



Supporting PUBLIC Authorities
to Implement Energy Efficient Policies

Highlights from the Final Conference of the PUBLENEF project – Parameters for successful energy efficiency policy implementation

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Table of Contents

1.1	PUBLEnEf project	2
1.2	Evolutions in European Energy Efficiency Legislation and the role of multilevel governance	3
1.3	Regional and local governments' needs and solutions	4
1.4	Consistency between policy targets and the financial means of achieving them ...	5
1.5	The role of local and regional authorities in upscaling investments and replicating them across EU.....	7
1.6	Availability of tools and resources for regional/local policy making	7
1.7	Energy communities responding to their energy needs	8
1.8	Solution to fragmented processes	9
1.9	Take away messages	9

1.1 PUBLEnEf project

The PUBLENEF (Support Public Authorities for Implementing Energy Efficiency Policies) project is awarded by the European Commission (EC) under the Horizon 2020 program. It runs from February 2016 to January 2019. It is led by Dr. Vlasios Oikonomou (JIN) in the Netherlands and the consortium partners are the following

Partner	Country
JIN Climate and Sustainability (JIN)	Netherlands
Centre for Renewable Energy Sources and Saving Foundation (CRES)	Greece
The Polish National Conservation Agency (KAPE)	Poland
Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT)	Spain
Institute for European Energy and Climate Policies (IEECP)	Netherlands
Association of Bulgarian Energy Agencies (ABEA)	Bulgaria
OÖ Energiesparverband (ESV)	Austria
Italian National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA)	Italy
European Federation of Agencies for Regions and the Environment (FEDARENE)	Belgium
Energy Cities (ENERGY CITIES)	France
Tipperary Energy Agency (TEA)	Ireland
ARENE Île-de-France (ARENE)	France
Local Energy Agency Bucharest (AEEPM)	Romania

The overall objective of PUBLENEF is to assist EU Member States (MS) in implementing effective and efficient sustainable energy policies (with the focus on energy efficiency) and empower them to make use of the best practices and policy processes implemented in other MS at the national, regional and/or local level. The specific objectives are:

- O1) Assess and learn from existing energy efficiency policy implementation practices in EU MS, regions and cities
- O2) Strengthen networking opportunities for public agencies on the national, regional and local level
- O3) Develop and adjust tools for public agencies to help them implement energy efficiency policies

This report presents the highlights from the Final Conference of the PUBLENEF project, which took place in Brussels on the 10th October 2018 (http://publnef-project.eu/?page_id=5320)

1.2 Evolutions in European Energy Efficiency Legislation and the role of multilevel governance

The main evolutions in the European energy efficiency policy legislation are:

- A new, indicative energy efficiency target for the EU for 2030 of 32.5%, with an upward revision clause by 2023;
- Extended energy savings obligation to achieve new annual energy savings of at least 0.8% (of final energy consumption) for the next period 2021-2030 and beyond, coming from new energy efficiency renovations or other measures in end-use sectors;
- Strengthened rules on individual metering and billing of thermal energy (better information for consumers);
- The updated Energy Efficiency Directive (EED) will tackle existing market, behavioral and regulatory barriers in order to increase security of supply, competitiveness of EU industries, reduce energy bills of consumers and health costs for society, thereby also addressing energy poverty and exploiting the positive impacts on economic growth and employment.

In this context, the role of the multilevel governance is of utmost importance, as all policy layers (national, regional and local) contribute to the overall energy saving target of each MS. To support this process, a key message to local and regional authorities is that once their MS transpose the EED fully, it will be their task to ensure that national legislators implement it. Regions and cities should thus design their sustainable energy strategies (through the supporting mechanisms such as the Covenant of Mayors), provide the required means for attracting investments to finance their strategies, scale up efforts and support actions to reduce emissions. Action at local level is thus essential. The EU, national governments, cities, regions, industry and citizens must work together and follow a shared roadmap and mutually supportive policies to accelerate action in the short and long term. The earlier the policymakers act, the lower the costs for reaching these targets. To further enable the lowering of the costs, the European Commission provides an array of funding mechanisms, such as, among others, the European Structural and Investment Funds (with the European Regional Development Fund and Cohesion Funds as being the most relevant), the LIFE

program that finances pilot, best-practice, demonstrated and integrated projects, the Horizon 2020 program, the Project Development Assistance and others.

1.3 Regional and local governments' needs and solutions

Some key issues faced by regional and local governments in implementing their energy efficiency policies are the lack of capacity, resources, and skills for replicating their own action plans or strategies in the municipalities. Best practices provided by the PUBLENEF project to overcome these hurdles (such as the experience of the OÖ Energiesparverband in Upper Austria) are to structure a program to optimize the policy process in order to deal with the lack of time, resources and skills for project planning, which facilitates the implementation of the investments ultimately. The facilitation program can consist of a) proactive visits to municipalities to assess concrete projects (prioritizing those that are less active to better understand their needs), b) providing energy advice (through individual support for specific investment projects on technical, financial and regulatory issues, and support and guidance for financing applications) and c) activation of stakeholders (through workshops, information events, participation in local councils' meetings, etc.). On the local level, next to such strategies, it is important to mobilize citizens and their associations to support these actions. One challenge with regard to citizen involvement is that citizens are often overwhelmed by the huge quantity of information available online on energy efficiency, renewable energy, and other sustainability issues. This may deter them from taking action or supporting local initiatives. A solution for this problem, as suggested during the discussions, is to develop a 'technical assistance service' at local level that can guide individuals through the 'journey' of energy-related investments.

Other barriers faced by regional and local governments are the absence of energy modelling at the local and regional level in order to properly and accurately set energy targets, the (very often) absence of program for monitoring energy efficiency at local level and the lack of enforcement means (i.e. no implication to the public sector where targets are not being met). These issues require tailored actions from the national bodies in order to assist regions implement the required policies (such as for instance setting requirements for energy agencies to the regions in order to deal with funding schemes and others). Nevertheless, regions and cities possess some strengths that can facilitate the policy process, such as their inherent capacity in mobilizing local resources and communication, expertise on legal and administrative issues, familiarity with public procurement processes, knowledge on

administration of structural or cohesion funds and often they can set the political mandate to mobilize energy efficiency actions.

1.4 Consistency between policy targets and the financial means of achieving them

In terms of the forthcoming EU Multiannual Financing Framework, there are large opportunities for supporting municipalities and regions to fulfil their targets (such as ELENA, JASPERS, FI COMPASS, Technical guidance on financial renovation for buildings), while there is a tripling of the funding related to energy issues. The focus of the funds on the new period will be on the low carbon economy and how to integrate energy efficiency in broader social and economic aspects, such as the quality of life. One lesson for cities and regions in order to enable investments through these funds is to provide ambitious targets and put in place policies bundled with suitable incentives.

As an example, ELENA aims to overcome the lack of technical capacity among local authorities and makes available project development support for energy efficiency, local renewables, and clean urban transport. 74 projects have been supported until now, with 38 of those including energy service companies (ESCOs) and Energy Performance Contracting (EPC), which were part of regional and local energy policy planning and target setting. Furthermore, as many local governments have difficulties with the statistical treatment of EPC on their balance sheets, the European Investment Bank has published a practitioner's guide on this issue, covering clauses common to typical EPC and explaining their impact on sheet treatment.

Related to making use of the financing sources, according to the PUBLENEF needs assessment to local and regional authorities, an important outcome was that the regulatory framework at its current state is sufficient. What public authorities do need though is to identify their resources and structure them. For the coming financing framework period, the key message from the financing perspective is the simplification of the procedures required in order to better address the envisaged target groups and trigger energy efficiency investments (mainly in the public buildings and lighting). In most financing schemes, it is important for regional and local authorities to provide combinations of services and products, so that ESCOs can move towards the energy services models and offer realistic financing options. For public authorities, there is a need to increase the expertise in financial and technical issues in energy efficiency, while there is a need for enhancing schemes for monitoring, reporting and

verification of energy savings (MRV) and their transparency, in order to secure the investment turnover to the ESCOs (in terms of savings' accuracy).

While standardization of projects is a triggering point for the financing institutions to secure their investments, from the perspective of cities and regions it is a rather difficult process in practice. Instead of standardization, a requirement for them would be to focus and invest more in intermediation. On the regional level especially, there is a great potential and need for intermediation with banks/financing institutions and the regional governments. The dialogue between financing institutions, cities and regions must be strengthened and should include also industries (related to energy efficiency) and their associations, as this builds up more understanding and trust.

In some cases, even if there is support from market actors to streamline the financing from regional governments to industry (through Public Private Partnerships (PPP) or service contract schemes), there can be legal and technical problems arising (and vice versa, where financing streams come from industries to regional governments) – this demands tailored policies.

Such is the case with EPC, where currently, the application of EPC contracts for the public sector is complicated, and the negotiation process remains ongoing in most EU regions that have demonstrated interest. EPC guidelines for public buildings are being drafted in several MS to guide regions, next to setting the required regulatory environment. A few challenges have been identified for EPC implementation in most countries (departing from a case study in Italy under PUBLENEF). Firstly, EPC has not been included as a contract type in the new Italian public procurement code, which makes the legal basis weak. Secondly, there has been no uniform application of the contracting. A third problem is that there is difficult access to EPCs for smaller-sized municipalities, as they usually have no dedicated technical offices and staff lack the required technical skills. Furthermore, in the banking system there is a lack of specific expertise about technical assessment of energy efficiency projects. This is a common issue in countries that have been hit by the economic crisis, where their banks and banking associations are interested in energy efficiency in a stable environment but consider it still as risky investment, while they require simple projects and track record in such projects from the applicants. The proposed solution in Italy was an amendment to the regulations to allow specifically for EPC in the new Italian code of contracts. Pending the issuance of the national EPC guidelines, PUBLENEF has implemented a pilot project in Catania based on the draft guidelines (which can assist in templates of EPC contracts). Through the pilot, specific challenges with the implementation could be identified, and lessons could be learned to facilitate the finetuning of the guidelines as well as future EPC implementation.

1.5 The role of local and regional authorities in upscaling investments and replicating them across EU

Local and regional authorities are important players in reaching both energy efficiency and renewable energy goals. Although these authorities face challenges such as a lack of capacity, a lack of financial resources, and sometimes a reluctance to change, they can be a source of inspiration and a multitude of good practices. For that reason, extra tools are required which enable the exchange between regional and local authorities, such as the EU funded Horizon 2020 MANAGENERGY (<http://www.managenergy.net>) and PROSPECT (<http://www.h2020prospect.eu>) projects, which developed a peer-to-peer learning program for local and regional authorities on innovative financing schemes for their planned sustainable actions (see also the EC TAIEX-REGIO PEER TO PEER tool - http://ec.europa.eu/environment/eir/p2p/index_en.htm).

The implementation of energy efficiency policies from Local authorities is complementary to the usual legislative top-down approach in policy making (from national legislation to regions and cities). National legislation and action plans should consider what local and regional authorities are willing and can do. Local plans are often not completely in tune to national policies and vice versa, creating a gap in the EED reporting and planning. In PUBLENEF, many useful tools were collected, and some developed further as ‘roadmaps’. One such roadmap is related to the ‘system for measuring and verifying energy savings’ SMiV, a national measurement and verification system in Croatia, which was funded earlier by the EU H2020 MULTEE project (<http://multee.eu>) and acted as a showcase for other MS. In the process, it is ensured that national and local planning in Croatia (and the regions in the EU that would be interested in applying such a tool) becomes more coherent, and capacities are developed to improve the current planning methodology.

1.6 Availability of tools and resources for regional/local policy making

There is a broad range of tools and best practices available for supporting the policy making processes on different layers (as they are expressed by the various articles of the EED). Nevertheless, as PUBLENEF demonstrated, when it comes to available guidelines, they refer

mainly to Article 17 and 20 (financing and technical support) and are limited to renovation strategies (Art. 4), public procurement (Art. 6) and heating and cooling (Art. 14). Furthermore, software or online platforms for regions and municipalities mainly address information and training (Art. 17) and are limited to audits (Art. 8), consumer information (Art. 12) and energy services (Art. 18). There are almost no tools on role of public buildings, metering, billing, cost of access to metering and billing, penalties, energy transformation, distribution, qualification, accreditation and certification schemes; such issues require further support to assist regions and cities.

Following the deliberations on regulations and alignment between national and local regulations and implementation, it is necessary to create the right ecosystem to roll-out energy efficiency schemes at the local level with the focus on successful energy efficiency policy and programs at local level, mobilizing support and participation of citizens, and stakeholder engagement and coordination.

1.7 Energy communities responding to their energy needs

A best practice for stakeholder coordination is that of energy clusters or energy communities, which have been growing in several EU MS over the past years (in PUBLNEF such a cluster is being implemented in the Polish municipality of Gieratowice). The energy cluster in Poland for example is defined as agreements between different entities including local governments, which aim at becoming energy efficient regions through a more effective use of local renewable energy sources, for instance ‘greening’ the municipality by using locally available energy sources and gas that can be extracted from exploited coal mines. That way the municipality could become energy self-sufficient.

Suggested advantages of the energy cluster concept are that it can increase and rationalize the utilization of local resources, stimulate local economic development, improve local energy security, and ease the acquiring of co-financing for planned investments. The main conclusion of the discussed activities is that both energy efficiency measures and development of renewable energy sources should be taught, explained, implemented and reviewed locally, that is in municipalities. That way the policy can be understood by everyone and have the largest impact. Additionally, targeting local communities enables to exploit regional potential of both energy efficiency improvement and renewable energy sources to the fullest.

1.8 Solution to fragmented processes

Another approach was presented by the EU-funded H2020 INNOVATE project (<http://www.financingbuildingrenovation.eu/>), which is focused on setting up innovative energy efficiency service packages for home renovations. The project foresees a 'one-stop-shop' model in which a public company or public-private partnership provides attractive energy efficiency service packages to homeowners. The package includes a guarantee of results, made possible through long-term and affordable financing, structured coordination of the process, and tailor-made products (including also the engagement process, communication and marketing tools, and guarantee of results). In this case, the local authorities can act as developers (through a public company or utility and can establish a contract/partnership with a private company or cooperative) and as coordinators (where they can bring together actors who can provide different services under the same roof).

1.9 Take away messages

- ✓ All policy layers (national, regional and local) contribute to the overall energy saving target;
- ✓ structure a program to optimize the policy process in order to deal with the lack of time, resources and skills for project planning, which would facilitate the implementation of the investments ultimately;
- ✓ develop a 'technical assistance service' at local level, that can guide individuals through the 'journey' of energy related investments;
- ✓ cities and regions, in order to enable investments through the EU funds, must provide ambitious targets and put in place policies bundled with suitable incentives;
- ✓ the key message from the financing perspective is the simplification of the procedures required in order to better address the envisaged target groups and trigger energy efficiency investments (mainly in the public buildings and lighting);
- ✓ instead of standardization of energy efficiency projects, a requirement for the regional and local authorities would be to focus and invest more in intermediation;
- ✓ there is a need to increase the expertise in financial and technical issues in energy efficiency, while there is a need for enhancing MRV schemes and their transparency, in order to secure the investment turnover to the ESCOs (in terms of savings' accuracy);
- ✓ energy cluster concept can optimize the use of local resources, stimulate local economic development, improve local energy security, and ease the acquiring of co-financing for planned investments