PromoSCene

Promoting the use of Structural Funds and Cohesion Funds for Energy Investments in New Member States

The Hellenic Case Study

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Intelligent Energy Europe

PAST EXPERIENCE (1994-1999)

Operational Programme "Energy"

Subprogramme 2: Energy Efficiency

Measure 2.2: Incentives for Energy Efficiency and CHP investments

Instrument: grants (30-55% of the capital cost)

Final beneficiaries: 81 energy-intensive industries

Total budget of investments: 133 M€

Measure 2.3: Incentives for Energy Efficiency and RES investments in SMEs

Instrument: grants (30-55% of the capital cost)

Final beneficiaries: 124 SMEs

Total budget of investments: 18 M€

Sub-programme 3: Renewable Energy Sources

Measure 3.2: Incentives for RES investments

Instrument: grants (30-55% of the capital cost)

Final beneficiaries: 70 projects

Total budget of investments: 206 M€

OPE Results

- Total annual primary energy saving: 326.8 ktoe
- New wind capacity: 116 MW
- New hydro capacity: 11.5 MW
- New PV capacity: 737 kWp
- Electricity from biomass: 8.74 MW
- Annual primary energy saving through EE (CHP, solar, etc.): 1.87 TWh

PAST EXPERIENCE (2000-2006)

Operational Programme "Competitiveness"

Axis 2: Support and encouragement for entrepreneurship

Action 2.1.3: Supporting investments in CHP cogeneration systems, renewable energy sources and energy saving

Instrument: grants (30-50% of the capital cost)

Final beneficiaries: 292 projects

Total budget of investments: 1070 M€

Axis 3: Promotion of business excellence

Action 3.1.1: Application of innovative-technology demonstration projects

Instrument: grants (40-68% of the capital cost)

Final beneficiaries: 7 projects (mini-CHP systems, hydrogen-FC, mini-wind generators, polygeneration)

Total budget of investments: 3 M€

Axis 6: Security of energy supply and promotion of a deregulated energy market

Action 6.3.2:Projects for the promotion of innovative technologies in the islands

Instrument: grants (30-50% of the capital cost)

Final beneficiaries: 32 projects (hybrid RES-desalination plants, PVs, geothermal systems)

Total budget of investments: 15 M€

Action 6.5.1b:Promotion of RES, CHP and Energy Efficiency

Instrument: grants (30-50% of the capital cost)

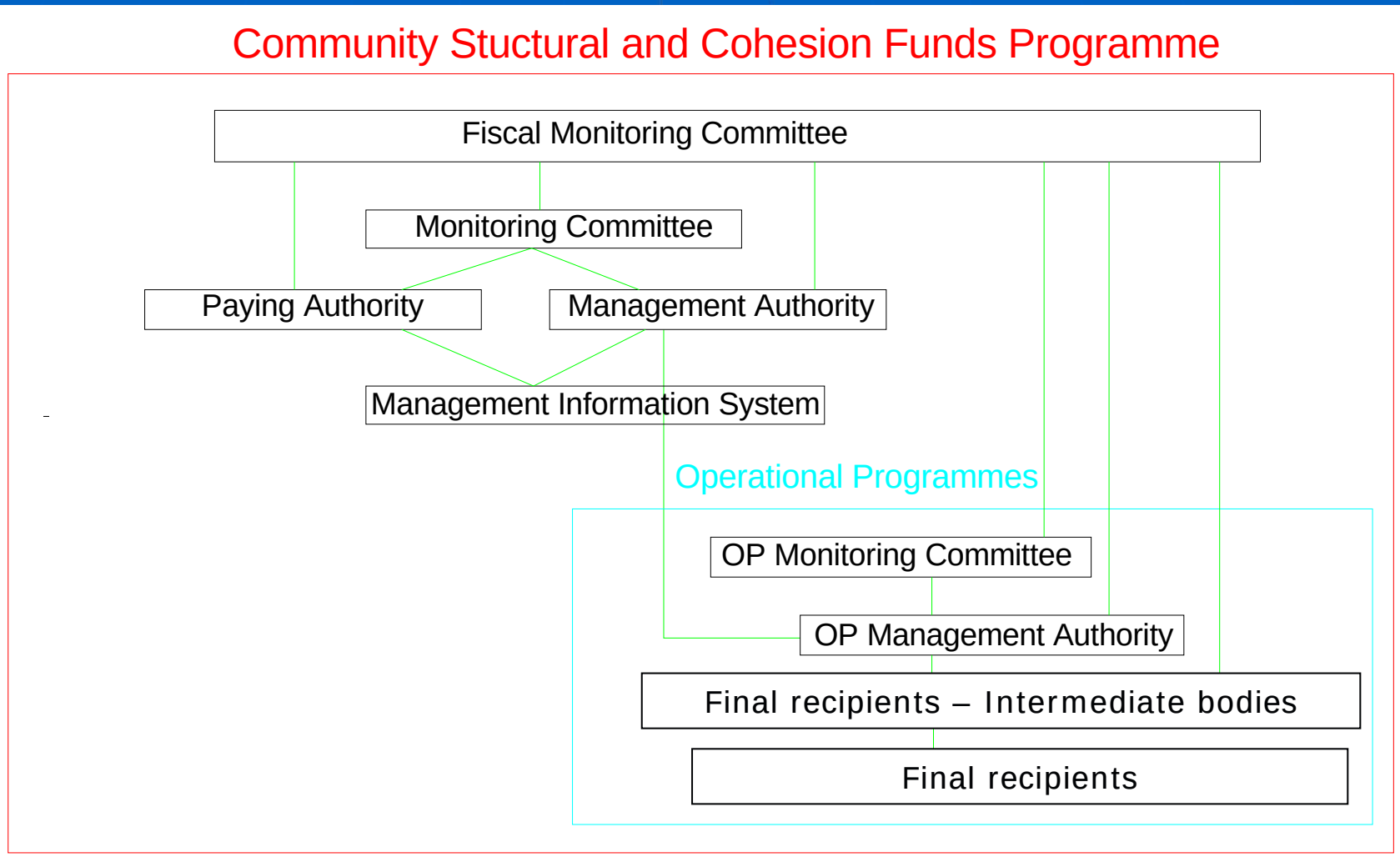
Final beneficiaries: 134 projects

Total budget of investments: 200 M€

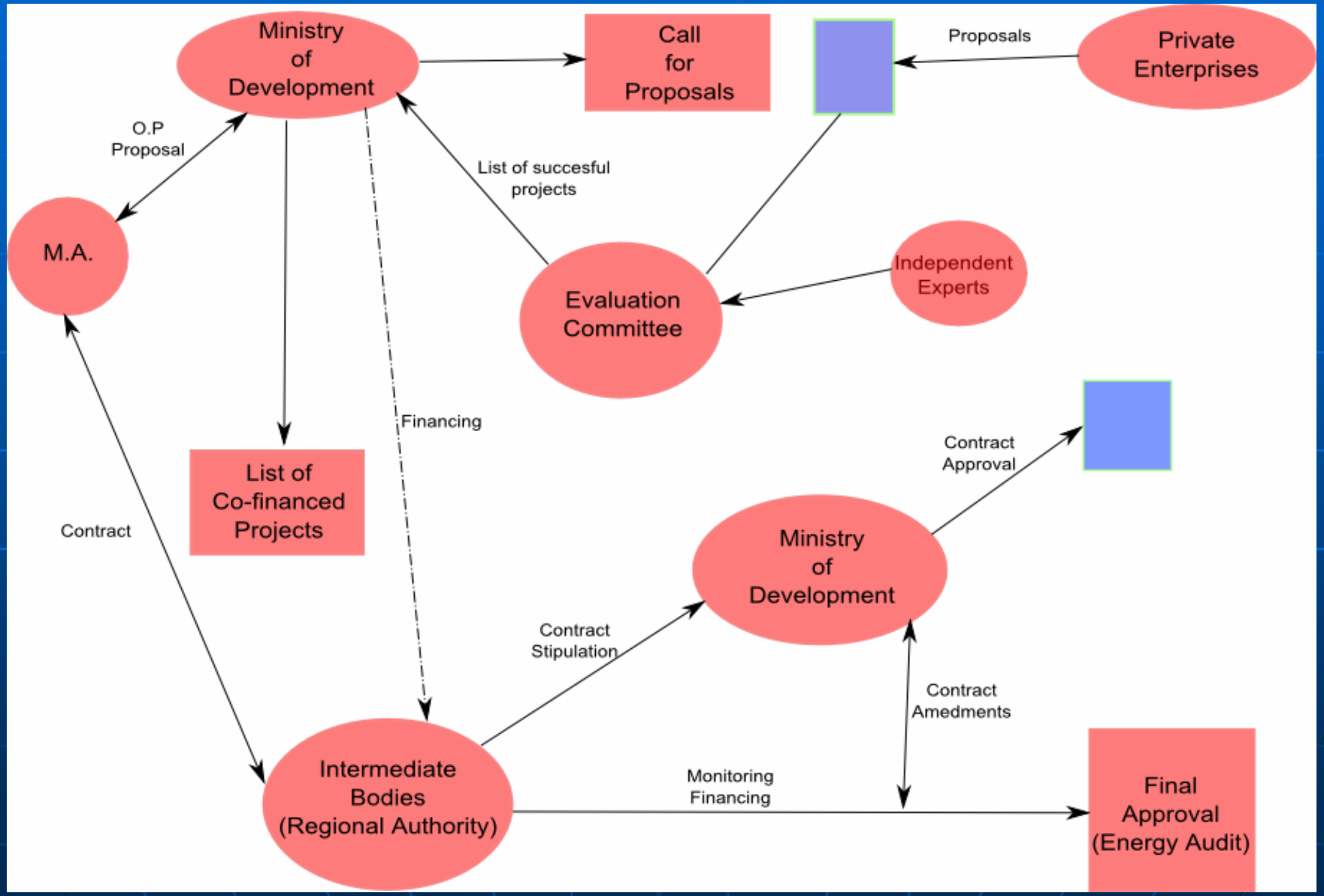
OPC Expected Results

- Total annual primary energy saving: 12.7 TWh
- New wind capacity: 525 MW
- New hydro capacity: 90 MW
- New PV capacity: 4 MWp

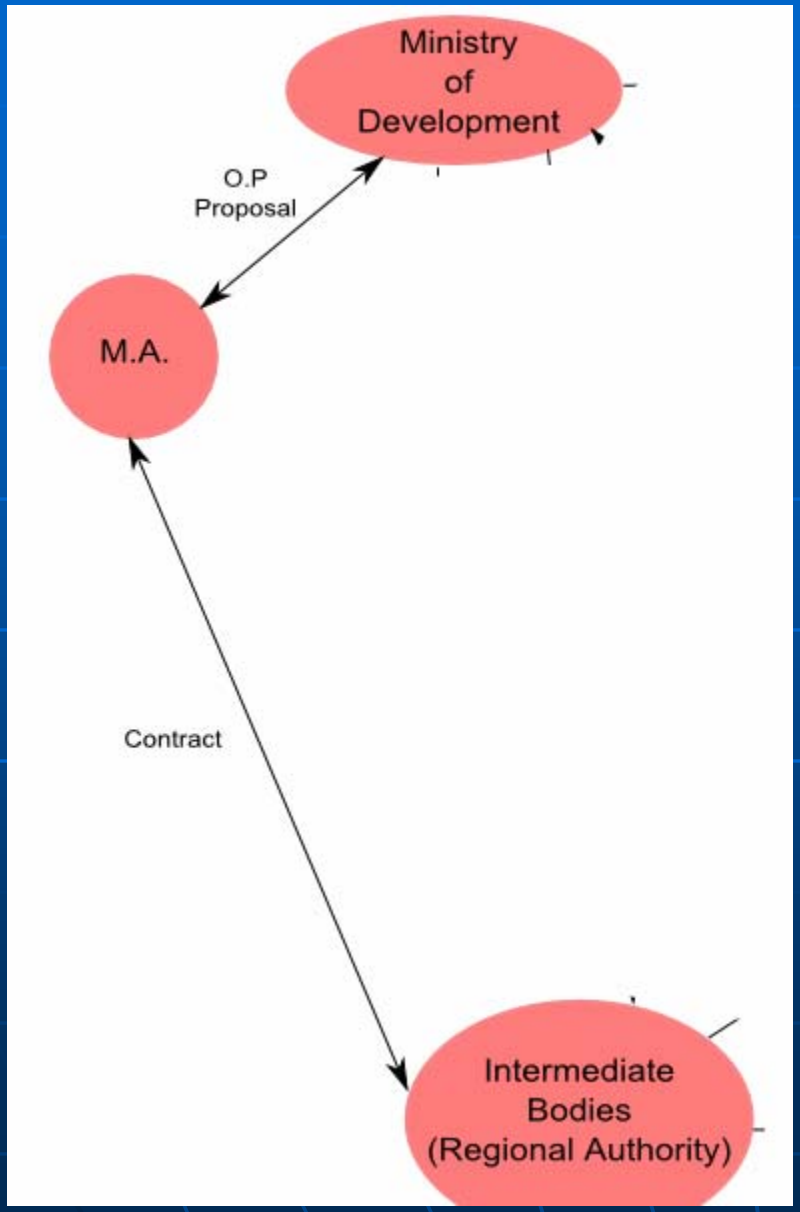
OPC Management Structural Layout



OPC Procedures Diagram

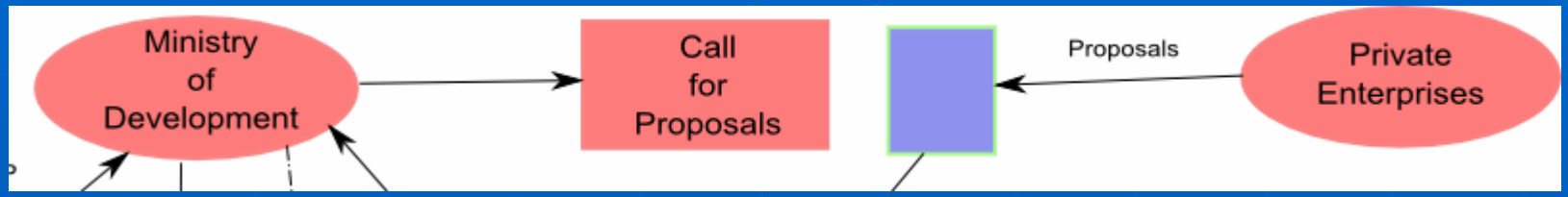


Inception - Promotion Phase



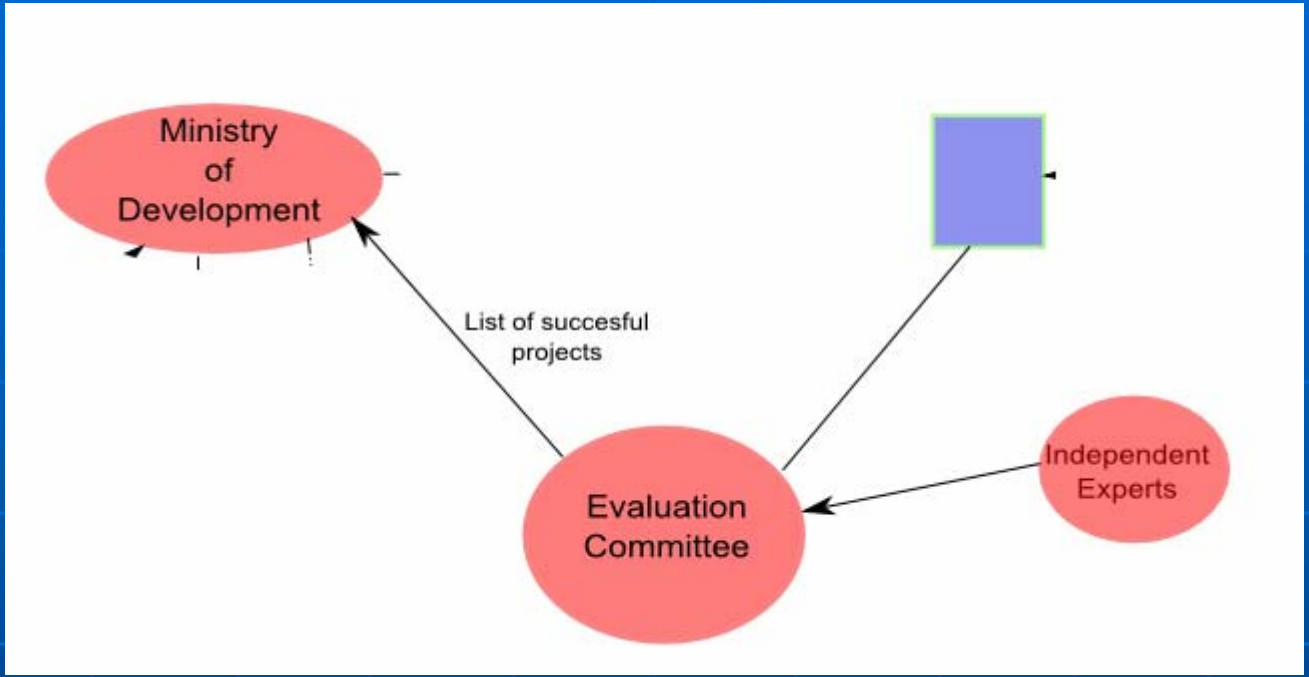
1. Ensure adequate promotion of the Programme and its details via Internet, TV, newspapers, magazines etc.
2. Ensure that there are places throughout the country where potential investors, consultants and project managers can obtain information.
3. Ensure that the Fund Managers have adequate administrative, technical and financial expertise and are adequately staffed for the needs of the Programme.

Call Phase



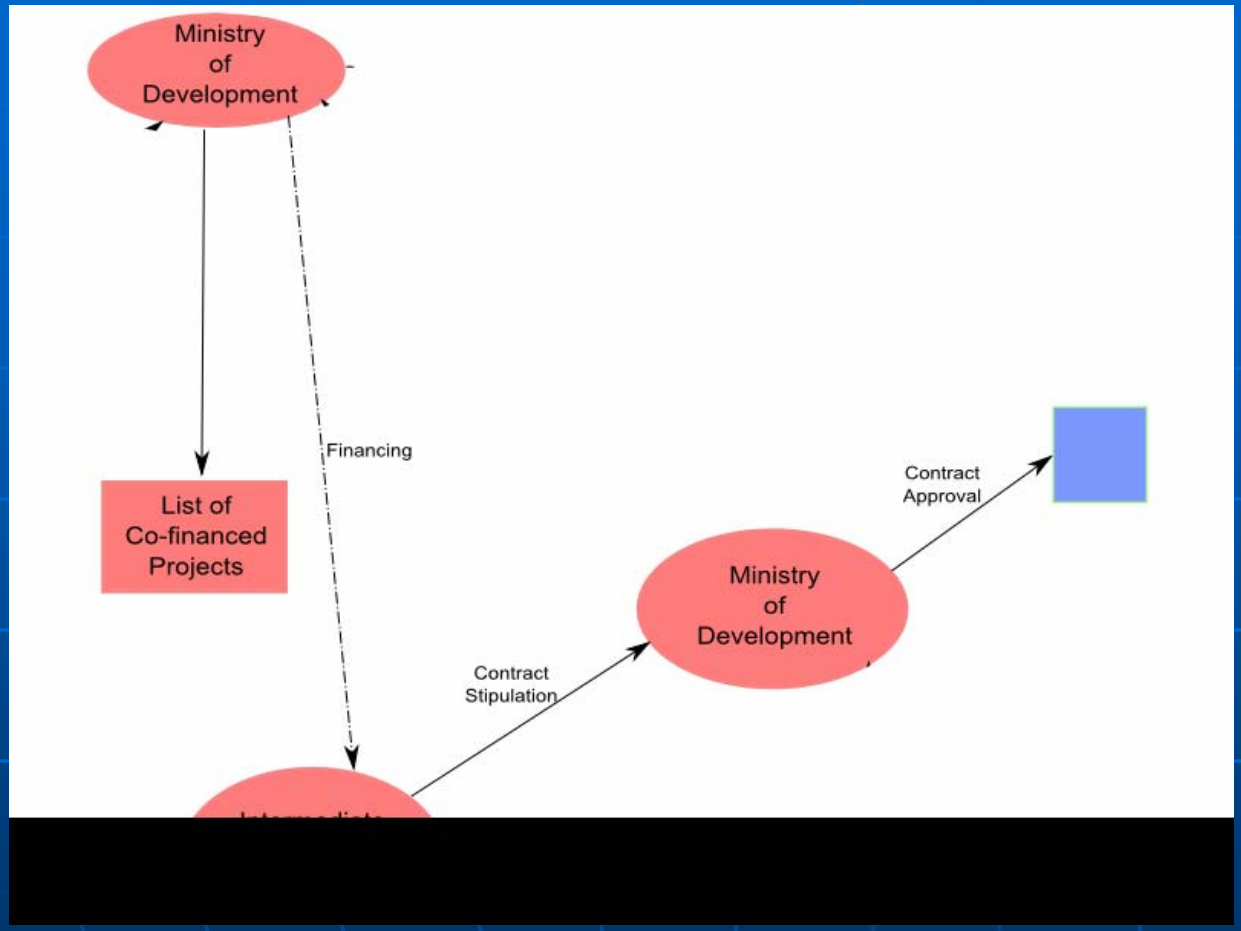
1. Make sure that the format of the submission document is easy to complete.
2. Make sure to compile a clear set of instructions for drafting a proposal.
3. Make sure that it is clear to the proposer what the requirements of the submission form are.
    - Example 1 - Who can submit?
    - Example 2 - Is there a minimum budget?
    - Example 3 - What are the eligible technologies?
    - Example 4 - What documentation is required?

Evaluation Phase



1. Make sure to formulate a clear, set of instructions for the evaluator.
2. Make sure to set evaluation stages
   - Stage 1 - Eligibility of investment and correct documentation
   - Stage 2 - Financial evaluation
   - Stage 3 - Techno-economic evaluation
3. Make sure to set correct techno-economic criteria
   - Criteria 1 - IRR
   - Criteria 2 – Reduction of primary energy consumption (kWh)
   - Criteria 3 - Environmental impacts (emission reductions)
   - Criteria 4 - Social impacts (new job opportunities)
   - Criteria 5 – Reliability and maturity of technology

Project Implementation phase - Contract Stipulation

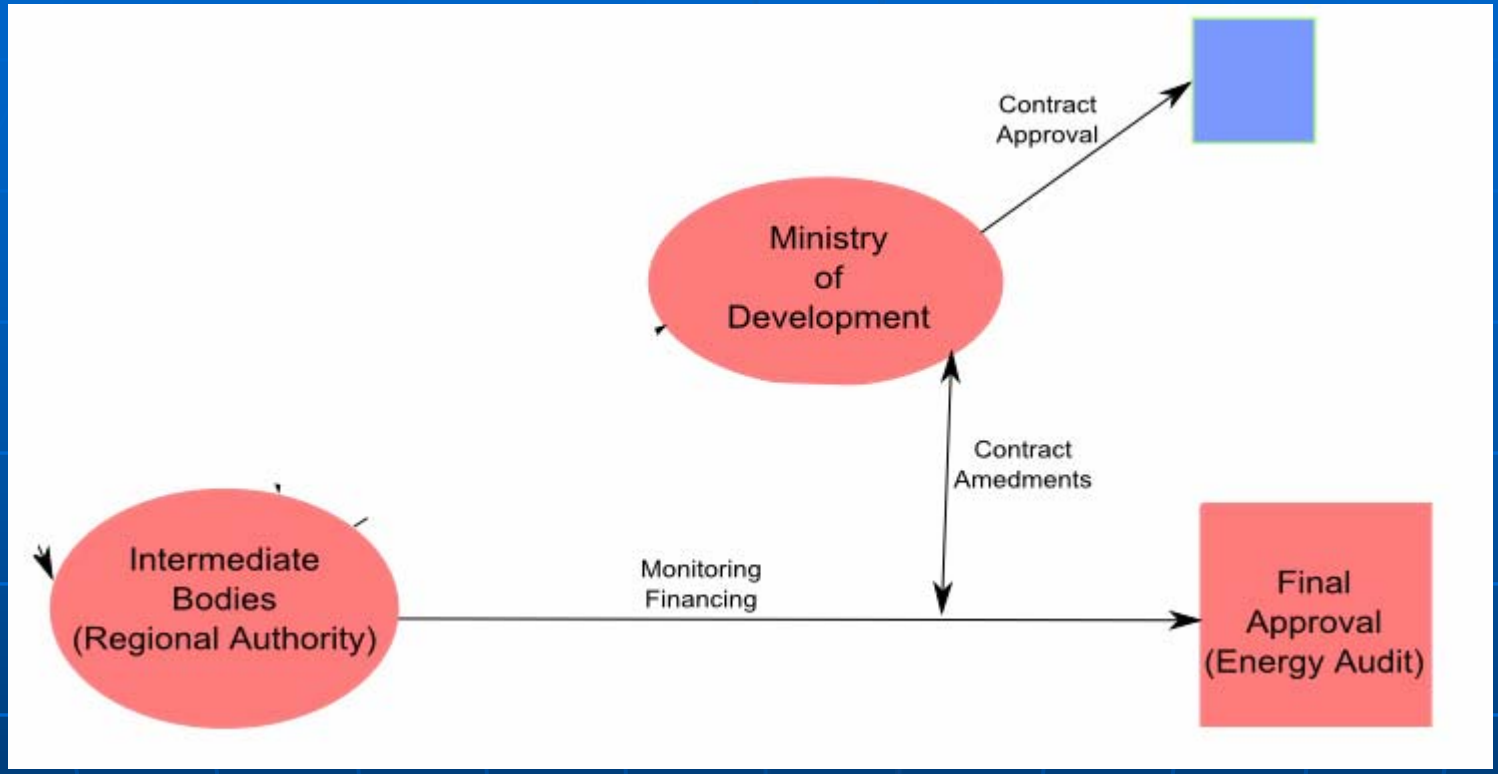


1. Make it clear to the investor of the terms of the contract…..

Term 1 – Technical description of the project
Term 2 – List of deliverables
Term 3 – Energy Efficiency Target

2. Make it clear to the investor that any changes to be included in the contract in the form of amendments, have to be approved by a technical committee.
3. Make it clear to the investor of the consequences of breaching the terms of the contract.

Project Implementation - Monitoring Phase



1. Make sure that the investor is aware of the administrative burden of the monitoring phase of the project.

   Example 1 – 6-monthly progress report

   Example 2 – 6-monthly technical supervision by Fund Manager

   Example 3 – Energy audit at the end of the project

OPC Procedures: Strengths & Weaknesses

- Thorough eligibility evaluation =>free-riders are avoided
- Multicriteria evaluation => even externalities are taken into account
- Different technologies under the same call => combinations of technologies are possible
- Evaluation and monitoring by different bodies => transparency

- Too many parties involved……communication jams and/or difficulties!!!
- Call for proposals targeted to many different technologies…….shopping basket syndrome!!!
- Same evaluation procedure for different technologies
- Intensive human interference during evaluation…….subjectivity traps!!!
- Expertise on a wide variety of technologies required from Intermediate Bodies….can they cope????
- The contracting phase can be very time-consuming and of a long duration
- Over-detailed monitoring procedure…amendments required even for insubstantial changes

Lessons learned

- ✓ Long-term and clear planning is the key
- ✓ Technology-specific aid: different technologies have different costs so they need different aid intensities >>>> try not to overcompensate!
- ✓ Use of electronic means: the enhancement of all the procedures (application, evaluation, reporting and monitoring) with electronic services adds to simplicity and transparency
- ✓ Simplicity: clear and not overloaded application forms and straight-forward evaluation procedure

Lessons learned - 2

- Procedures should be thoroughly defined from the start, should be kept simple so as to be well understood by all the parties and the involvement of subjective factors should be minimum during the whole process
- Evaluation procedure with minimum human interference
- Monitoring and reporting based on quantitative indicators
- Subsidies and capital grants might keep prices high >>> additional measures should be taken in order to reduce technology and services prices, also other financial engineering instruments and incentives should be provided
- Indicative costs for different technologies should be used as caps => need for proper cost analysis during the inception phase , readjustment (reduction) of cap figures during the programme's life

The New Programming Period (2007-2013)

Operational Programme "Competitiveness and Entrepreneurship"

Planned Actions

- RES and CHP investments in industrial and services sectors
- Energy efficiency investments in industrial and services sectors
- Energy investments in the public and domestic sectors
- Special actions for biomass exploitation
- Energy investments in islands
- Innovative energy technologies R&D
- Horizontal actions for RES and EE promotion

Targets

- 513 MW new RES and CHP capacity
- 297 ktoe annual primary energy saving

Main principles

- Additionality: Structural and Cohesion funds should provide just the necessary leverage for projects which are unviable without it.
- Maturity: Projects' maturity should be dealt in the sense of secured and adequate licenses and permits.
- Publicity and transparency: All the procedures should be clear and transparent.
- Synergy: Investment aid brings positive results only when the investment environment is balanced.