

# NEWLIGHT: a potential solution for up-scaling investments in Energy Efficiency and Renewables

North-West Croatia Regional Energy Agency [Croatia]

## Context

The Republic of Croatia has recognized the public lighting as a key sector for achieving energy objectives of the European Union. The cost related to operation and maintenance of public lighting systems in Croatian cities and municipalities can amount up to 7% of the total local authority budget. The main reason for such high cost lies in inefficient regulation and maintenance coupled with the fact that within the last 20 years there has been little investment in the modernisation of public lighting systems. Moreover, a significant increase of maintenance costs is expected due to the implementation of the Regulation of the EC No 245/2009, which entails the phasing out of high pressured mercury lamps and high-pressure sodium lamps with high mercury content.

Hoping to find a potential solution for up-scaling investments in Energy Efficiency and Renewables, the North-West Croatia Regional Agency proposed the NEWLIGHT Project. In August 2015 the European Commission approved NEWLIGHT, the first Croatian project financed by the EIB ELENA Facility and implemented mainly through Energy Performance Contracting (EPC) and Public-private partnership (PPP) financial mechanisms for the reconstruction and modernisation of public lighting in two counties - Zagreb and Krapina-Zagorje. Investments are planned in 57 local authorities, which have joined the project in a process successfully facilitated by REGEA. This NEWLIGHT Good Practice is resulting in a national scheme proposal centered around innovative financing instrument – National PPP investment platform.

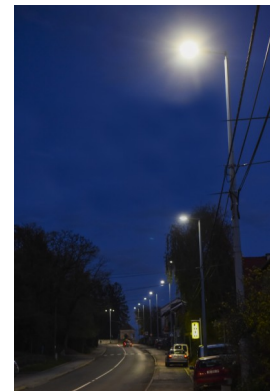
## Description and Main Objectives

The NEWLIGHT Project was the first of its kind in Croatia. In the framework of art.5 of the EED and the Strategy of Energy Development of the Republic of Croatia, REGEA started public lighting reconstruction, using environmental-friendly luminaries in order to reduce light pollution.

The project main objective is the modernisation of public lighting systems in 57 Croatian cities and municipalities based in Zagreb County and Krapina-Zagorje County. Energy efficiency measures under this project are aimed at replacing luminaries by more energy-efficient technologies such as LED and installation of the power control (dimming), with the potential to achieve energy and cost savings of 60%. Auxiliary operations such as reconstruction of lighting poles and replacement of power cables were also included. With these measures, REGEA expects to modernize around 34 000 lighting points, reduce energy consumption by 19 GWh and CO<sub>2</sub> emissions by 5 000 tonnes, and develop an EPC/PPP market in Croatia and increase competitiveness of domestic ESCO providers.



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## Implementation Strategy

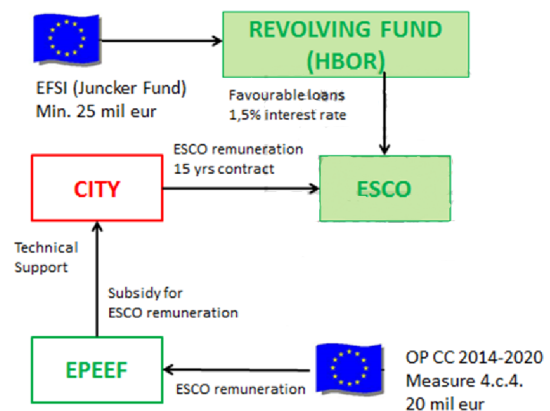
Based on the contract for technical support signed between the EIB and REGEA, and the trilateral agreement established between Krapina-Zagorje County, the County of Zagreb and REGEA, the full amount of around € 0.79 M needed for financing the preparation phase of NEWLIGHT project is provided. Activities financed under the NEWLIGHT project includes the following :

- Preparation of tender documentation for the implementation of public procurement for the provision of detailed energy audits of public lighting systems;
- Implementation of detailed energy audits of the existing system of public lighting system (GIS based data);
- Developing action plans for the implementation of modernization of public lighting;
- Preparation of tender documentation for selection of contractors, with an emphasis on ESCO financing sources (EPC and PPP);
- Preparation of the main project design for new lighting installations;
- Preparation of the application to the European and national sources of financing of works on modernization and reconstruction of public lighting;
- Project management.

As a precondition for the implementation of investment activities, REGEA has prepared and conducted public procurement for the implementation of detailed energy audits of public lighting for 57 local authorities.

## Budget

The project is financed using ESCO scheme (EPC/PPP). The investment will run at over € 20M (reconstruction of 34.000 lighting points/luminaries). ELENA/EIB co-financed the overall technical assistance in the amount of € 790.00, out of which € 711.000 will be provided by ELENA (90% of TA costs), and € 79.000 will be co-financed by County applicants (10% of TA costs). Arising from this NEWLIGHT Good Practice the project is now evolving into a national scheme for Innovative financing instrument - combination of EFSI and ESIF – for triggering PPP/EPC projects



## Time frame

Start: November 2015 – End: November 2018

## Contacts & Links

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