-Private Partnership challenges

- Lack of knowledge of the possibilities of financing through ESCO/PPP model
- Fear of PPP procedure
- Lack of human resources
- Long decisionmaking process
- Underestimation of savings potential
- Overestimation of savings potential!
- **Lack of political will**
- **Fear of intransparency and cooperation with private sector**

Underdeveloped markets



- Baseline definition
- Development of the appropriate, sustainable technical solution
- **Balancing between the technology and economy!!!**

Technical

- Warranty/guarantee by the public partner
- Low electricity prices
- Low gas and coal prices
- Project financing of ESCO projects by commercial banks

Financial



Public-Private Partnership of EPC by Municipality of Ljubljana, SLO

BASIC INFORMATION:

- Municipality announced public tender for Public-Private partnership for Implementation of Energy Performance Contracting with an Aim of Energy Retrofitting of Public Buildings Owned by **The City of Ljubljana**
- Public tender includes **106 buildings** (primary schools, libraries, kindergartens, cultural facilities, health centers,...)
- Predicted duration of partnership is **15 years**
- All project development services for this tender have been co-funded by Technical Assistance facility ELENA from European Investment Bank (EIB) – started in **2013**
- Total project development cost **1.5 mil EUR**, ELENA contribution **1.3 mil EUR**
- Initially total expected investment to be mobilized **50 mil EUR**; so far **12 mil EUR**
- Estimated results: **79 NGWh** and emission reduction of **24.500 t CO2** per year

Public-Private Partnership of EPC by Municipality of Ljubljana

- The concession grantor is implementing the competitive dialogue in three phases

QUALIFICATION ✓

- quick energy audits
- assessment of energy savings
- estimation of investment
- non-biding offer

Till April 7th

DIALOGUE

- review of non-biding offer with Municipality of Ljubljana
- technical corrections for buildings and measures

Aprox. till late summer

SUBMISSION OF THE FINAL BID

- contract signing
- Application for the Ministry of infrastructure's subvention

Till end of 2016

POTENTIAL DIFFICULTIES

- not enough savings from measures to cover investment (min. required IRR 8%)
- energy baseline consumption

Public-Private Partnership of ESC by Municipality of Pirot, Serbia

BASIC INFORMATION:

- **4 primary schools** owned by Municipality which use fuel oil for heat production - **115 EUR/MWh**
- In **2014** GGE initiated PPP/ESC project with the aim to install biomass (woodchips – **25 EUR/MWh**) boilers and deliver heat to schools for the period of **10 years**
- The project would benefit the budget of the Municipality with the savings of **cca 20%**

STATUS:

- After 2 years, in May 2016 the public procurement had been announced as the first PPP/ESC project in Serbia

RESULT:

- **Failed!**

REASONS: Let's go back to the beginning of the presentation...

- Technical solution vs economy
- Political will
- Underestimation/overestimation of the expected results
- **Overlooking that the private partner also has his P in the PPP**



Recommendations

- Wide energy efficiency and ESCO campaign
- Introduction of permanent training of key actors (decision makers in the public sector, officials in the public sector, project developers...)
- Implementation of technical assistance programme
- Design of ESCO demonstration projects for pools of public buildings to provide market development on the demand side
- Systematic preparation and implementation of ESCO projects in public sector
- Education and operation of competent and neutral ESCO project developers should be supported to speed up project preparation and underpin EE market development
- Development of innovative financing schemes targeting small and medium (potential) ESCO companies
- Work with local financing institutions to develop pilot ESCO project and finance them

gge

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