The very different worlds of energy efficiency and finance are connecting and combining rapidly. Evidence of this can be seen across Europe where regional, national and European initiatives which are enabling innovative sustainable energy investments to be developed. Many Energy Agencies are placing themselves at the heart of this revolution but there is a need for more Agencies to grasp the huge opportunities which this movement presents. Both worlds have much to learn from each other, each side has to learn the other’s language, while also adapting their status quo operations to embrace new solutions and approaches. Having engaged with Energy Agencies from across Europe through ManagEnergy MasterClasses and Expert Missions, there is still a long way to go if the two worlds are to combine in harmony!

Financing large scale energy efficiency investments presents many challenges for which new solutions are emerging. Guarantee Funds, Public Private Partnerships, Crowdfunding are just some of the solutions which are being developed, expanded and piloted in different regions. These often require policy and legislative changes which Energy Agencies need to champion. In an era when there is significant liquidity available in the European finance sector, now is an important moment to maximise investments.

Private sector finance is a critical one if the energy transition is to succeed, but the finance world complains that not enough viable projects are being presented to them to invest in. Energy Agencies, and their regions, need to fill this gap and aggregate, bundle and seek to de-risk projects which have an opportunity to be financed.

The concept of One Stop Shops, which combine advice, technical support and finance are ideally suited to the world of Energy Agencies, but integrating the financial services with existing technical supports can present challenges. This will only be achieved if Energy Agencies learn to “Speak Finance”. FEDARENE is supporting its members to be part of this revolution through such initiatives as ManagEnergy, PROSPECT and other projects and activities. These enable Agencies to upskill and develop new competencies. Make sure you take advantage of such supports and don’t miss the finance train – it is going to be a fascinating journey.

Seamus Hoyne
Secretary General
Manager at Limerick Institute of Technology (IE)
Chair of Tipperary Energy Agency (IE)
INTERVIEW: ISABELLE THOMAS
MEMBER OF THE EUROPEAN PARLIAMENT

Isabelle Thomas, from the French region of Brittany, has been a member of the European Parliament since 2012. Affiliate of the Socialist & Democrats group and member of the Budget Committee, she is currently co-rapporteur on the next Multiannual Financial Framework (MFF).

As co-rapporteur on the next MFF, you had to strike a balance between EU’s key priorities in terms of expenditure. Where does the energy transition fit into this exercise and in the negotiations?

The proposal of the Commission at 1.08% of the Global National Income is very disappointing, as it will impact first hand local financing and policies, even though they are appropriate levels of decision and matter in the fight against climate change. Cohesion policies and solidarity programs represent the main cuts of the next MFF as the Commission proposes it. As such, they endanger the policies that impact climate change in a transversal manner and prevent localities to develop sustainable policies and investments. It was fundamental for us to increase the effective and forward-thinking programmes such as CEF Energy, Horizon Europe or LIFE. The pillar that organises solidarity and cohesion within the EU, albeit so fundamental for the implementation of energy transition, was strongly cut by the Commission (-7% European Social Fund, -45% Cohesion Fund) in favour of the new priorities that are Migration and Defense, for example. The Parliament made sure to maintain these programmes, and to create a specific Just Energy Transition Fund that support workers and associations of workers victims of the transition from coal to sustainable energy (4,8bn). In order to establish a comprehensive and effective Union’s budget, we had to study different options to guarantee the necessary level of commitments in the Union’s budget. As such, the creation of new Own Resources is fundamental in the subsistence of the EU’s future. They can even, in the case of an Own Resource based on carbon emissions for example, play a double role of enticing the energy transition while funding the budget to take an active part in this transition.

Under the current proposals, funding programmes crucial to regional and urban development and territorial cooperation will suffer cuts. Are these cuts inevitable?

These cuts are far from being inevitable: on the contrary, the proposal of the Commission is tragic for territories, and for the solidarity in a European Union that undergoes disparities, a confidence crisis and is looking to have a bigger presence externally. The Parliament’s position, as adopted on November 14th by a strong majority (429 in favour), proposed to maintain these fundamental fundings (Cohesion fund, ERDF) and to increase the basis of funding programmes and to create a specific Just Energy Transition Fund that support workers and associations of workers victims of the transition from coal to sustainable energy.

EU's most recent Clean Energy legislative acts aim to empower citizens in the energy transformation underway. Can this central role of citizens be found in EU's budget under the current proposals?

In the Commission proposal, this central role cannot be found. The process of renationalisation of European funds, especially through the conditionality on the unlocking to the European Semester objectives, prevents local entities and citizens to play the part they are supposed to play in implementing EU policies on the ground. Moreover, the proposal of the Commission to diminish the European contribution in cofinancing and its proposal to reduce important funds for regions such as the Cohesion Fund and the ERDF is emblematic of the Commission’s path to reduce local entities’ power of decision and action. In the position of the Parliament, however, we made sure to uphold the central role of citizens and localities by maintaining funds that allow them to act and implement the Union’s objectives in terms of energy transition. The Just Energy Transition Fund will be a fundamental element to address both social issues of citizens and to organise the energy transition and the fight against climate change.

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ABOUT FEDARENE
EUROPEAN FEDERATION OF AGENCIES AND REGIONS FOR ENERGY AND THE ENVIRONMENT

FEDARENE is the premier European network of players (agencies, departments ministries and/or administrators, etc.) charged with the implementation, co-ordination and support of energy and environment policies at regional and local levels. FEDARENE organises and develops exchanges of experience, partnerships and collaboration between its member regions and agencies. It represents and promotes local and regional dimensions to the European institutions and in debates related to energy and the environment at EU level.

FEDARENE is a non-profit association established in 1990 at the initiative of 6 European regions. It now has 70 members in 21 countries in the European Union.

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The Liguria Region is making extensive use of innovative financing schemes to implement energy efficiency measures on its public assets.

Over the past few years, IRE Liguria has launched a number of initiatives to implement energy saving measures on public assets, in an effort to decrease energy consumption and emissions while boosting the local economy. In order to respect the Covenant of Mayors’ objectives, creativity and alternative financing solutions had to be found, given the budgetary constraints that are typical of modern administrations and the little potential for loans and investments within Italy. Interventions thus focused on the innovative use of Energy Performance Contracts (EPC), which allow funding energy upgrades from energy (cost) reductions. Under EPC arrangements, a third party organisation (typically an ESCo) implements an energy efficiency project and is repaid of the investment with the stream of income from the achieved energy savings.

Three projects in Liguria recently made use of innovative financing schemes to finance energy efficiency investments, and were all developed by its regional energy agency IRE. Together, they cover a substantial amount of public assets and a relevant portion of the regional territory.

Two projects - “Prosper” in Savona and “Genius” in Genova – are aggregated investment programmes financed by the EIB-ELENA facility. “Prosper - PROvince of Savona Pact for Energy Efficiency and Renewables”, launched in 2015, mobilised €42m of investments in energy efficiency through EPCs, with interventions in 36 Municipalities focusing on public buildings, public street lighting and small RES (biomass, PV, solar thermal, mini-hydro). “Genius – GENova Innovative Urban Sustainability”, recently launched at the end of 2017, is to raise €40m of energy efficiency investments via EPCs, with interventions in 27 Municipalities focusing on public buildings, domotics (heating systems and indoor lighting), public street lighting and district heating. In both cases, the ELENA facility finances the technical assistance necessary to prepare all EPC tenders to be launched by Municipalities.

The third project - “Enershift” - is a Project Development Assistance project funded by Horizon 2020 focusing on the energy retrofitting of the social housing building stock of Liguria (over 3.000 dwellings located in the four Provinces) via EPCs. “Enershift” aims to raise investments in energy efficiency for around €15 m through private capitals (Third Party Financing), structural funds and resource synergies. Thanks to the project, EPC tenders have been launched and are currently in the process of being awarded. “Enershift” also prompted the Region to directly contribute to some of the renovation by allocating further €5m in ERDF funds to complement the EPCs.

Overall, Liguria’s use of EPCs has been a successful experience, albeit not free from complications due to the innovative character of these financing schemes, especially in the Italian context. All the projects were implemented by IRE Liguria, which developed the investment programmes for the ELENA facility as well as the H2020 project proposal.

The Liguria Region is making extensive use of innovative financing schemes to implement energy efficiency measures on its public assets.

The Upper Austrian “Energie-Contracting-Programm” supports energy contracting projects (EPC) in municipalities and companies. Over 200 projects, many of them in the business sector, have contributed to the development of a thriving EPC market in the region.

Energy contracting is well recognised as one of the solutions to overcoming the challenges of high upfront investments. It also allows to carry out projects with little own investment, thus keeping own funds available. In order to drive the development of the regional Energy Performance Contracting (EPC) market, the region of Upper Austria set up a programme that consists of a combination of facilitation services (for clients and ESCOs) and financial support. The programme grants a subsidy to cover a part of the costs of having the investment financed by an ESCO. The subsidy represents a percentage of the investment and goes towards reducing the annual rates paid by the clients to the ESCO. Eligible projects include energy contracting projects for energy efficiency and renewable energy (investments of €50-250k and contract duration of up to 10 years).

Many municipalities have used this opportunity for projects such as the refurbishment of street lighting and public buildings or converting to biomass heat. Several companies have also benefited from the programme.

The Hotel Schlögener Schlinge rests on the banks of the Danube River and is surrounded by nature. This 4-star accommodation offers 90 rooms for up to 200 guests. In 2018, the oil-fuelled boiler was replaced with a pellet heating system using the contracting model. An external energy container equipped with automatic pellet boilers (399 kW installed capacity) now supplies the hotel’s entire heat demand with clean biomass, reducing emissions by over 300 t CO2/year. The installation is owned and operated by the ESCO and the hotel receives the sustainable heat. Total investment costs were €245k, of which about 20 % was covered by the Energy Contracting Programme subsidy.

Due to the regional support programme, there are now more than 20 ESCOs offering EPC-related services in Upper Austria. Over 200 projects have been implemented. Managed by the ÖÖ Energiesparverband, the energy agency of Upper Austria, the programme has made EPC a well-known instrument in Upper Austria by municipalities and companies alike.
Here are FEDARENE’s 5 steps to a Budget for a United and Sustainable Europe:

1. The energy transition is a driver for European Cohesion. The energy transition is not an adjustment variable for the budget of the European Union but on the contrary, it is an essential part of the solution that maximizes its impact and creates additional revenues. It is a driving force that brings benefits across all sectors and for all levels of society through the creation of sustainable jobs and investment opportunities, the improvement of health and the quality of life and by addressing social inequalities.

2. The added value of European Union’s financial programmes is made tangible through local and regional initiatives. Local and regional initiatives show that cohesion policy is both a catalyst for investment and a means for beneficiaries to raise their ambitions and take ownership of the European objectives, specifically those of the Energy Union.

3. The accessibility of funds is a prerequisite for effectiveness and efficiency. Current rules and processes remain prohibitive for local and regional authorities, and organisations who are seeking to finance their Climate and Energy actions plans. Looking at procedures from the point of view of potential beneficiaries should be a core principle for the simplification process.

4. Complementarity of funding programmes can be achieved through common frameworks and local and regional platforms. Mutualising research and innovation efforts in Europe, and up-scaling investments in sustainable energy, can only be achieved through harmonised financial programmes and territorially anchored platforms with the aim of aggregating projects, interacting with various EU financial programmes and initiatives, and ensuring a reliable interface between investors, project developers and citizens.

5. A co-financing rate of 80-100% for the LIFE sub-programme on clean energy is crucial in order to continue attracting active regions, cities and energy agencies involved in sustainable energy related capacity building and market uptake projects.

**MANAGENERGY: LEADERS IN ENERGY TRANSITION**

ManagEnergy is a European Commission initiative dedicated to regional and local energy agencies. Its main objective is to assist agencies in becoming leaders in the energy transition and to increase sustainable energy investments in regions and cities. The focus of Managenergy is thus on sustainable energy investments.

Since the launch of new ManagEnergy initiative in June 2017, 4 Master Classes, 7 Expert Missions and a Networking have taken place, increasing the skills of more than 100 energy agencies’ staff members and supporting them in developing new projects and services. And many more are coming!

Master classes are 3-day training sessions organised in Brussels and delivered by leading energy experts for energy agency staff. Each Master Class intends lots of group work, engagement activities and presentations by guest speakers from the financing sector/with financing expertise.

Expert missions, on the other hand, offer tailor-made support from an expert visiting an energy agency in order to help them strengthen their role in their city/region. Annual networking events and ManagEnergy Talks are also organised in Brussels to encourage cooperation between local and regional energy agencies and inspire them to lead the energy transition.

Visit the website: [https://managenergy.eu](https://managenergy.eu)

**PROSPECT: PEER POWERED CITIES AND REGIONS**

Securing financing for sustainable energy and climate projects remains a great challenge for many cities and regions in Europe. According to several surveys, one of the biggest barrier is the lack of internal capacities to transform SECAPs into sound investment plans and ensure their successful implementation despite strained public budgets.

The **H2020 project PROSPECT** takes on this challenge and aims at boosting cities and regions’ skills and expertise through a peer to peer learning programme for Cities and Regions to learn with and from each other on how to finance and implement their sustainable energy and climate action plans using innovative schemes. The learning programme has 5 thematic modules, namely public buildings, private buildings, public lighting, transport, and cross-sectoral, in which regional and local authorities, who can serve as mentors or mentees, will learn in two ways: through peer mentoring and study visits.

Over the 3 years of the project, 150 local and regional authorities will be engaged in the programme, either as a mentor or a mentee. Mentors get to showcase their achievements in the field of sustainable energy and climate action projects and have their city or region featured as a best practice, inspiring others. Mentees, on the other hand, benefit from the programme by increasing their understanding about the relevant financing schemes in order to launch new sustainable energy and climate actions.

The programme is divided in 3 learning cycles, starting respectively in Spring 2018, Autumn 2019 and Spring 2019.

Visit the website: [https://h2020prospect.eu](https://h2020prospect.eu)