Energy efficiency and ESCO/PPP projects Western Balkans Regional Energy Efficiency Programme (REEP)

Energy Community Secretariat Vienna, Austria 28 June 2017



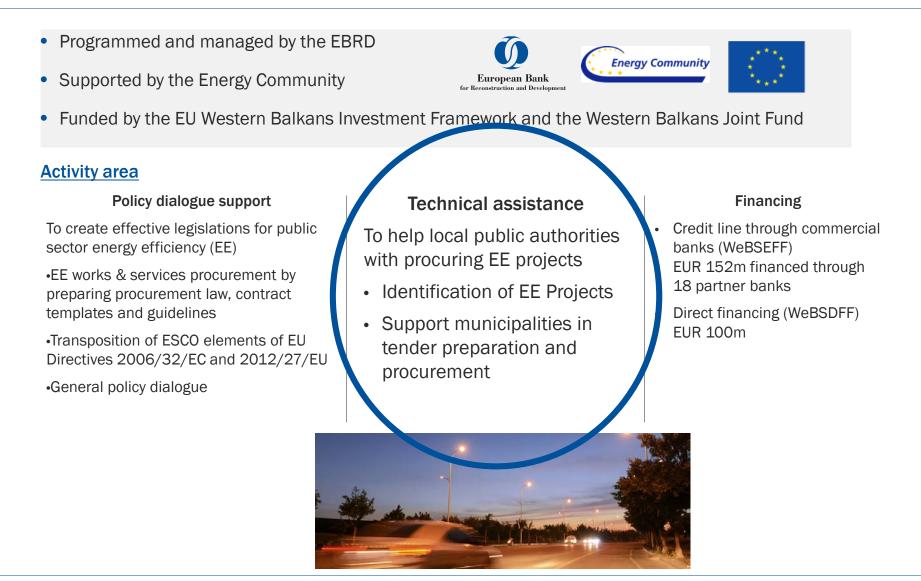
Sustainable energy projects and ESCO projects becoming "normality"



- Increasing understanding of opportunities amongst public authorities and companies.
- Implemented projects are performing for >1 year.
- Lessons learnt available Barriers are known and can be addressed with political support.
- <u>Political support can increase economic activities,</u> <u>employment and environment benefits.</u>

EBRD's Regional Energy Efficiency Programme (REEP) in the Western Balkans





Update REEP project preparation 1/2



Croatia – street lighting ESCO projects

- 1. Letters of Interest signed for projects with EUR 27.2 million capex and saving potential of 21 GWh electricity per year.
- 2. Of these, Projects worth EUR 12.9 million have been prepared for tendering.
- 3. Of these, Projects worth EUR 8.0 million have municipal decisions for tendering.
- 4. Of these, Projects worth EUR 4.0 million have been tendered, contracted and implemented (e.g. <u>http://wb-reep.org/news=44</u>).
- 5. Next step: motivate cities to publish prepared projects and to prepare more street lighting and other ESCO projects.

Bosnia and Herzegovina

- 1. District heating biomass ESCO projects
 - Project prepared in Sokolac (up to EUR 7.8 million capex).
 - 2 projects under preparation (up to EUR 8 million capex).
- 2. Building efficiency refurbishment project prepared for Cantonal hospital in Zenica (up to EUR 11.8 million).
- 3. Banja Luka indicated interest in street lighting ESCO project.

Update REEP project preparation 2/2



Serbia

- ESCO bylaw with street lighting and building contract templates adopted.
- Letters of Interest signed for ESCO projects with EUR 29 million and saving potential of >37 GWh electricity.
 - 2 street lighting ESCO projects implemented
 - 1 street lighting tender on-going.
 - 4 street lighting ESCO projects prepared
 - About 1/3 of all PPP projects, which received a positive opinion from the national PPP Commission are related to ESCO approach (Public lighting and supply contracting.
 - District heating biomass ESCO project under preparation

Macedonia, Kosovo, Albania, Montenegro

- Part of EPC and ESC contract preparation assignment (GFA will elaborate).
- On-going discussions regarding various building and street lighting ESCO projects.

Lessons learnt



Barriers are known and can be addressed

High level public endorsement matters

- □ Municipalities engaged due to the government's endorsement of contract and project.
- Private companies stated that they engaged due to government's endorsement and due to their being contract templates.
- Standardise procurement and contracting documents reduce transaction costs. Important in Western Balkan countries which are small markets.
- □ Energy tariff increase makes investments more attractive.

Get on with projects matters to get to know "unknown unknowns"

- □ You have to implement a pilot project to eliminate barriers (e.g. when is VAT payable)
- Procurement versus PPP law
- □ Tender preparation needs to be supported.

Active engagement of all stakeholders helps

- □ Legislation changes over time, so regular reviews are good practice.
- Involve all stakeholders in review to reduce transaction costs for all stakeholders.







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