EnPC intrans
capacity building on energy performance contracting

ZREA
ZEMGALES REĢIONĀLĀ ENERĢĒTIKAS AĢENTŪRA

Project of EU Horizon 2020 program

"Capacity Building on Energy Performance Contracting in European Markets in Transition" (EnPC-INTRANS)
Latvia experience in EPC projects

Inga Kreicmane, director
society "Zemgale regional energy agency", Latvia

Athens 4th October, 2016

german cooperation
DEUTSCHE ZUSAMMENARBEIT

This project receives funding from the
German Federal Ministry for Economic Cooperation and Development

This project receives funding from the Horizon 2020 European Union Research and Innovation Programme under Grant Agreement No 649639

10 Partners from 9 Countries

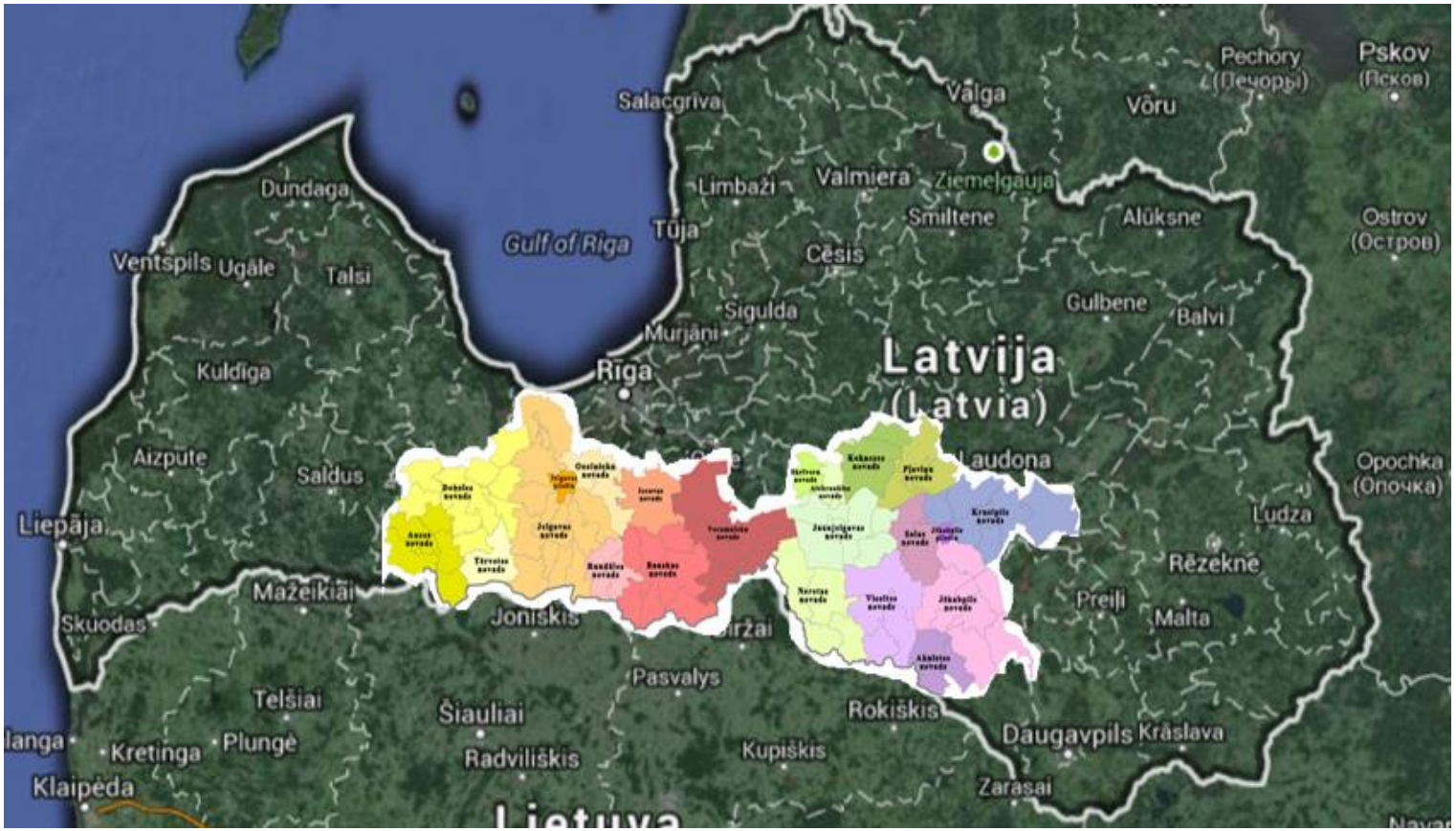
Zemgale Regional Energy Agency (ZREA)

Established in 2009
Non for profit organization under Latvian Law on Associations (Societies) and Foundations
Work directions – energy efficiency, renewable energy resources, green transport:

- Energy planning (SEAPs)
- Data bases
- Advice & consultations
- Energy projects
- Energy events

www.zrea.lv

Zemgale Region – in the central part of Latvia, 280 000 residents, 2 million rezidents in Latvia altogether



The EPC market in Latvia is weak both on the demand and supply side

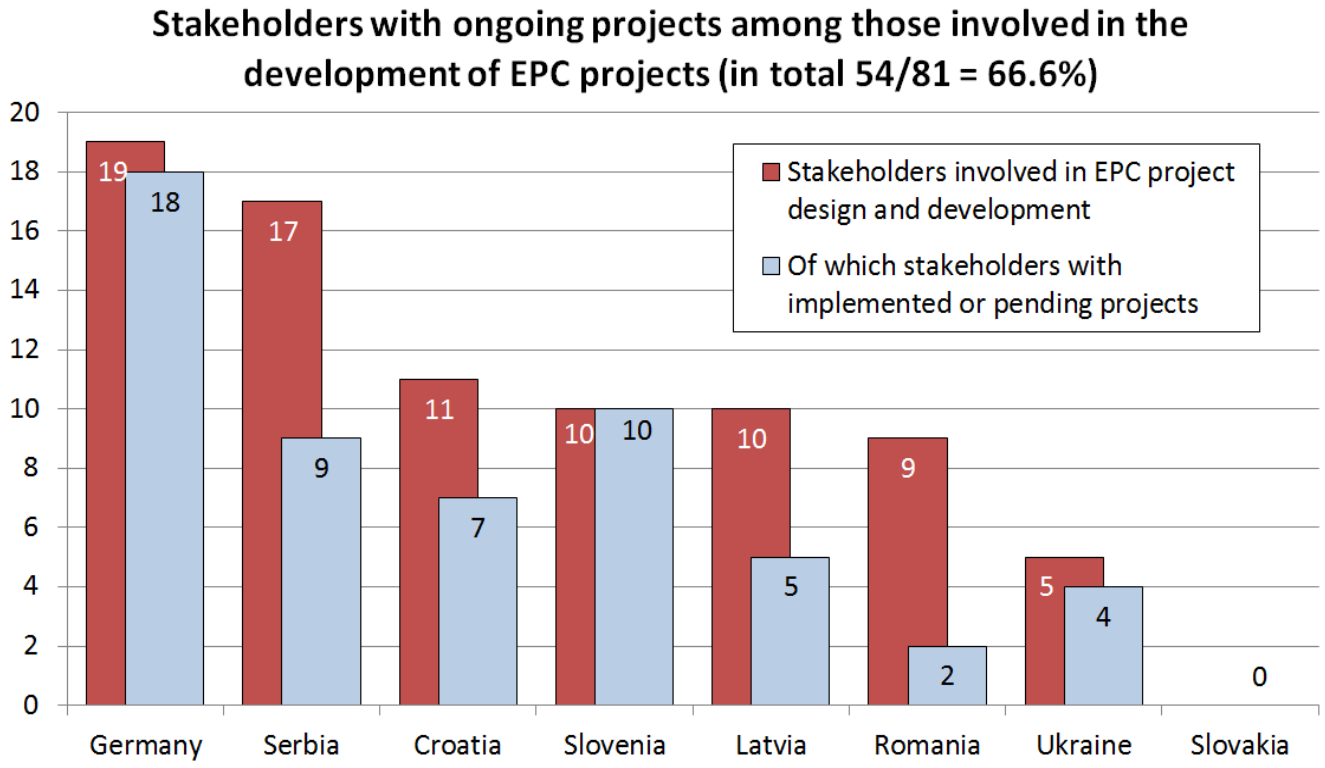
Most visible promoters:

- Ministry of Economics
- EnPC Intrans project
- Building and Energy Conservation Bureau (ESEB)
- SIA Ekodoma
- Horizon2020 project Sunshine
- Eco.NRG
- etc.

We Work Together

Latvia represents prospective market of ESCO - Baseline study

Based on the consultation of 408 stakeholders who provided their feedback in summer of 2015 in 8 of the 9 partner countries.



Legal background of EPC at national level

Latvia:

- Laws and regulations promoting EPC in public buildings:
  - “Law on Energy efficiency”, adopted in March 2016
  - Law on Energy efficiency of buildings of January 9, 2013.
  - Rules of the Cabinet of Ministers of 9th July 2013 No. 383 „Rules on energy certification of buildings”.
  - Rules of the Cabinet of Ministers of 25th June 2013 No. 348 „Calculation method for building`s energy efficiency”.
  - Rules of the Cabinet of Ministers of 9th July 2013 No. 382 “Rules on independent experts in field of energy efficiency of buildings”.
  - Rules of the Cabinet of Ministers of 28th September 2010 No. 907 „Rules on inspection of residential buildings, their equipment and communication, on servicing and repair of buildings”.
- Laws and regulations ruling over the public procurement process
  - Public Procurement Law, of 1st May 2006.
  - Public-Private Partnership Law, of 1st October 2009.

Law on Energy Efficiency (March 2016)

Clause 14 determines the terms and conditions for energy services and EPC,

- The main rules for providing energy performance services
- The obligatory parts of EPC contract
- Terms and conditions for costs of the services and return of the investment
- Risk allocation

Planned that Ministry of Economics will publish in its web page:

- Guidelines for EPC elaboration.
- Information about available financial sources for energy services providers.
- Best practices on concluded EPCs.
- Information about independent intermediary operation options in EE services market.
- Examples of EPC in the public sector, etc.

Public Procurement Law

In Latvia EPC for public buildings must comply with the Public Procurement Law. Article 67 of this law stipulates that public authorities may conclude contracts for period longer than 5 years, if this is necessary for proper contract enforcement or due to specific technical and economic conditions. This means that the public procurement law would theoretically allow for the procurement of EPC services. But in practice the public procurement structure is hindering the conclusion of EPCs by public authorities.

Financial constraints hindering the use of EPC in public buildings in Latvia

In the beginning of 2015 the Economic Recovery Advisory Board (ERAB) carried out deep due diligence analysis of the Latvian ESCO market aiming at clarifying the technical, legal and financial options for a financial instrument supporting ESCOs in Latvia. An operational problem found in Latvia for ESCO was a capital adequacy problem. ERAB intends to offer ESCOs a special purpose fund. This will borrow long term financial resources from ERAB (or other credit institutions) and refinance ESCOs' loans, thus releasing companies' balance sheets from long term accounts payable.

ENpcINTRANS project in Latvia – activities and current results

- Stakeholder consultations – 41 stakeholders provided their feedback.
- Baseline study – used as baseline for the monitoring of impacts achieved by the project in terms of new EPC projects triggered in public buildings.
- Trainings of trainers – 7 trainers in Bratislava, Slovakia.
- Training programme:
  - Webinars (A, B, C),
  - on-site trainings (local languages),
  - e-learning courses.
- Road show event – scheduled for 18th October 2018
- Final conference – 15th November, 2016 in Stuttgart-Esslingen/ Germany.

Training of trainers

EnPC-INTRANS capacity building on energy performance contracting

EVALUATION REPORT

TRAINING OF TRAINERS

22-25 February 2016 in Bratislava/Slovakia

Project Title:
EnPC-INTRANS Capacity Building on Energy Performance Contracting in European Markets in Transition

Grant Agreement N° 649639

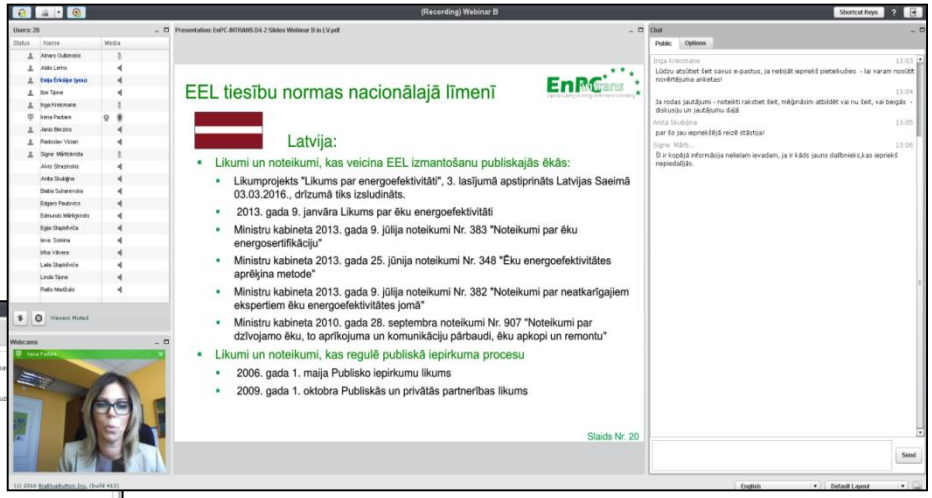
Deliverable N° 4.5

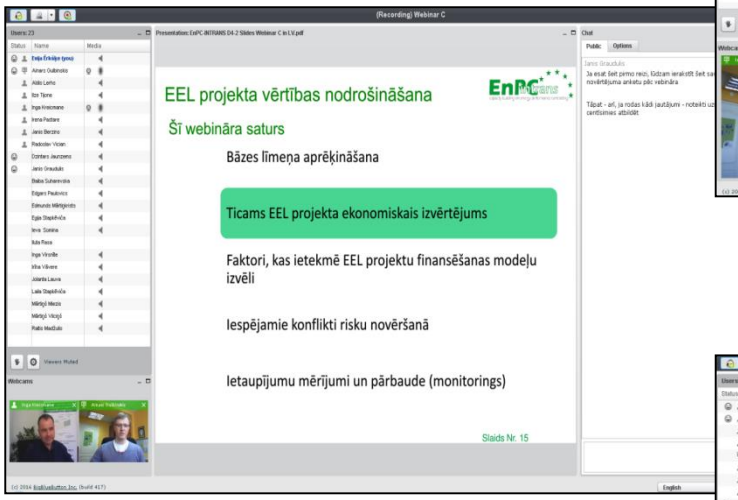
Lead Partner: e-code

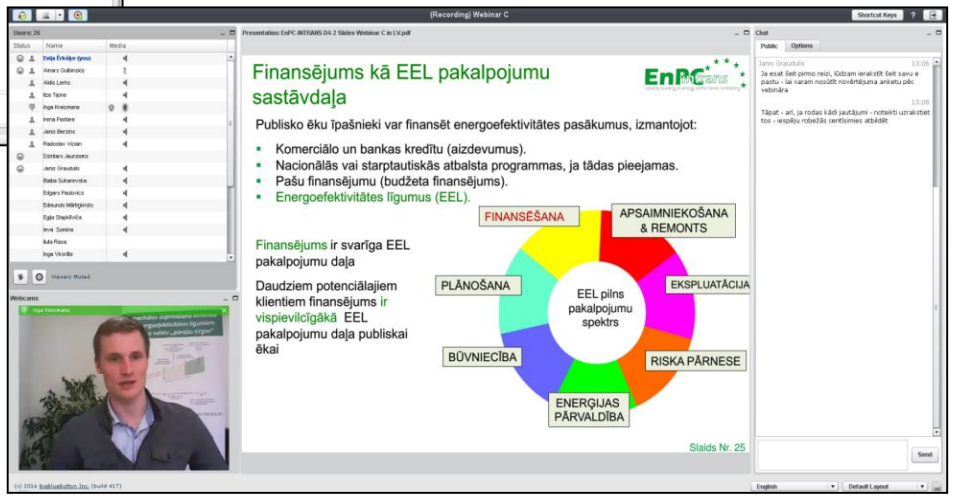
29 February 2016

This project receives funding from the Horizon 2020 European Union Research and Innovation Programme under Grant Agreement N° 649639

Webinars: April – May 2016







E-learning materials

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ENERGY PERFORMANCE CONTRACTING (EPC) FOR PUBLIC BUILDINGS

Training Materials for E-Learning

Initial training period 2016/17

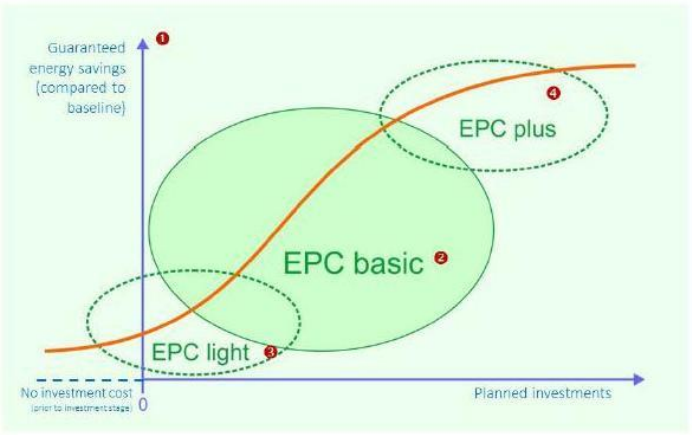
Project Title:
EnPC-INTRANS Capacity Building on Energy Performance Contracting in European Markets in Transition (GA N°649639)

Deliverable N° 4.3

29 February 2016

AER e-code EIHP ΦΙΑΤΥ giz KEA KAPE CRES KSSENR SKG ZREA

EPC business models



Slide N° 6

*(1) Although the basic concept of EPC is always the same, **different business models** may apply, depending on the ambition of energy saving guarantees, and the complexity and volume of planned investments.*

*(4) **EPC plus** applies when services of the ESCO are including, in addition to fast-paying energy saving measures (ESM), comprehensive structural measures on the building shell like insulation of roofs and walls, window replacement, and non-energy related measures like e.g. rehabilitation of structures, renovation or new installation of non-energy related facilities, renovation of interiors, etc.*
Additional payments (in addition to EPC service fees based on guaranteed savings) and long contract durations (often more than 15 years) are required in EPC plus projects.

*(2) The most common EPC business model (here called **EPC basic**) aims at facilitating investments in technical energy saving measures (ESM) creating a relatively high energy saving effect (fast-paying energy saving measures) and is financed (usually in whole) from guaranteed energy savings over a contracting period of typically 5-15 years.*

*(3) **EPC light** stands for improvements of EE achieved by means of contracted energy management services aiming at the achievement of guaranteed energy savings little or no investment in technical facilities. Service fees are paid from savings. Contract duration is very short (e.g. 2-3 years).*

Slide N° 6

One-day seminar

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D.5.2. – Evaluation report of one-day Seminar

Title of the Seminar:	Energy performance contracting (EPC) for public buildings
Date realised:	19th April 2016
Location:	Jekabpils, Latvia

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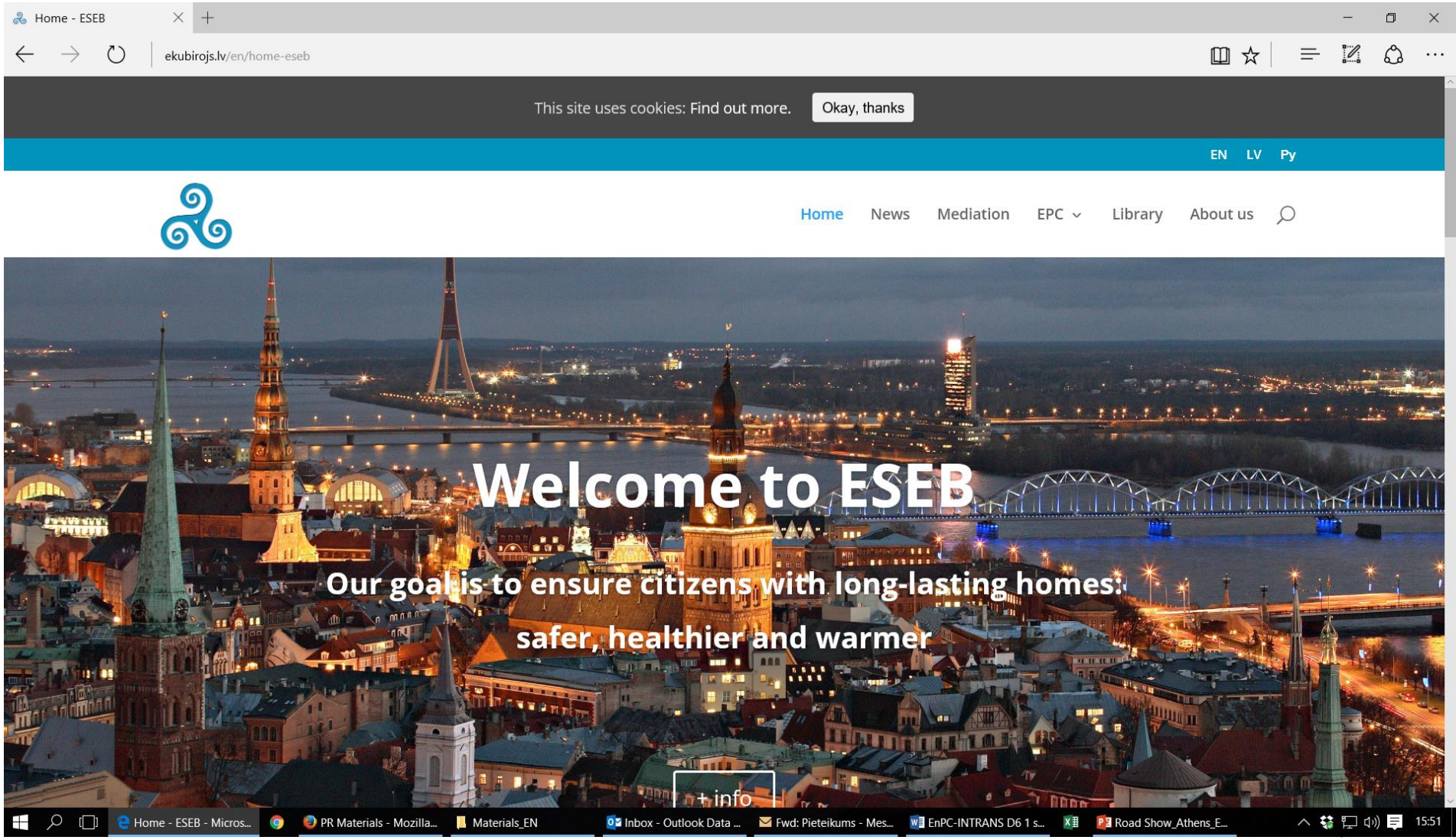
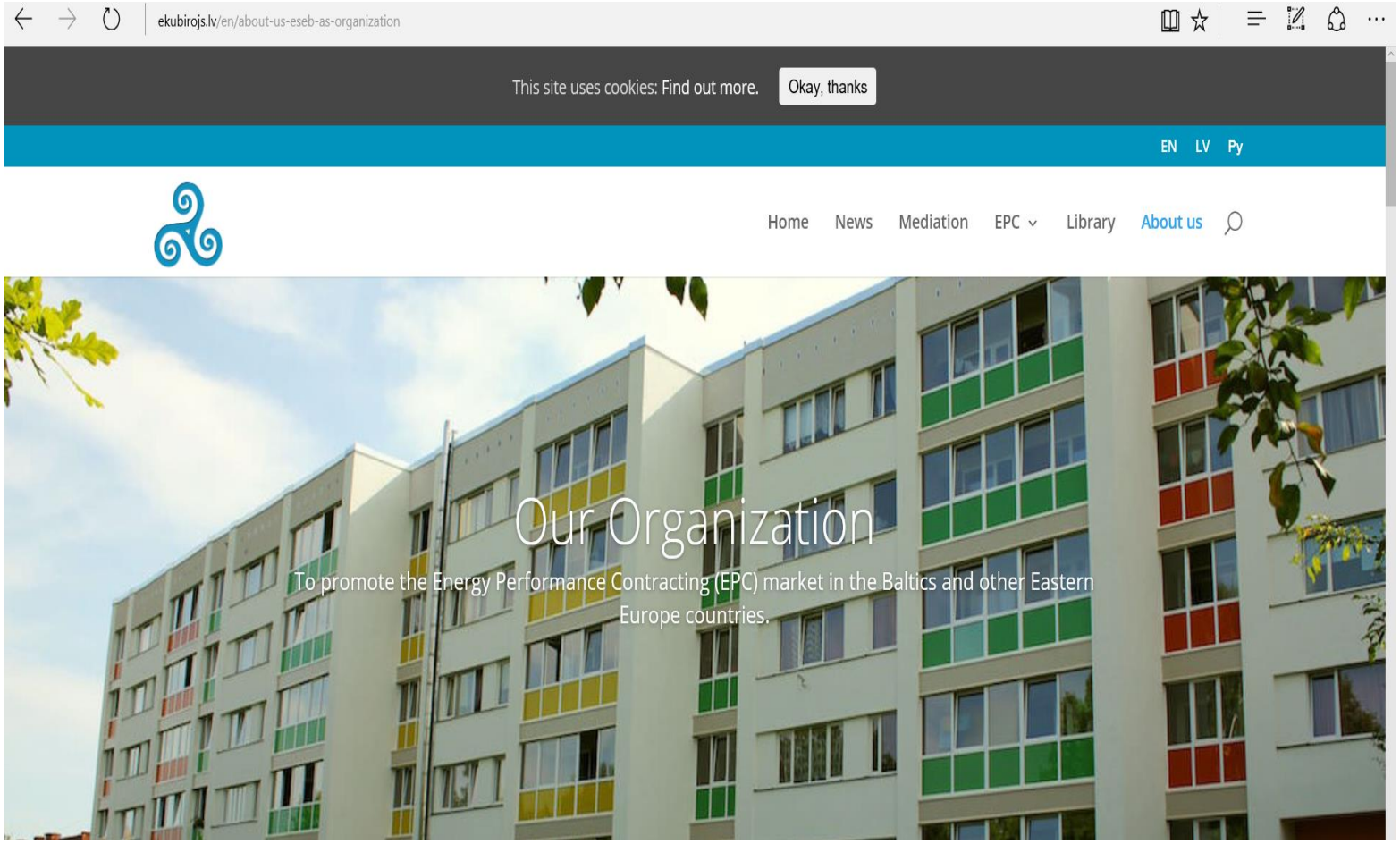
Due date: November 2016

Building and Energy Conservation Bureau (ESEB)

http://ekubirojs.lv/en/home-eseb/

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Home News Mediation EPC Library About us
Our Organization
To promote the Energy Performance Contracting (EPC) market in the Baltics and other Eastern Europe countries.
Do you want to know more about our services?
Read about our long term Energy Performance Contracting model EPC+
+ info

ESEB has developed a tested model: the guaranteed energy savings model – mostly for private multiresidential buildings

This model serves most citizens providing them long term guarantees for safer, healthier and warmer homes

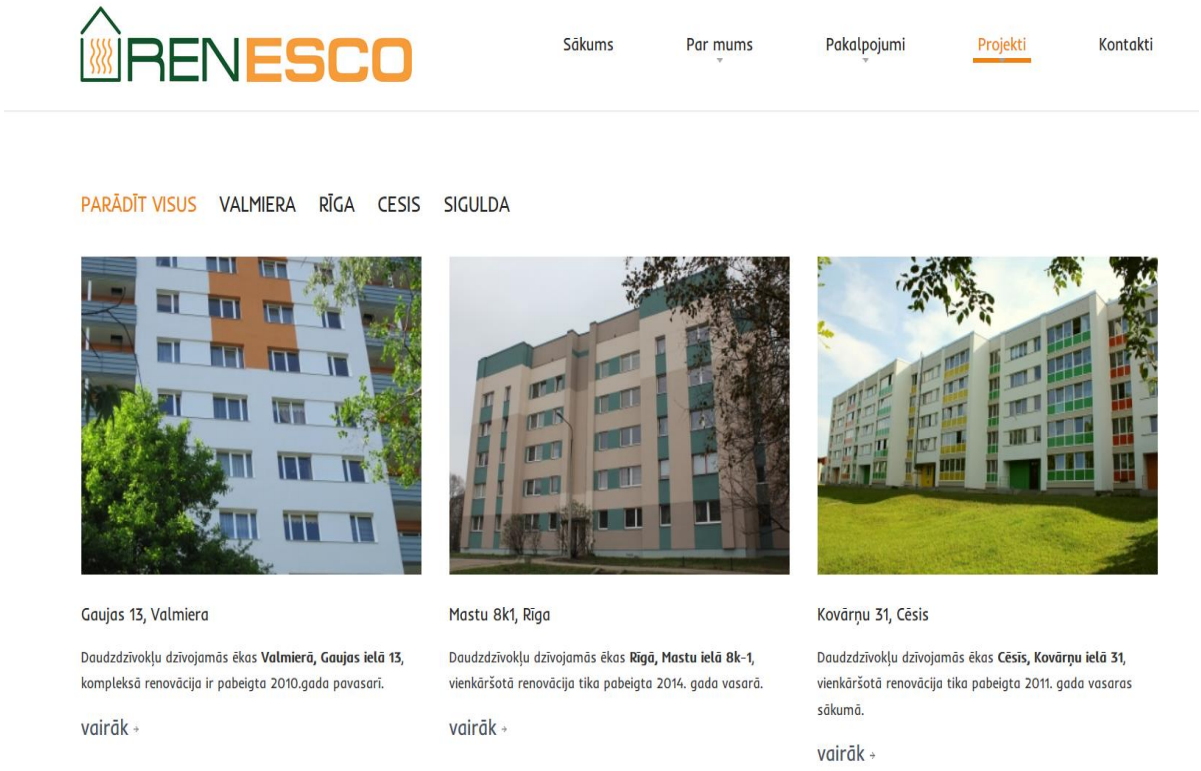
This model uses the existing energy productivity of the building to finance the renovation needed to deliver a safe, warm home

This model ensures the quality of the construction works

Unique experience in Latvia

An ESCO company «Renesco» has realised complex refurbishment projects of 15 multiresidential buildings (total area~41 000 m^2, 660 apartments). All projects were based on ESCO principle. This is much harder than municipal buildings, as the decision making is voting process of all the apartment owners.

www.renesco.lv/



Pilot projects of a consulting company «EKODOMA»

EC IEE project «Innovative thinking» - Guidelines for green public procurements, 2014 ESCO system is described as one of innovative solutions in Latvia for efficiency or RES project implementation.

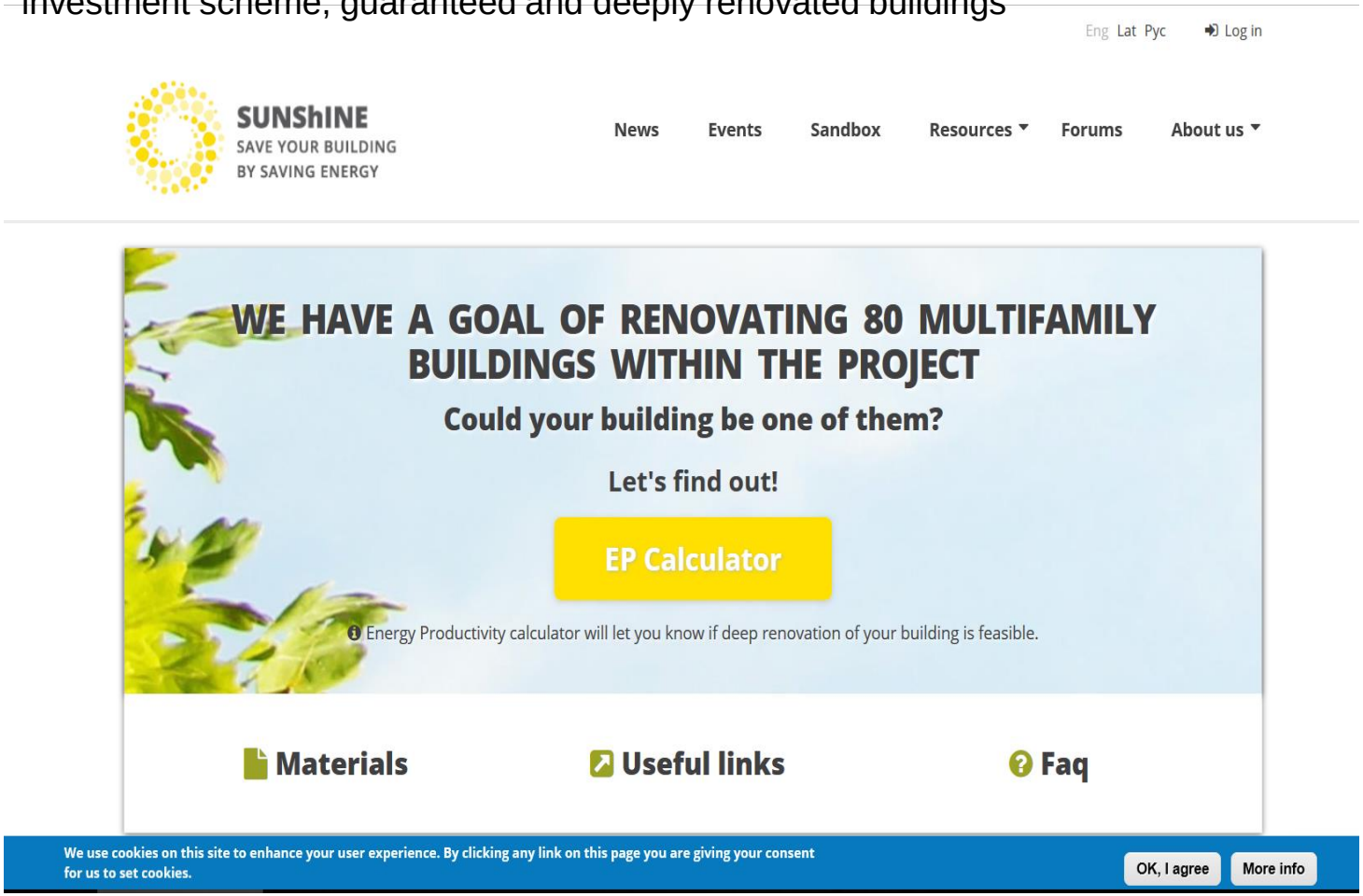
In 2003, operational an international programme «Effective Lighting Initiative» (ELI), financed by World Environment Fund, in Latvia implemented by SIA “Ekodoma». Within the project an ESCO type project on energy efficient street lighting was completed in Tukums municipality in Latvia. The ESCO company implementing measures was SIA «Wesemann».

- Changed bulbs to more efficient, poles
- Reconstruction of cabling
- 3 new streets added to public lighting
- Reduced energy consumption per about 60%
- Improved safety for residents
- Efficient way of using energy
- Advice - in such contracts inflation has to be envisaged and calculated as precise as possible

Horizon2020 project: SUNShINE

http://www.sunshineproject.eu/

SUNShINE supports public and private ESCO's and leads to an innovative investment scheme, guaranteed and deeply renovated buildings



In 2014 society «Passive House Latvia» in collaboration with «Latvia State Environment protection Fund» elaborated «Guidelines for municipalities and state institutions on energy service procurement for improvement of energy efficiency in buildings.

Within these guidelines also a sample contract has been included which has been specifically adjusted to the needs of municipalities and state institutions.

http://www.passivehouse.lv/

eco.NRG – a company working as ESCO in the renovation of multiresidential buildings
http://atkaljaunsnams.lv/lv/uznemums

Main Conclusions

- ESCO type contracts are suitable for conditions when some municipal building is very expensive in exploitation or needs immediate refurbishment, but there is no available funding in the municipal budget;

- It is always important to check if the necessary loan can be cheaper if obtained by municipality itself or if obtained by ESCO cheaper.

- We have to take into account that ESCO type contracts are quite heavy long term contracts, the contracts have to be concluded very carefully.

Thank You for Your Attention!

More about EnPC INTRANS project:
www.enpc-intrans.eu

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