



Streetlight-EPC

EVENT DESCRIPTION

Project Partner: Energy Agency of Podravje (ENERGAP) and the Municipality of Maribor

Title of the event: 32 Meeting of Podravje regional council -

Date & location: June 9th 2016, Slovenska Bistrica

Organiser(s): Maribor development agency - MRA

Number of participants: 72

Summary

The financing models for energy performance contracting (EPC) were presented to the Podravje regional council, which consists of mayors of 52 municipalities in the region of Podravje, North East Slovenia. It is not a governmental body, but rather the body that cooperates in the preparation of Slovene Operational Programmes for structural funds. Energy performance contracting is one of the main financial sources for building refurbishment in the financial perspective 2014 – 2020.

Objectives & main programme points

Maribor's development agency is the administrative body of the council and organises regular meetings. The council has discussed about the operational programme and that there is a lack of money for many infrastructural projects. Therefore, ENERGAP as a facilitation body for EPC, presented the benefits and procedures of EPC for energy contracting in street lighting and building projects. The ELENA instrument from the EIB was also presented since it has the same logic as EPC: future savings can be treated as a new financial source.

Conclusions & lessons learnt (based on stakeholder input)

The council was not in the favour of the fact that there is no money for street lighting projects in operational programmes. Members were also very disappointed that the energy refurbishment of public buildings is planned to be co-financed by non-refundable grant only up to 40 %. As proposed by the responsible ministry, the EPC model and ESCO interest should always be checked before traditional public procurement is employed. If there is no interest for EPC on the market, then traditional public procurement process could apply. The discussion went in the way that the financial situation of all municipalities in Slovenia is not good. They have used most money and debt potential for the investments in drinking water and waste water management. Some municipalities still have to perform such projects. In the financial perspective 2007 – 2013, there were grants for building refurbishment up to 85 %. Therefore the municipalities cannot understand why the grants



are only up to 40 % and that EPC should be tested. There is a lack of knowledge and experience at the level of local administration. It is difficult for them to understand the new financial mechanisms and procedures. Only in 2015 the responsible ministries have published the basic guidelines about public private partnerships for energy refurbishments of public buildings. Therefore, the local administrations are a bit lost. This is probably the consequence of the historical development of municipalities (which are financed via national budget, no wider results oriented to public budget spending) and that grants in former financial perspective were high and not linked to measuring real effects and performance indicators. Also, the communication between national and local level is quite weak and Slovenia does not have a regional level.

In such an environment, it is very difficult to promote EPC. It can be seen that decisions for implementing new financial mechanisms mainly depends on the mayors. If they are proactive, it works well. ENERGAP decided to work individually with the mayors in order to present in detail all the PPP procedures, steps, their involvement and what ENERGAP can do for them as facilitation service. After this event, individual meetings with 20 municipalities in the region will be organised. In Slovenia, the municipalities still need two or three years to get familiar with the EPC system and procedures. In next years, there will also be more of local and regional implemented projects and examples and they will be able to share peer to peer information and experiences. We believe that this will be like a breakthrough for all PPP projects.