



Documentation of advice provided

The work package "Financing EPC projects" aimed to tackle one major barrier for EPC market development: the access to capital for the ESCOs and public authorities (owners of public lighting). Especially in countries strongly affected by the financial and economic crises, it has become very difficult - especially for SMEs - to get funding from banks. And if a loan is given, interest rates are very high, destroying the economic viability of many EPC projects. Also, with every EPC project implemented by an ESCO, their liabilities grow compared to their assets. For smaller projects, often transaction costs are very high (compared to the project investment), also because the knowledge of banks and of legal service providers of the EPC instrument is very limited and therefore project preparation is very time-consuming and costly.

As the main focus of the Streetlight-EPC project was on small to mid-sized projects (where the investments levels are significantly below those required for European funding programmes) guidance and assistance towards European funding options (e.g. JESICA, EEEF) and related Technical Assistance Services (ELENA etc.) was provided (as tools for bundling smaller projects into larger one, making them thereby eligible for European funding).

This report offers summarised information on different EU funding possibilities and links to further resources.

1. Consultancy services

Overview

- Beneficiaries: public sector (e.g. local authorities, energy agencies etc.)
For assessing bankability of projects and to offer technical, legal and financial advisory services (to build capacity of investors) and encourage investments in energy projects
- Eligible expenses: activities necessary to prepare, implement and finance investment projects

Facility details

EBRD ESCO/EnPC project pipeline preparation

- Consultancy services to support project identification, preparation and implementation
- The objective of the programme is to have bankable and commercially viable EnPC projects with investment value higher than 10 million €
- Conducted under the EU Western Balkans Investment Framework (WBIF)
<http://www.wbif.eu/>

2. Technical assistance (TA)

Overview

- Beneficiaries: mainly public sector (cities, municipalities, public bodies etc.)
- Eligible expenses: activities necessary to prepare, implement and finance investment projects (not hardware)

a) Technical assistance - Built-in service

- Taking a loan from the facility is a precondition for using technical assistance
A part of a wider financing facility (investment fund or a credit line).
- Technical assistance is available on EU and regional level:
 - [Green for Growth Fund Southeast Europe](#) (GGF)
 - [Western Balkans Sustainable Energy Financing Facility II](#) (WeBSEFF II)
- EBRD and EIB subordinated credit lines through national development bank also offer technical assistance

Facility details

Western Balkans Sustainable Energy Financing Facility II (WeBSEFF II)

<http://www.wbif-ipf.eu/>

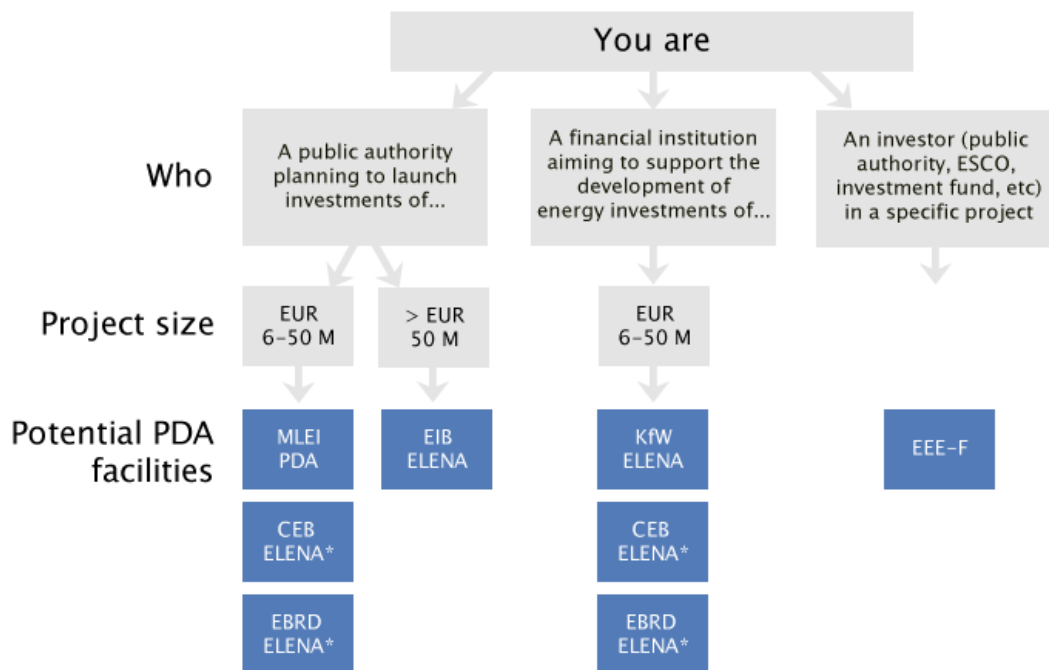
- Project size from 5 up to 50 million € (Debt financing or Grant co-financing)

b) Technical assistance – Stand-alone programmes

- Key difference from "built-in" – taking a loan from the facility is not a precondition for using technical assistance
- Co-financing rate: 75-90 % of total technical assistance costs
- Minimum ratio (leverage): between total investment costs and technical assistance grant: 15-20
- What can be financed: external experts, feasibility and market studies, structuring of programmes, business plans, energy audits, preparation of tendering procedures, main project design
- Key programmes:
 - Horizon 2020 - Project development assistance ([PDA](#)),
 - European Local Energy Assistance ([ELENA](#)),
 - Joint Assistance to Support Projects in European Regions ([JASPERS](#) – for projects foreseen in national OPs).



Project development assistance facilities under the IEE Programme



*Country restrictions apply for CEB-ELENA and EBRD-ELENA

[MLEI-PDA](#), [EIB-ELENA](#), [KfW-ELENA](#), [CEB-ELENA](#), [EBRD-ELENA](#), [EEEE](#)

Facility details

Technical assistance – Stand-alone - project examples

Project ELENA NEWLIGHT – NW Croatia, CRO	Project IEE MLEI PARIDE - Province of Teramo, IT	Project ELENA LED PACK – South Poland, PL	LED public lighting for City of Venlo
Energy-efficient street lighting	Investment in Energy-efficient street lighting	Investment in Energy-efficient street lighting – project web page	Energy-efficient street lighting
bundled 57 city/municipal into a bankable investment project	Province of Teramo bundled 34 small municipal projects	Bundled 33 city/municipal projects	Single municipal project – complete renovation
Planned investment 20.0 million €	Planned investment €17.1 million €	Planned investment 41.0 million €	Planned investment 9.1 million €
EIB	IEE MLEI PDA	EIB	EEWF
Grant for TA 711,000 €	Grant for TA 815,347 €	Grant for TA 1,829,148 €	Grant for TA 425,000 €
Leverage factor: 28	Leverage factor: 15	Leverage factor: 25	Leverage factor: 21
Expected energy saving of 44.7 %	Expected energy saving of 44 %	Expected energy saving of 44.7 %	Expected energy savings of 62 %
TA grant for new employees, technical documentation and tender documentation	TA grant for technical documentation and preparation of ESCO contracts	TA grant for new employees, technical documentation and preparation of ESCO contracts	TA grant for coordination of the tender process and preparation of ESCO contracts

3. Debt financing

Overview

- Beneficiaries: public and private sector
- Eligible expenses: energy efficiency measures and energy services (ESCO)
- Long term financing instruments (loans, equity)
- Available from both development and commercial banks which offer preferential or commercial interest rates
- Key European development banks providing facility:
 - [European Investment Bank](#) (EIB)
 - [European Bank for Reconstruction and Development](#) (EBRD)
 - [Kreditanstalt für Wiederaufbau](#) (KfW)

Facility details

European Energy Efficiency Fund (EEE-F)

<http://www.eeef.eu/>

- Fund offers senior or subordinated debt, guarantees and equity (co-)investments under market conditions

- The final beneficiaries are public authorities as well as public and private entities acting on behalf of those authorities and ESCOs
- Project size from 5 up to 25 million €

Private Finance for Energy Efficiency (PF4EE)

<http://www.eib.org/products/blending/pf4ee/index.htm>

The instrument targets projects which support the implementation of National Energy Efficiency Action Plans or other energy efficiency programmes of EU Member States.

The PF4EE instrument will provide:

- a portfolio-based credit risk protection provided by means of cash-collateral (Risk Sharing Facility), together with
- [long](#)-term financing from the EIB (EIB Loan for Energy Efficiency) and
- [expert](#) support services for the Financial Intermediaries (Expert Support Facility)

4. Grant co-financing

Overview

- Beneficiaries: primarily public sector (due to *de minimis* rule)
- Eligible expenses: energy efficiency measures and energy services (ESCO)
- Available through either national or EU funding sources (Operational programmes for use of EU Structural Funds or specialized EU programmes)

Facility details

4J initiatives financial instruments: [JESSICA](#), [JASPERS](#), [JEREMIE](#) and [JASMINE](#)

- Street lighting projects using EPC models can be financed through JESSICA initiative as long as the relevant region/country has established an urban development/revolving fund specifically designed for Energy Efficiency investments
- TA, grants and long term loans with subsidized interest rates can be used through UDFs
- [18 JESSICA Urban development funds](#) have been [established in the EU](#) so far on both national and regional level – 1.8 billion € in commitments