SEVEn THE ENERGY EFFICIENCY CENTER, z.ú.

Energy efficiency financing and ESCO market on the local level, issues and opportunities

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SEVEn, The Energy Efficiency Center

SEVEN, THE ENERGY EFFICIENCY CENTER

- non-profit consulting organization that has been operating in the Czech Republic since 1990.

  The mission of SEVEn is protecting the environment and supporting economic development by encouraging the efficient use of energy.

- SEVEn works with a number of domestic and foreign partners, including state authorities, financial institutions, industrial enterprises, municipalities, and energy generators and distributors.

Energy efficiency targets

- Alternative scheme in the Czech Republic
- Mainly supporting schemes covering the EE target
- Subsidy is the main instrument
- Energy performance contracting, method with increasing impact

Alternative policy measures by sector

Households

- New Green Savings 2013
- New Green Savings, 2014–2020
- Operational Programme Environment 2014-2010 (PA 2 – SO 2.1)
- Integrated Regional Operational Programme
- JESSICA Programme
- Panel Programme
- Joint Boiler Replacement Scheme

Alternative policy measures by sector

Services

- Operational Programme Enterprise and Innovation (business entities)
- Operational Programme Enterprise and Innovation for Competitiveness (business entities)
- EFEKT Programme – investment part (public service sector, lighting)
- Operational Programme Environment, 2007–2013 (public service sector)
- Operational Programme Environment, 2014–2020 (public service sector)
- Operational Programme Prague – Growth Pole 2014–2020

Industry

- Operational Programme Enterprise and Innovation
- Operational Programme Enterprise and Innovation for Competitiveness

Policy measures for energy efficiency

4.1 Annex 1: List of alternative policy measures under Article 7, and prediction of the energy savings made in final consumption by such measures

Sector	Measure number	Measure	2008-2010	2011-2013	2014-2016	2017-2020	Allocation (estimate)
			TJ	TJ	TJ	TJ	CZK billions
Households	1.1	Regeneration of high-rise pre-fabricated buildings – PANEL/NEW PANEL Programme (MRD)/Panel 2013+	-	-	79	100	4.5
	1.2	Green Savings (MoE)	2,950	2,950	-	-	-
	1.3	New Green Savings 2013 (MoE)	-	-	376	-	0.7
	1.4	New Green Savings 2014–2020 (MoE)	-	-	3,387	11,037	27
	1.5	JESSICA Programme (MRD)	-	-	73	2	0.6
	1.6	Integrated Regional Operational Programme (MRD)	-	-	442	3,128	16.9
	1.7	Joint Boiler Replacement Scheme (MoE)	-	-	354	-	0.15 (est.)
	1.9	Operational Programme Environment 2014–2020 (MoE) (household part, priority axis 2)	-	-	699	2,302	10
Services	1.8	Operational Programme Environment 2007-2013 (MoE)	139	1,168	1,385	-	-
	1.9	Operational Programme Environment 2014–2020 (MoE)	-	-	462	1 521	14.6
	1.10	State programmes on the promotion of energy savings and the utilisation of renewable energy sources (EFEKT) – investment subsidies (MIT)	165	21	35	105	0.3 (est.)
	1.11	Operational Programme Prague Growth Pole – buildings part (Prague)	0	0	0	10	1
	1.12	Operational Programme Enterprise and Innovation (MIT) (commercial services)	313.8	800	506.2	-	-
	1.13	Operational Programme Enterprise and Innovation for Competitiveness (MIT) (commercial services)	-	-	200	3,800	4
Industry	1.12	Operational Programme Enterprise and Innovation (MIT)	1,255.2	3,200	2,024.8	-	-
	1.13	Operational Programme Enterprise and Innovation for Competitiveness (MIT)	-	0	800	15,200	16
Total			**4,823**	**8,139**	**10,823**	**37,205**	**96.1**

Source: National Energy Efficiency Action Plan of the Czech Republic, 2016

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Main issues

- Market **heterogeneity**
  - Market for Energy Efficiency Services is highly heterogeneous
  - Market has developed considerably
  - But fragmentation and heterogeneity set limits to growth
- **Complexity** of energy efficiency services
  - Due to heterogeneity of Energy Service Providers
  - Difficult to differ between “good quality” and “bad quality” services

Specific objectives

- Market research in to support decision making
- Development of a standardised set of “Quality Criteria”
  - Technical and financial guidelines
  - Lean but powerful tool to assess different EES offerings
  - Criteria can be incorporated in service contracts by clients
  - Each technical quality criterion contains a set of assessment criteria
- Implementation of national quality assurance schemes in at least 8 partner countries
  - Establishment of 11 national promotion teams
  - Introduction of national discussion platforms

The European Code of Conduct for EPC

conducted in a stakeholder process

Single common European Code of Conduct for EPC:

- finalised in 2014 to support transparent and trustworthy high quality EPC markets
- defines the basic values and principles that are considered fundamental for the successful preparation and implementation of EPC projects
- prepared within Transparense project financed by EU
- discussed with stakeholders:
  - European level: eu.ESCO, EFIEES, EASME (EC), SC members
  - National level (national workshops): ESCOs, ESCO associations, policy makers, EPC clients and facilitators from 20 countries
- approved and currently administered by European associations of providers: EFIEES and eu.ESCO

The European Code of Conduct for EPC

nine principles

1. The EPC provider delivers economically efficient savings
2. The EPC provider takes over the performance risks
3. Savings are guaranteed by the EPC provider and determined by M&V
4. The EPC provider supports long-term use of energy management
5. The relationship between the EPC provider and the Client is long-term, fair and transparent
6. All steps in the process of the EPC project are conducted lawfully and with integrity
7. The EPC provider supports the Client in financing of EPC project
8. The EPC provider ensures qualified staff for EPC project implementation
9. The EPC provider focuses on high quality and care in all phases of project implementation

General opportunities

- Common understanding of ‘good quality’ and enforcement leads to improvement in service quality and recognition for the best performers
- Better informed investors, increased transparency and trust will expedite investment decisions
- Increased standardisation allows for investment aggregation to reduce the cost of finance
- Extensive ESCO market research information will facilitate decision making and policy development

Online questionnaire 2017

15 Countries

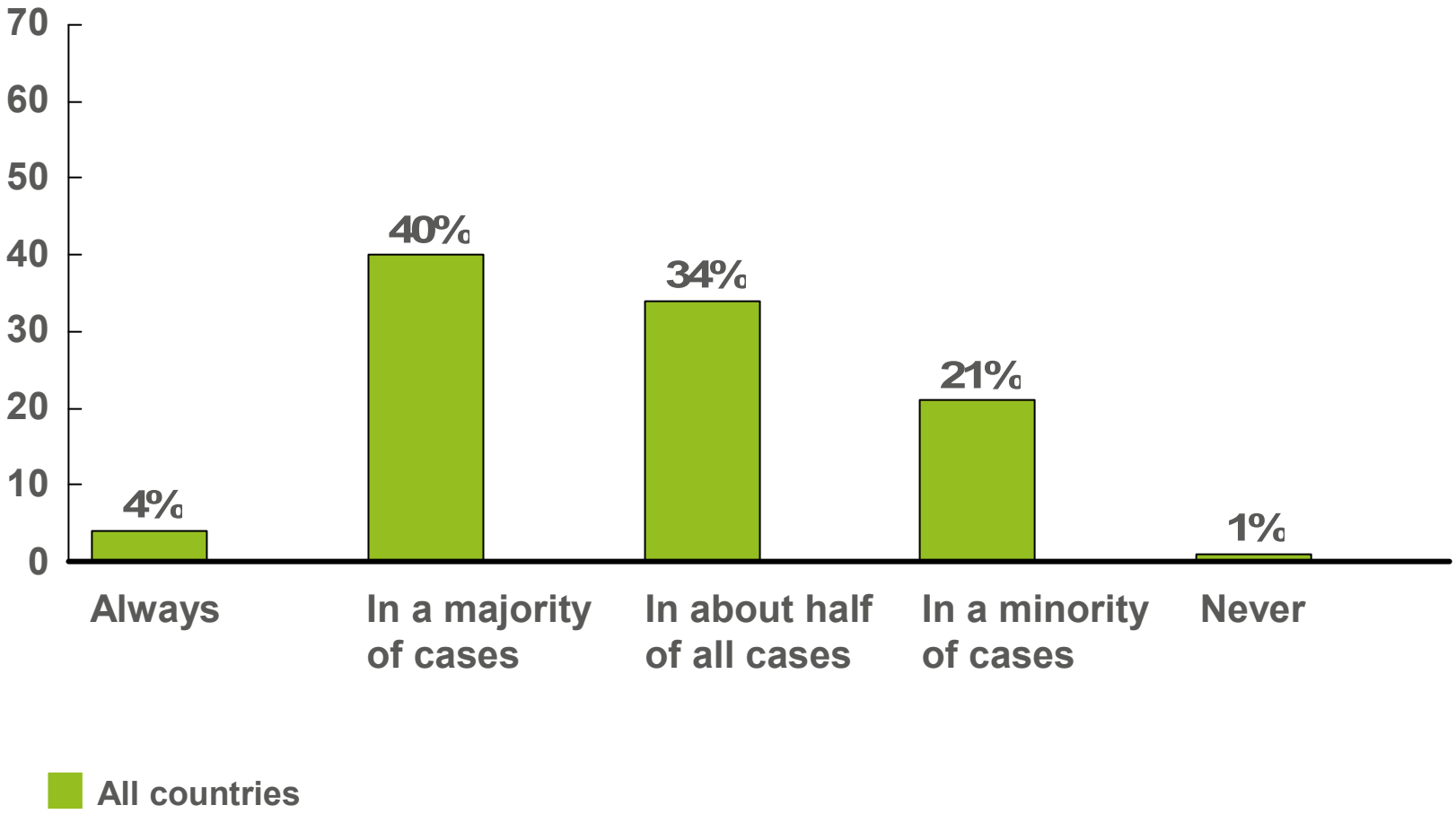
109 EES providers

79 EES facilitators

See results at
https://qualitee.eu/market-research/

Lack of trust in providers

Energy Efficiency Services



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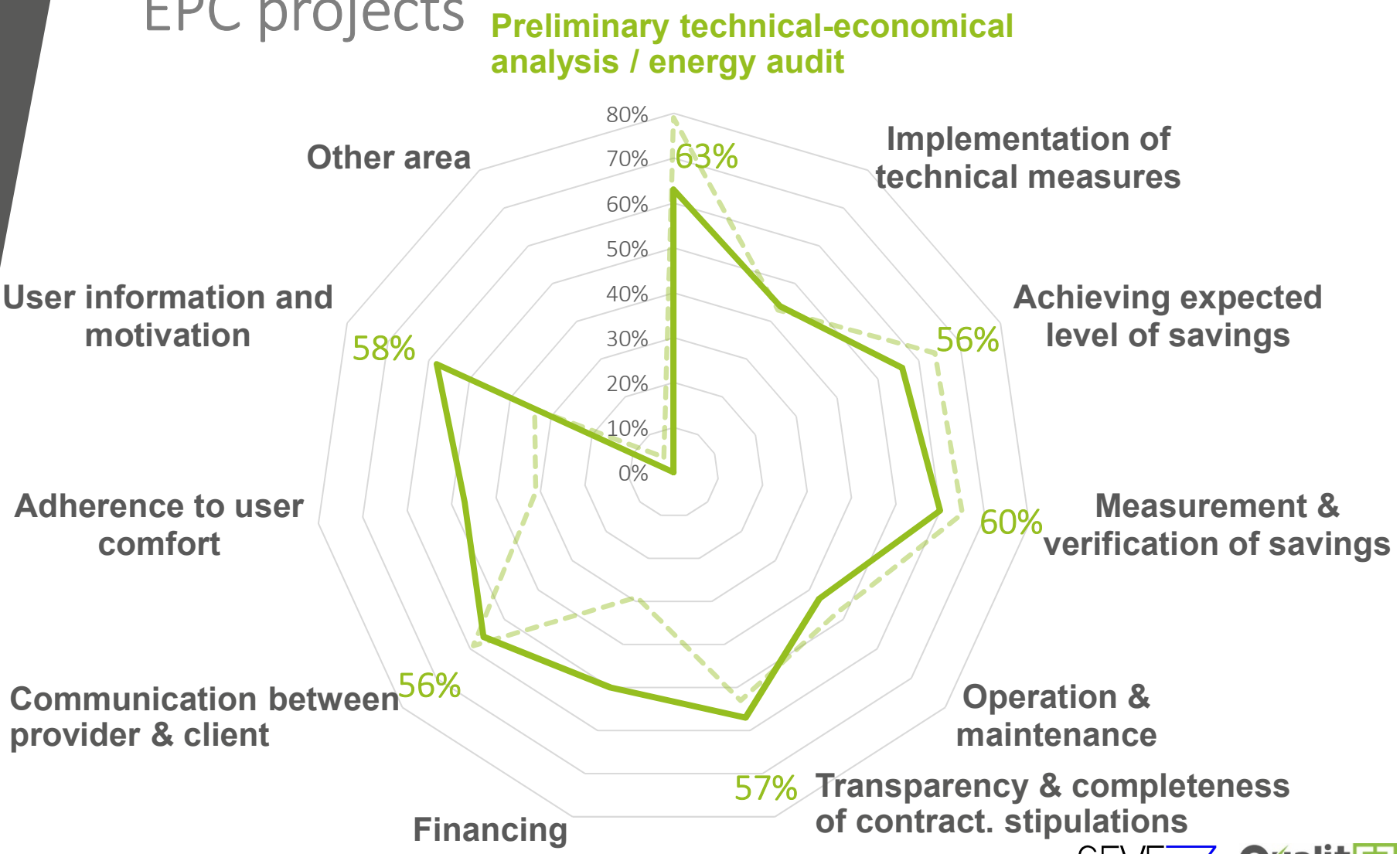
Quality improvement most needed

EPC projects



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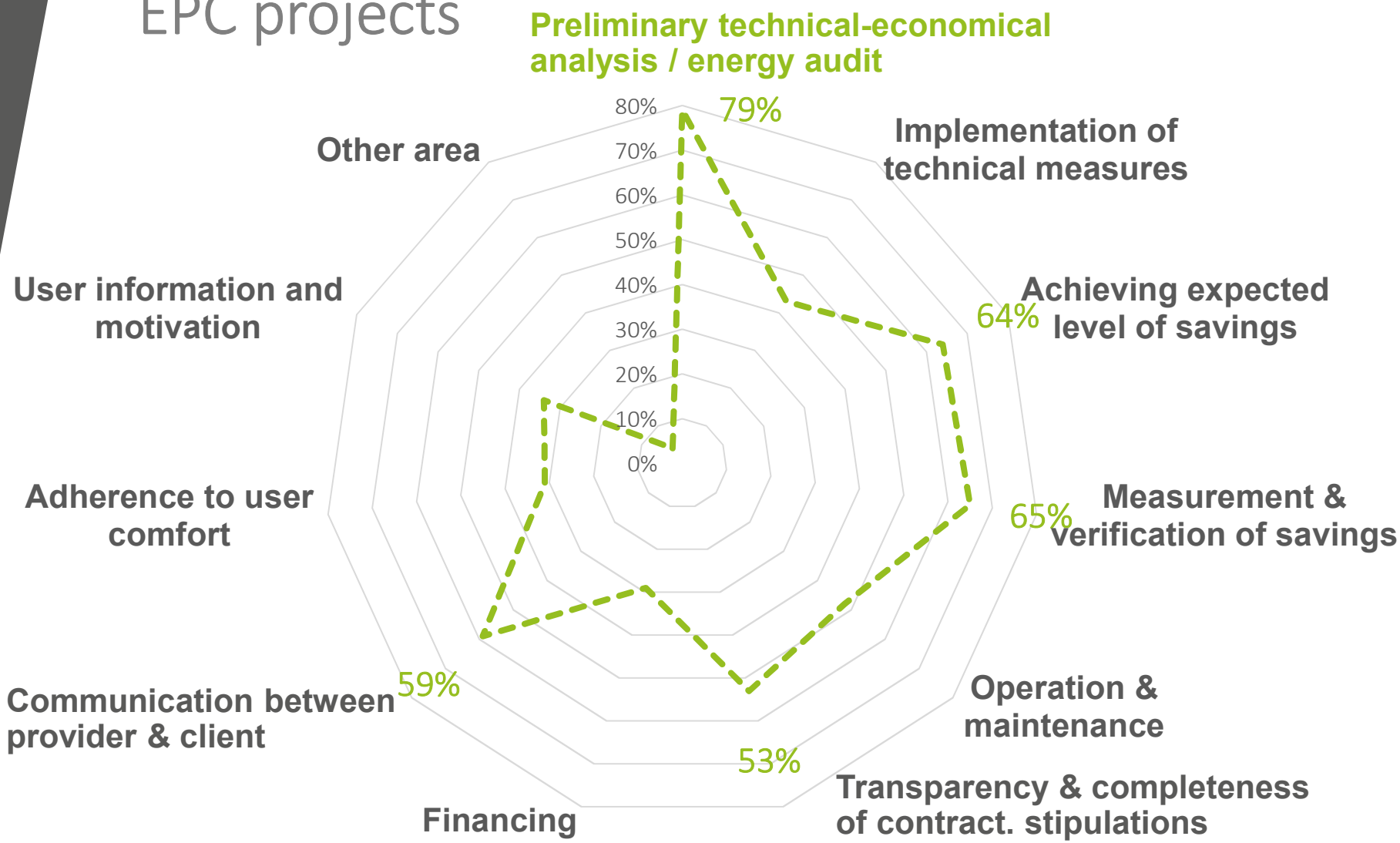
Key quality determinants

EPC projects



All countries

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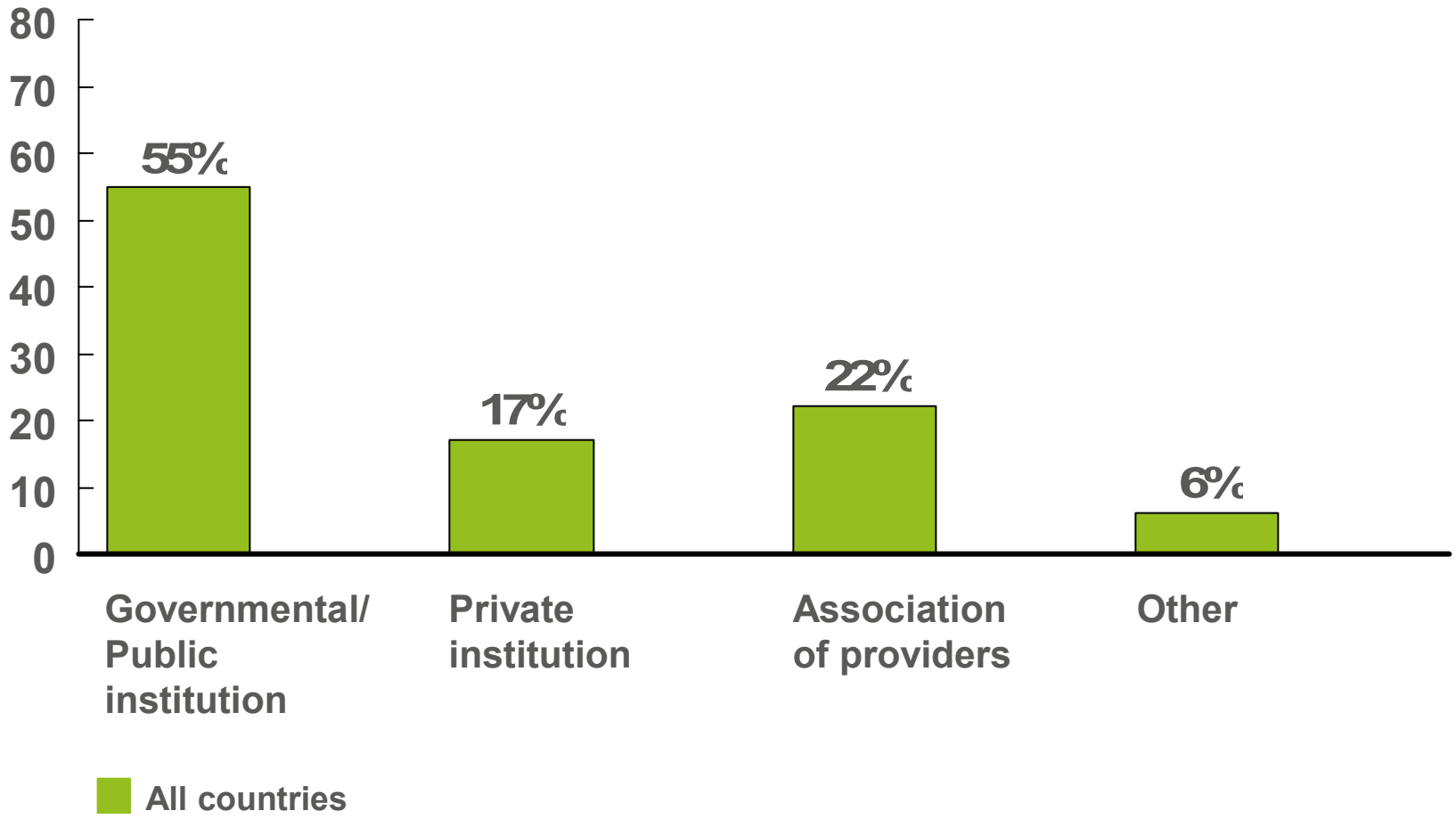
Quality assurance scheme

Respected body to issue a label or certification



Project with local authority Přeštice

Energy services in Přeštice have significantly increased the biogas share of heat supply

- A highly innovative energy services project was carried out in the town of Přeštice last year.
- As a result – and for the first time in the Czech Republic – nearly 90% of the heat generated in the regional district heating system came from biogas cogeneration units.

Technical quality criteria for EES

Draft version (January 2018) comprises of nine quality criteria:

- QC 1 ADEQUATE ANALYSIS
- QC 2 QUALITY OF IMPLEMENTATION OF TECHNICAL ENERGY EFFICIENCY IMPROVEMENT
- MEASURES
- QC 3 SAVINGS GUARANTEE
- QC 4 VERIFICATION OF ENERGY SAVINGS
- QC 5 VALUE RETENTION AND MAINTENANCE
- QC 6 COMMUNICATION BETWEEN THE EES PROVIDER AND THE CLIENT
- QC 7 COMPLIANCE WITH OF USERS' COMFORT REQUIREMENTS
- QC 8 INFORMATION AND MOTIVATION OF USERS
- QC 9 COMPREHENSIBLE CONTRACTUAL STIPULATIONS FOR THE CONTRACTING OF SPECIFIC REGULATORY REQUIREMENTS

Partners

ENERGIE MARKT ANALYSE

eeVs

ASEW

KAПE CRES

Ekodoma

EFIEES

energy centre BRATISLAVA

BSERC black sea energy research centre

Jožef Stefan Institute, Ljubljana, Slovenia Energy Efficiency Centre

creara ENERGY EXPERTS

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FACTOR 4 BUILDING PERFORMANCE

Thank you

SEVEn – The Energy Efficiency Center

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