

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

Energy Community Secretariat  
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for Reconstruction and Development

# Sustainable energy projects and ESCO projects becoming “normality”

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- *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.*
  - *Political support can increase economic activities, employment and environment benefits.*
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# EBRD's Regional Energy Efficiency Programme (REEP) in the Western Balkans

- Programmed and managed by the EBRD
- Supported by the Energy Community
- Funded by the EU Western Balkans Investment Framework and the Western Balkans Joint Fund



## Activity area

### Policy dialogue support

To create effective legislations for public sector energy efficiency (EE)

- EE works & services procurement by preparing procurement law, contract templates and guidelines
- Transposition of ESCO elements of EU Directives 2006/32/EC and 2012/27/EU
- General policy dialogue

### Technical assistance

To help local public authorities with procuring EE projects

- Identification of EE Projects
- Support municipalities in tender preparation and procurement

### Financing

- Credit line through commercial banks (WeBSEFF)  
EUR 152m financed through 18 partner banks
- Direct financing (WeBSDFF)  
EUR 100m



## *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. <http://wb-reep.org/news=44>).
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.

## *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



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### *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.



# Thank you!



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