



FINANCIAL FACTSHEET

For local public authorities: financing sustainable energy

Insights from COOPENERGY workshop on financial instruments, Milan - 20 June 2014

Regional and local authorities in Europe are widely collaborating to plan and implementing measures to reach sustainable energy targets by 2020 and beyond. But how can we fund these strategies and projects in this moment of economic crisis and tight budgetary constraints for public administrations?

This factsheet, produced within the IEE co-funded project COOPENERGY [[read more in the presentation by Biard – RAEE](#)], presents the outcomes of the Workshop on this topic, held in Milan (IT) at Bocconi University on 20th June 2014 and attended by representatives of regional authorities, local authorities and experts.

Planning sustainable energy projects

- **European regional and local authorities are the main actors** in sustainable energy planning and climate protection. Through their Sustainable Energy Plans, they define strategies and actions to reach targets regarding CO₂ reduction, energy efficiency and renewable energy use in their territories.
- **Collaboration between local levels can improve coordination and coherence** between local plans, addressing risks of inconsistencies, overlaps, lack of technical skills, and generating economies of scale. **See the examples of collaborative initiatives between the Regional and Local Authorities** of [Liguria \(IT\) in the presentation by Fabianelli - IRE Liguria](#) and of [Lombardy \(IT\) in the presentation by Alberti - Finlombarda](#).

Barriers to financing energy projects

- Even if several successful examples of sustainable energy initiatives exist, there are **political, technical** and **financial** barriers which hamper further initiatives or

prevent the attainment of local sustainable energy targets.

- According to a survey conducted within the COOPENERGY project on about hundred cases of collaborative initiatives, **lack of funding** and **financial constraints** are key problems in implementing sustainable energy initiatives. **Read more** about these constraints in the [presentation by Croci and Molteni - Bocconi University-IEFE](#). However, according to several experts, funding sources are indeed available.
- A key issue is the **gap between energy efficiency projects designed by local authorities and local financing institutions**. On one side, local authorities often lack the required skills to prepare **bankable** energy efficiency **projects**. On the other side, banks tend to perceive these projects as too small and risky, since they often lack the skills to evaluate costs and benefits of projects of this kind. Furthermore, banks seldom design financial instruments or products specifically tailored on the needs of local authorities.





The role of third parties

- The **involvement of third parties** providing the capital and assuming the financial risk **can be an alternative financing strategy** for local authorities to implement energy efficiency projects, for example through the involvement of **ESCOs** - Energy Service Companies, and Public Private Partnerships [[Read more in the presentation by Bertoldi - JRC](#)].
- A still small, but growing, phenomenon is **crowdfunding**, an alternative form of financing that connects private citizens available to lend or invest money with other subjects seeking financing for a specific project, using internet-based platforms [[Read more in the presentation by Tordera - ECN](#)]. This financing approach has been applied to investments in renewable energy plants, and there are examples of projects in which local authorities and private citizens together contribute to fund a renewable energy project.

Watch the interview to Paolo Bertoldi, energy efficiency expert of the JRC - European Commission, on the top tips for financing energy efficiency projects



Watch the interview to Irene Tordera, from the European Crowdfunding Network (ECN), on what crowdfunding is



European Project Development Assistance

The European Commission, through the Intelligent Energy Programme, has developed several **Project Development Assistance initiatives** to support local and regional authorities in preparing bankable sustainable energy projects. These facilities provide financial support for different steps of project design, and vary according to project size, target and managing entity. These initiatives include the different **ELENA facilities** and **MLEI - Mobilising Local Energy Investments** of EACI (Executive Agency for Competitiveness and Innovation).

[Read more in the European Commission's website](#)

Funding for investments in energy efficiency projects for public authorities is available through European mechanisms, such as the **European Energy Efficiency Fund** promoted by the European Commission, European Investment Bank, Cassa Depositi e Prestiti and Deutsche Bank [[Read more in the presentation by Pattofatto - CdP](#)]; and through the **JESSICA Urban Development Funds** managed by the European Investment Bank [[Read more in the presentation by Leanza - EIB](#)]. Also in this case, it is of utmost importance for local authorities to prepare bankable projects in order to succeed in obtaining funding, and technical assistance/project development assistance facilities can support them in this direction.





Funding Sustainable Energy projects: experiences from European local public authorities

OSER (FR) (Public Regional Energy Services Operator), Local Public Company created in 2012 by **Rhône-Alpes Regional Council (FR)**, works with local authorities to support **renovation projects** targeted at reaching high energy-performance levels in **public buildings**, providing technical, legal and financial expertise and project management assistance to its local authorities shareholders.

[Read more in the presentation by Ruguet Chappuis - Rhône Alpes Regional Council.](#)

SEM Energies POSIT'IF (FR), semi-public company created in January 2013 by the **Ile-de-France Regional Council** with the Caisse des Dépôts et Consignations, Caisse d'Epargne Ile-de-France, the City of Paris and 12 other local authorities, assists **condominiums** and **small social landlords** with their energy efficiency **renovation** projects, acting as a **third-financer** for a part or the totality of the project cost. The SEM aggregates small/medium size works to reach a critical mass and optimize finance transaction costs.

[Read more in the presentation by Falque-Masset - ARENE.](#)

Joint procurement for public lighting (IT)
Through the **Liguria Energy Consortium**, Liguria Region and its municipalities are supported in catching savings opportunities offered by the liberalisation of the **energy market** and adopting an innovative approach for **energy management** in public properties.

[Read more in the presentation by Fabianelli - IRE Liguria.](#)

Joint procurement for bulk energy (CZ)
Municipalities of the **Zlín Region** are being supported by **EAZK** – Regional Energy Agency, in the procurement of **electricity** and **natural gas** in order to optimize purchase prices.

[Read more in the presentation by Perutka - EAZK.](#)

Community energy (UK)

Kent County Council is supporting community energy groups providing **technical, planning and financial advice**; in summer 2014, workshops have been organized around Kent to inform communities about funding opportunities.

[Read more in the presentation by McKenzie - KCC.](#)

Positive Energy Territories (TEPOS) (FR)

Rhône -Alpes Regional Council is providing technical and financial support to a number of selected territories for their **transition** to positive energy by 2050. To obtain funding, territories should present a solid **action plan**, be backed by **political ambition** and involve a wide range of **stakeholders**.

[Read more in the presentation by Ruguet Chappuis - Rhône Alpes Regional Council.](#)

Local financing for sustainable energy in the Basque Country (ES)

The **Basque regional government** provides funds through the regional energy agency - **EVE**, for energy efficiency and renewable energy projects. Until 2012, the funding came from the electricity bill (national level fund). Since 2013, EVE finances the subsidies from the benefits coming from a public-private owned partnership.

[Read more in the presentation by Perez De Laborda - EVE.](#)

Supporting initiatives of financial institutions

The **"Energy Efficiency Financial institutions Group"** launched by the European Commission, supports policy makers in capturing the benefits of energy efficiency measures, facilitating the use of EU structural and investment funds through public-private financial instruments. [Read more in the presentation by Capurri - UniCredit.](#)

In Lombardy (IT) the **banking foundation Cariplo** has activated several programmes to support local authorities in the field of sustainable energy, acknowledging their difficulties in accessing funding and applying to funding programmes [Read more in the presentation by Jachia - Fondazione Cariplo.](#)

