

ROUNDTABLE ON FINANCE FOR ENERGY EFFICIENCY IN ROMANIA



11
October
2018

Bucharest

Event organised in the frame of the Sustainable Energy Investment Forums funded by the Horizon 2020 programme of the European Union

Table of contents

Executive Summary	3
Conclusions	3
Background to the event	7
Introductory plenary	8
Moderator: Gabriel Avăcăriței, Chief Editor, Energynomics.ro	
Introductory Remarks	8
Tudor Constantinescu, Principal Advisor, DG ENERGY, European Commission	8
Robert Tudorache, Secretary of State, Ministry of Energy	8
Mihaela Virginia Toader, Secretary of State, Ministry of EU Funds	9
Cornel Brezuică, President of the Environment Fund Administration.....	9
Viorel Alicus, General Director, Energy Efficiency Department, ANRE.....	10
Ramona Ivan, Director, CEC Bank, and Chairperson of the Committee on European Funds, Romanian Association of Banks.....	10
Topic group 1: INTEGRATED HOME RENOVATION SERVICES	12
Moderator: Mihai Tudorancea, TUD Investment Consulting, on behalf of Romanian Association of Municipalities	
Rapporteur: Razvan Munteanu, Adviser of Mayor, Sector 1 Bucharest	
Picardie Pass Renovation initiative	12
Alice Morcrette, SPEE Picardie (France)	
Experience from thermal rehabilitation of multi-family houses in Bucharest using EIB funds	12
Alexandru Remus Moldoveanu, Romanian Association of Municipalities (AMR)	
Background	13
Key Questions	13
Topic group 2: DE-RISKING ENERGY EFFICIENCY INVESTMENTS	14
Moderator: Ramona Ivan, Chairperson of the Committee on European Funds, Romanian Association of Banks	
Rapporteur: Oana Stamatina, Director Green Certifications, Colliers International	
Presentation of the EEFIG underwriting toolkit and the De-risking Energy Efficiency Platform (DEEP) ...	14
Diana Barghazan, Directorate-General for Energy, European Commission	
Presentation on the green mortgage scheme launched in Romania	14
Monica Ardeleanu, Executive Director, Romanian Green Building Council	
Background	15
Key Questions	17
Topic group 3: ENERGY RENOVATION OF PUBLIC BUILDINGS	18
Moderator: Viorel Alicus, General Director, Energy Efficiency Department, Romanian Energy Regulatory Authority (ANRE)	
Rapporteur: Alexandru Petrovici, Executive Director, Romanian Association of Towns	
Policy framework for the development of energy performance contracting	18
Dinis Rodrigues, Energy Expert, European Investment Bank	
ESCO pilot scheme in Romania	18
Daniela Ionescu, Principal Municipal Infrastructure Specialist, EBRD	
Background	19
Key Questions	21

Topic group 4: ENERGY efficiency in the SME sector 22
Moderator: Razvan Grecu, President, Romanian Association for the Promotion of Energy Efficiency (ARPEE)
Rapporteur : Felix Caprariu, Member of the Board of Directors, National Council of Small and Medium Sized Private Enterprises (CNIPMMR)

Green financing scheme for SMEs 22
Valentina Croiala, Branch Manager, ProCredit Bank

Experiences from the EU EBRD RoSEFF initiative 22
Stefania Racolta, Head of EU Green Financing, EBRD

Background 23
Key Questions 24

Closing plenary 26
Moderator: Gabriel Avăcăriței, Chief Editor, Energynomics.ro

List of participants 27

EXECUTIVE SUMMARY

The European Commission, in partnership with the Ministry of Energy, the Ministry of Regional Development and Public Administration, the Ministry of European Funds of Romania, the Romanian Energy Regulatory Authority and the UN Environment Finance Initiative, organized a round table in Bucharest on 11 October 2018 on financing energy efficiency in Romania. The event was attended by 82 experts from Romania and European institutions who are engaged in financing energy efficiency across multiple sectors of the economy. Those represented included national Government, local and regional authorities, the financial sector, project developers and the renovation supply chain.

The objective of the National Roundtable was to initiate a dialogue between key Romanian stakeholders on how to improve access to finance for energy efficiency investments, and to identify common objectives and potential improvements to be made in the current policy framework and business practices.

The objective of the Roundtable was to foster discussion on:

1. How to support homeowners in the whole journey of home energy renovation, i.e. identification of the energy efficiency measures, selecting construction companies, supervision of the works, structuring the financing plan, etc., based on the idea that an integrated service (one-stop-shop) can simplify to a large extent the renovation process and thus increase renovation rates.
2. The EEFIG propositions (DEEP database and Underwriting toolkit), as well as the emerging practice of green mortgages, looking into how the assessment of the risk profile of energy efficiency investments can be improved in order to make energy efficiency more appealing to the banking sector.
3. How to increase the renovation rates for public buildings, which is often limited by the capacity of public building owners to identify and implement energy efficiency projects. Energy performance contracting could be part of the solution but the market needs to be developed and structured.
4. How to overcome the lack of capacity to identify and implement energy efficiency investments, the low creditworthiness of SME's. What type of integrated services (one-stop-shop) could be proposed to SME's to increase investments in energy efficiency?

The event is intended to be followed up by another roundtable based on the outputs.

Conclusions

The outputs from the four in depth topic groups, were summarized by the rapporteurs as:

Topic Session 1: Integrated home renovation services

- There is a need and interest for setting up one-stop-shop / project development mechanisms. This could for example be done by public authorities in cooperation with energy agencies. Pilots should be initiated

- White certificates need to be developed so they can finance part of the renovation costs. This needs changes in the legislative framework
- There is a need for a continuous dialogue platform between local authorities and the Ministry of Regional Development in order to share best practices and exchange on problems faced by municipalities in relation to project development. This should involve the associations representing the various municipalities
- One of the particular needs is more communication on ELENA / PDA grants (EIB and H2020) that can help to start investment programmes. Local authorities have currently little knowledge about these possibilities, and which haven't been used in Romania yet
- There is a need to involve House Owners Associations more actively in the projects and let them take more responsibility. This should also discuss the level of co-financing needed from households in the frame of the ERDF programme
- The legal requirements for all municipalities with a population above 5000 to make an inventory of buildings with their energy consumption and on this basis to prepare an energy efficiency action plan, needs to be enforced and better monitored. The county/regional level could be relevant to provide assistance on this while ANRE would be responsible for the overall monitoring
- There is a need to change the law on PV which does not allow homeowner associations to sell to the grid (unless they have a licence as electricity producer). This is being discussed with DG COMP as there was an issue linked to State aids; a solution is looked for under the De minimis regulation

Topic Session 2: De-risking energy efficiency investments

- There is a need to meet again and to discuss on a regular basis – The Romanian Banking Association proposed to invite the relevant Ministries and other relevant stakeholders, and host such meetings at the banking association. This could also provide a framework for establishing various working or coordination groups on specific topics
- There are already a few instruments dedicated to energy efficiency, but they need to be developed much more
- There is appetite of the banks for a guarantee scheme, but it needs to be designed well (banks should be consulted)
- In order to stimulate the demand, the focus should be on financial education and on improving the regulatory framework (e.g. the national banking regulations could be loosened regarding loan to value requirements, and/or by removing the current limitation to 5 years for consumer credits)
- There is a need to raise awareness of households and companies regarding the possibility to borrow money to invest in energy efficiency
- There is a need for benchmarking of energy efficiency projects, and for recognised labels that banks can use to develop their products.

Topic Session 3: Energy renovation of public buildings

- There is a need to review and strengthen the legal framework. ANRE is leading a working group on this which needs to tackle a very large set of regulations. Four specific points for review were mentioned: Public procurement, Ownership of assets, Energy audits, Certification of ESCO companies
- There is a need for county level expertise on energy management and project development in order to remedy the lack of capacity of small local authorities (with less than 20,000 inhabitants)
- There is a need for guarantees for ESCO's in order to address their weak financial capacity
- There is a need to find a way to combine EPC and ERDF as currently the competition between them is counter-productive and prevents the EPC market from developing
- Regarding the accounting of EPC off balance sheet, there could be a compliance check of contracts by an entity (which could be a Guarantee Fund that could provide guarantees for companies of ESCO type during the ESCO contracts with public authorities), as the national statistical authority cannot be expected to do this
- There is a need to consider energy price variations (allow adjustments of price in the distribution contract thereby distributing risks), and the change from consumer to prosumer.

Topic Session 4: Energy efficiency in the SME sector

Conclusions:

- There is a need and interest for promoting a one stop shop approach possibly in relation to a national platform with standardised information about measures and key figures (could also be combined with standardised processes). The platform could be based on already gained experience from EBRD, EIB, The Romanian Energy Efficiency Fund and the banks portfolios – including tools (as well as EEFIG/DEEP)
- The platform could be used by various promoters/supporters/facilitators of SME projects (municipalities, regions, branch associations etc.)
- During the session it was proposed to set up a working group to discuss the possible set-up of such platform
- There is some good experience on guarantee funds for SMEs (EIB) that could be transferred on the SME sector. A guarantee fund could be related to the platform mentioned above
- There is a particular need for technical assistance towards SMEs to support them in identifying, documenting and implementing EE projects. It should be considered to establish national support schemes for example related to awareness raising activities, energy management and energy audits

- There is a need to foster the use of energy audits for SMEs and increase the transformation into investments
- There is a need to improve correlation between energy management and access to financing. Energy management will help to identify measures and provide statistical evidence for energy consumption and energy savings
- Involvement of ESCOs was mentioned as part of the solution, but changes in the legislative framework are necessary to develop the ESCO/EPC market.

BACKGROUND TO THE EVENT

As part of the "Smart Finance for Smart Buildings" initiative, the European Commission is organising a series of "Sustainable Energy Investment Forums" to enhance the capacity of and co-operation between public and private stakeholders to develop large-scale investment programmes and financing schemes. The SEI Forums will consist of more than 30 events in up to 15 Member States in 2016-2019; information on past and upcoming events can be found on the SEI Forums [webpage](#).

An initial public conference on Financing Energy Efficiency in Romania, Hungary and Bulgaria took place in Bucharest on 1 February 2018. This event gathered 182 participants from the financial sector, project developers, the renovation supply chain and local and regional energy agencies. The presentations and proceedings from that event can be found [here](#) and make useful background reading in relation to the National Roundtable.



INTRODUCTORY PLENARY

Moderator: Gabriel Avăcăriței, Chief Editor, Energynomics.ro

Introductory Remarks

Tudor Constantinescu, Principal Advisor, DG ENERGY, European Commission

Mr. Tudor Constantinescu informed about the revision of the Energy Efficiency Directive in relation to the provisional agreement reached in June 2018. The key points includes; a headline EU energy saving target for 2030 of 32.5% (compared to 2007 projections), a revision of this target in 2023, and real final energy savings under Article 7 of 0.8% a year. It also aims at providing better information to consumers through individual metering and billing of thermal energy.

Further he presented aspects related to the amendment of the Energy Performance of Buildings Directive (June 2018). This revision introduces targeted amendments to the current Directive aimed at accelerating the cost-effective renovation of existing buildings, with the vision of a decarbonised building stock by 2050 and the mobilisation of investments. Further, the revision supports electromobility infrastructure and introduces new provisions to enhance smart technologies and technical building systems, including automation.

Under the new, revised EPBD, EU countries will have to establish stronger long-term renovation strategies. A common European scheme for rating the smart readiness of buildings, optional for Member States, will be introduced. There will be particular focus on deep renovation and worst performing buildings.

Further, The EPBD includes an obligation for member states to facilitate access to appropriate mechanisms for aggregation of projects, the reduction of perceived risks of energy efficiency, use of public funding, guiding investments, and providing accessible and transparent advisory tools.

Critical factors in relation to implementing the EPBD includes; building renovation has to do more, financing has a more important role to play, and ICT has a big role to contribute.

As to more effective use of public funds the strategic priorities include making more use of financial instruments, establishing flexible financing platforms at national level, mixing different strands of public financing (i.e. ESIF, EFSI), on-line EU mapping tools to understand how public funds can be used to support energy efficiency in Europe and initiatives to make the use of Energy Performance Contracting more accessible to the public sector.

Mr. Constantinescu also presented the EIB ELENA program, which funds project development assistance and which hasn't been tapped into Romania yet. It has proven to be an efficient tool to promote energy efficiency investments.

Presentation

Robert Tudorache, Secretary of State, Ministry of Energy

Mr. Tudorache initially referred to the Romanian energy strategy which is based on five key strategic goals: energy security, competitive energy markets, and clean energy, along with good

governance in the energy sector and affordable energy supplies, which entails the reduction of energy poverty and better protection of vulnerable consumers.

One of the key areas of strategic intervention emphasizes the programmes for increasing the energy efficiency of dwellings. In Romania, energy poverty is a result of low income, rather than of high energy prices, but high specific energy use for heating compounds the problem.

He stated that investments in Energy Efficiency have proven to be one of the important means towards a transition to a low carbon society and it is also important for securing energy supply, economic activities, job creation and for improving the overall living standard.

Romania has made significant efforts to implement energy efficiency measures. Nevertheless, there is still a high potential to exploit, and in this context, it is important to look into the barriers that energy efficiency projects are still facing, i.e. in relation to energy policies and the regulatory framework, and financial constraints in particular. As to policies and regulation, the Ministry is well aware of possible measures to be taken and is working closely with the regulatory authority, but the finance question remains open for discussions. Use of only public funds is not enough to explore the potential. It is essential to attract private funds. In this context, the energy policy must create more favorable conditions for investments encouraging demand for energy efficiency. For that it is needed to convey good practices for understanding and learning.

The Ministry will continue monitoring carefully the policies of the sector in relation to the finance aspect and will in this respect also consider the conclusions from this roundtable.

Mihaela Virginia Toader, Secretary of State, Ministry of EU Funds

From the perspective of the European Funds, energy efficiency has been one of the primary objectives in the last programming period and will continue to be an important aspect after 2020. 30% of regional development funds is allocated for energy efficiency and is supplemented with the funds for sustainable development from the cohesion fund, which is also related to EE.

EE is a clear priority within the programming work at the national level. Numerous EE projects have been financed within residential and public buildings, and partly based on the obligation to transpose the EU directives. The EU funds have been supplemented with substantial national funds. The funds have also supported the promotion of RES particularly with regard to wind and PV and in the last programming period also in relation to biogas and geothermal energy.

As to residential buildings there are many projects already, but there is a big need to particularly support housing owner associations in attracting funding, including tackling social barriers related to share common ownership of EE projects within these associations.

There is a need to discuss how to find the right mix of interventions, and thereby make energy efficiency projects more attractive for the various target groups.

Cornel Brezuică, President of the Environment Fund Administration

The Environment Fund Administration is a public institution coordinated by the Ministry of Environment, financed entirely from its own revenues. The main objective of EFA is financing and implementation of several categories of programs for the sustainable development of Romania

and the improvement of the environmental infrastructure. Since the beginning of the program, in 2005, the EFA contracted projects with a total value of approximately 130,000,000 Euro. One million citizens benefited from the program.

EFA has a.o. financed installation of heating systems using renewable energy, including replacement of existing traditional systems. Between 2010-2018 the EFA financed 44,547 such systems in households with a value of approximately 44,310,000 Euro, including solar panels and heat pumps.

EFA has designed a state aid scheme to finance installations producing electricity from renewable energy sources with a limited power of up to 3kwh and the connection of these installations to the national electricity grid. The beneficiaries are households (prosumers). The budget is 124,000.000 Euro of which 115,000,000 Euro comes from EU funds; 9,000,000 Euro from the EFA. At this moment the financing guide is in public debate and is expected launched until the end of 2018.

Presentation

Viorel Alicus, General Director, Energy Efficiency Department, ANRE

Mr. Alicus referred to the EU targets for EE and RES and underlined that particularly for the EE target there are many challenges ahead for Romania. Regarding the renewables Romania exceeded the 2020 target, but there are big challenges in relation to reach the 2030 target, including strengthening the electricity grid to integrate more RES.

He referred to analysis work made in relation to the working group established for developing the ESCO market, and which is led by ANRE. Currently there is no market for ESCO/EPC contracts and in fact no ESCO projects are related to public buildings, despite a high interest. The identified barriers are similar to what is happening in the rest of Europe.

The problems with the ESCO contracts are related to the initial evaluation of the buildings. It was a mistake to base this evaluation on general aspects rather than dividing the evaluation on various items and issues in relation to the buildings.

There are many problems related to the legislative framework and after long discussions it was noticed that the problem is very complex and particularly after discussion with the EIB. The need to facilitate a discussion within an inter-ministerial group was realized and the Government was asked to support this.

In this context special efforts are also needed for the implementation of the revised EU directives.

Ramona Ivan, Director, CEC Bank, and Chairperson of the Committee on European Funds, Romanian Association of Banks

Mrs. Ivan highlighted the importance of energy efficiency in relation to energy security, reducing the negative impact on the environment and reducing costs at company / household level.

She stated the need for banks to be more focused on understanding energy efficiency projects to support them more efficiently. The Romanian banking sector has been involved in a number

of programmes, including structural funds and European funds from which various learning and experience can be drawn, including from good examples.

She stressed the complexity of the finance aspect and highlighted experience related to various loan beneficiaries. Beneficiaries with smaller projects (i.e. SMEs, households) are typically challenged with limited own resources compared to the cost of the projects and limited capacity to evaluate the impact of the projects. They will typically depend on own funds or sources drawn from international financial institutions or European programs with subsidized interests or grant components. Beneficiaries representing larger projects (large companies, SMEs, owners' associations, etc.) are typically challenged with high costs up front and a long recovery time of the investments.

It is important to develop guarantee schemes and standardized products as well as technical assistance programmes involving experts with the required expertise to minimize risks. With regard to support smaller projects it is needed to establish special facilities through commercial banks.

Presentation



TOPIC GROUP 1: INTEGRATED HOME RENOVATION SERVICES

Moderator: Mihai Tudorancea, TUD Investment Consulting, on behalf of Romanian Association of Municipalities

Rapporteur: Razvan Munteanu, Adviser of Mayor, Sector 1 Bucharest

Picardie Pass Renovation initiative

Alice Morcrette, SPEE Picardie (France)

Alice Morcrette presented a concrete example of integrated home renovation service in Picardie, which has received support from the ELENA programme. The Public Energy Efficiency Service (Service Public de l'Efficacité Energétique or [SPEE](#)), is an integrated service for the energy renovation of residential buildings, offering advice and financing of thermal retrofit projects of private homeowners. It was created by the Regional Council of Picardie.

The public service company for EE assist homeowners in the implementation of EE measures by acting as a one-stop-shop from the start with initial advice, further on an energy audit, defining the optimal set of EE measures, contracting and overseeing the works and provide long term funding (either directly or in cooperation with commercial banks).

[Presentation](#)

Experience from thermal rehabilitation of multi-family houses in Bucharest using EIB funds

Alexandru Remus Moldoveanu, Romanian Association of Municipalities (AMR)

Mr. Moldoveanu and Mr. Razvan Munteanu from Bucharest sector 1 presented their experience working with EIB loans (2009 – 2017), which consists mainly of the municipality providing renovations for free.

This is an interesting experience as 353 MEUR were invested, including 147 MEUR from EIB. In total 42,539 apartments in 839 blocks were renovated. The project first of all creates a tangible reference for energy renovation.

[Presentation](#)

Following the presentations there were discussions on the rate of co-financing which should be expected from households in the frame of ERDF grants; currently, ERDF finances 60% of the investments with 40% coming from local authorities and households – in principle 20% each but in reality it is often 40% from the municipality.

Background

This working group focused on how to support homeowners in the whole journey of home energy renovation, i.e. identification of the energy efficiency measures, selecting construction companies, supervision of the works, structuring the financing plan, etc., based on the idea that an integrated service (one-stop-shop) can simplify to a large extent the renovation process and thus increase renovation rates.

The public conference stressed the need to bring all stakeholders together and favor an integrated approach involving knowledge transfer and capacity building.

Several speakers highlighted the need to more efficiently involve and empower citizens, including assisting Condominiums in attracting funding (e.g. House Owner Associations). Energy poverty was mentioned as a particular problem and EE as a potential mean to mitigate this.

The importance to assist cities/public authorities in their roles as facilitators for EE investments in the private sector was also highlighted at the public conference. In this context particularly energy agencies drew attention to the fact that Romanian cities and regions can benefit and should make efforts to benefit more from the ELENA Programme and the money managed under H2020 for Project Development Assistance.

There are many financial and non-financial barriers affecting the residential sector, such as: citizens' low awareness of the multiple benefits of energy retrofits, competing household priorities or a lack of adequate skills to carry out high quality refurbishment. Indeed, most homeowners are 'non-professionals' when it comes to the field of refurbishment, even more so for energy refurbishment. The energy renovation process should be made as easy and attractive as possible for them.

The Picardie example presented by Alice Morcrette is a concrete example of integrated home renovation service, tailored to deal with these challenges. Some promising experiences have also emerged to tackle the specific topic of multi-family building renovation. These include projects in Italy with the experience from Padova with the [PadovaFIT](#) project; in France with [Picardie Pass Renovation](#) and [Energies Posit'IF](#) ; and in Latvia with the [SUNSHINE](#) project.

Key Questions

- 1.1. What should be the key components of a one-stop-shop service that is best suited to meet the needs of the residential sector in Romania? Which actors need to be involved in a one-stop-shop (energy agencies, municipalities, regional authorities, banks, ESCOs, others...)?
- 1.2. Which legal changes are needed to improve access to finance for condominiums / detached houses?
- 1.3. How can the willingness of householders to borrow for home renovation be improved? What role could municipalities play in increasing awareness of and confidence in the process?
- 1.4. What kind of capacity building programmes and assistance are needed, and for which actors?

TOPIC GROUP 2: DE-RISKING ENERGY EFFICIENCY INVESTMENTS

Moderator: Ramona Ivan, Chairperson of the Committee on European Funds, Romanian Association of Banks

Rapporteur: Oana Stamatina, Director Green Certifications, Colliers International

Presentation of the EEFIG underwriting toolkit and the De-risking Energy Efficiency Platform (DEEP)

Diana Barglazan, Directorate-General for Energy, European Commission

Diana Barglazan presented the EEFIG Underwriting toolkit and DEEP, explaining also how the work on de-risking energy efficiency investments fits within the SFSB initiative. The discussion afterwards focused on how these instruments could be used; it was suggested that building a national database as DEEP could be useful - no wide agreement was reached on that. Diana Barglazan suggested that contributing to DEEP could be a better option, as the platform exists, and it allows analysis of subsets of data (e.g. national data).

[Presentation](#)

Presentation on the green mortgage scheme launched in Romania

Monica Ardeleanu, Executive Director, Romanian Green Building Council

Co-presenters: Eliza Gheorghe, Manager, Raiffeisen Bank and Ana Maria Ciortan, Deputy Director, Alpha Bank.

Monica Ardeleanu (Romanian Green Buildings Council) presented their green mortgage scheme launched in Romania. She insisted on the need to involve both technical experts and financial institutions from the very early stage of a projects, and presented many examples of green buildings (houses, villas, but also apartment buildings). In the second part of the presentation representatives of Raiffeisen Bank and Alpha Bank presented the programme from the banks' point of view – they explained why the banks decided to get involved in these initiatives and provided details on the conditions that apply. Alpha bank offers financing for home acquisition, construction, or renovation (a renovation project is considered green is at least 60% of the materials used are green).

[Presentation Monica Ardeleanu](#)

[Presentation Eliza Georghe](#)

[Presentation Ana Maria Ciortan](#)

The following discussions focused on the importance of dialogue, the usefulness of guarantees, the need to consult the financial sector for legislative proposals involving financial instruments, the importance of standards and certification, tax advantages that are used in some municipalities (property tax), solutions to increase the demand for financing on the market, multiple benefits of energy efficiency, financial education, appropriate regulatory framework.

As to conclusions please refer to the Executive Summary above.

Background

This session focused on a discussion on the EEFIG propositions (DEEP database and Underwriting toolkit), as well as the emerging practice of green mortgages, looking into how the assessment of the risk profile of energy efficiency investments can be improved in order to make energy efficiency more appealing to the banking sector.

Under current market conditions, energy efficiency projects are not sufficiently attractive for investors. The small size of many such projects and the lack of standardisation are among the factors behind this situation. Banks often make loan agreements based on the credit status of their clients or the property value whereas the benefits arising from the energy efficiency improvements are often not taken into account. The Energy Efficiency Financial Institutions Group (EEFIG) published in 2015 a [report](#) highlighting among others the following problems:

- (1) Lack of evidence on the performance of energy efficiency investments makes the benefits and the financial risk harder to assess.
- (2) Lack of commonly agreed procedures and standards for energy efficiency investment underwriting increase transaction costs.

The need for standardisation was also emphasized at the Romanian public conference in addition to the need to establish a closer connection between all the relevant stakeholders working in the field and the need for more education and training towards EE. In this context EE should be introduced as a lifestyle, a choice for healthy living. And consumers or clients should be proactively engaged by banks.

The Public Conference included presentations giving an overview of the work carried out to standardise energy efficiency projects under the [Investor Confidence Project \(ICP-Europe\)](#) and the EEFIG de-risking products, the [Underwriting Toolkit](#) and [DEEP](#).

ICP seeks to standardise the project development process and includes monitoring of the project development process to improve reliability. This certification reduces risk and due diligence costs.

The EEFIG Underwriting Toolkit provides guidance to financial institutions (and to other interested stakeholders) on how to assess the risks and benefits associated to energy efficiency investments, bringing a shared language in evaluating investments and is helping to create projects that are better aligned to need of financial institutions.

In order to address the lack of data available, the European Commission, in collaboration with EEFIG, has developed [The De-risking Energy Efficiency Platform](#) (DEEP). DEEP is an open source database for energy efficiency investment performance monitoring and benchmarking, based on evidence from implemented projects. The main objective of the DEEP is to improve the

understanding of the real risks (especially performance risks) and benefits of energy efficiency investments based on market evidence. DEEP is already providing benchmarking information, but still contains limited information. There are over 10,000 projects covered by DEEP, but the geographical coverage is uneven: for Romania, for example, there are only 8 buildings projects and 1 industry project.

The public conference further included a [presentation](#) was also given on recent established EBRD credit lines for the residential sector ([GEFF](#)). GEFF provides financing through local banks who are **Banca Transilvania** and **UniCredit**. Financing is subject to the usual criteria and assessment process of each bank. The banks may use GEFF to set up mortgage products to finance energy-efficient homes, or to improve the energy efficiency of existing homes.

A promising initiative in Romania is the **Green mortgage programme**, which was also [presented](#) at the Public Conference by the [Romania Green Building Council](#) (RoGBC). They have co-developed with Raiffeisen Bank this programme based on an innovative Green Homes Certification to assess and recognize top performing residential projects utilizing sustainable construction principles. The preferential financing allows the project developer to invest early in essential green design and other solutions and rewards the homeowner with a better-quality home and a lower monthly total cost of ownership. The Green Mortgage applies only for buildings certified by RoGBC within the Green Homes program. The Green Mortgage provides discounted mortgage pricing to suitably-qualified, prospective home buyers interested in buying a high energy performance home, in line with the guidelines established by the Romania Green Building Council related to superior energy efficiency and environmental considerations. There are currently 19 projects including 5,850 apartments or villas certified or in process (as per 1st Feb 2018).

More on Green Mortgage

An **energy efficient mortgage** is one that is used to finance purchase of an energy efficient building or a building that will be refurbished to a higher standard of efficiency. Lower energy bills resulting from high levels of energy efficiency are likely to reduce risk of default while increased property value should allow lenders to offer higher loan amounts and/or lower interest rates.

At present there is no clear definition of a green mortgage as different lenders are offering consumers different options. To address this issue and help grow the market for green mortgages, the European Mortgage Federation and European Covered Bonds Council (EMF-ECBC) have started the [Energy Efficient Mortgages Initiative](#) - EeMAP.

The aim of the EeMAP project, funded by the European Commission through Horizon 2020, is to create a standardised energy efficient mortgage in which building owners are incentivised, by way of preferential financing conditions linked to the mortgage, to improve the energy efficiency of their property, or acquire an already energy efficient property.

The development and the delivery of green mortgage-based national programmes still face different challenges. The pilot phase was launched in June 2018, with 37 banks and several national banking federations, including the Romanian Banking Association.

Key Questions

- 2.1. How can we improve data availability in Romania? What data might be available for Romania that can be shared through mechanisms such as the DEEP database?
- 2.2. How can the EEFIG [underwriting toolkit](#) best be used within Romania? What kind of support is needed to encourage its dissemination and adoption? Which institutions and individuals could be key advocates?
- 2.3. What role could guarantee funds play in supporting the growth of energy efficiency investments? How can such support mechanisms be best structured to address the needs of the banking sector?
- 2.4. Which bodies can help in setting standards and benchmarks to minimise performance risk?
- 2.5. What regulation could foster the further development of green mortgages? Is there any specific Romanian regulation to be addressed? What kind of data is needed to further support the model? How could the Romanian banking sector support the collection of this data?
- 2.6. How can a continued dialogue between banks and the energy efficiency sector be put in place?

TOPIC GROUP 3: ENERGY RENOVATION OF PUBLIC BUILDINGS

Moderator: Viorel Alicus, General Director, Energy Efficiency Department, Romanian Energy Regulatory Authority (ANRE)

Rapporteur: Alexandru Petrovici, Executive Director, Romanian Association of Towns

Policy framework for the development of energy performance contracting

Dinis Rodrigues, Energy Expert, European Investment Bank

Mr. Rodrigues gave an overview of barriers and potentials in relation to the European EPC market, which in general makes the European EPC market quite limited. This is a.o. related to the Statistical treatment of EPC which implies additional public debt and deficit. In this context he presented the new EUROSTAT Guide on statistical treatment and what the EUROSTAT rules's imply for EPC/ESCO projects.

Due to a particular interest from the Romanian side he presented the Portuguese EPC market, including it's history and main facts. Further he presented the ELENAS programme and examples of EPC projects supported by the programme. Out of 74 projects supported, 38 projects include ESCO/EPCs (public sector).

[Presentation](#)

ESCO pilot scheme in Romania

Daniela Ionescu, Principal Municipal Infrastructure Specialist, EBRD

Presentation

Mrs. Ionescu presented the EBRD Pilot Projects from 2014 on ESCO in public buildings in the 2 cities Craiova and Galati. These were attempts to launch EPC but these pilots were faced with significant barriers related to the existing framework conditions such as higher risk perception due to lack of track record in Romania, no Operations & Maintenance included in the tender specification, unclear/inexact baseline, improper budget and lack of control of the contractor on the guaranteed energy savings etc.

Background

This working group looked into how to increase the renovation rates for public buildings, which is often limited by the capacity of public building owners to identify and implement energy efficiency projects. Energy performance contracting could be part of the solution but the market needs to be developed and structured.

In principle, energy efficiency investments in public buildings share many of the benefits of commercial buildings (size, energy intensity, concentrated ownership, professionalized facilities managers) but face additional challenges of more cumbersome procurement procedures, potential split incentives between different divisions responsible for procurement and for the energy bills, balance sheet restrictions and limitations under public accounting rules.

The public conference included presentations on energy legislation for [EPC in Portugal](#) and examples of energy efficiency renovation through one stop shop facilities exemplified by [Rhodoshop, Bulgaria](#), and the [Bulgarian Energy Efficiency Fund](#).

The Rhodoshop was the result of the H2020 [CITYnvest](#) project, which aimed at promoting innovative financing to boost investment in energy efficiency projects through summarizing the existing financial models across Europe and providing tailor made solutions for the three participating pilot regions – the Belgian Province of Liege, the Bulgarian Rhodope Region and the Spanish Region of Murcia. The [RENOWATT](#) project served as an exemplary model for replications in terms of innovative financing. It is a **one-stop-shop for public building retrofit** created by the province of Liege through the regional development agency (GRE-Liege).

RenoWatt is acting on behalf of public authorities, which undertakes energy retrofits in their existing buildings stock. The main principles of RenoWatt are Setting-up Energy Performance Contracts (EPC), and pooling of buildings, i.e. gathering buildings belonging to different municipalities in order to reach a sufficient size for a bankable project. It allows to ensure the best renovation and maintenance price, as well as diversification of risk. RenoWatt offers various services to the municipalities: Simplification of the tendering process, technical audits, financial analysis, procurement of EPC's (from initial specifications to contract negotiation with the ESCOs), pooling of buildings, identification of funding sources.

Another example of a one-stop-shop for public building retrofit is [InEECo](#), the Initiative for Energy Performance and Energy Supply Contracting in Public Buildings, which is supported by the ELENA programme and coordinated by the KEA Climate Protection and Energy Agency of Baden-Württemberg. With InEECo, it is possible for municipalities, counties and public administrators in Baden-Württemberg to carry out building retrofits at low costs with energy contracting. The initiative ensures an impartial and independent supervision of energy saving projects — from the initial consultation to the organization of contractual bidding and arrangement of the energy saving contract.

The '[Energy Efficiency and Renewable Sources Fund](#)' (EERSF), formerly known as the 'Bulgarian Energy Efficiency Fund' (BEEF), has the combined capacity of a lending institution, a credit guarantee facility and a consulting company. It provides technical assistance to Bulgarian enterprises, municipalities and private individuals in developing energy efficiency investment projects and then assists their financing, co-financing or plays the role of guarantor in front of other financing institutions. The Bulgarian Energy Efficiency Fund is a good role model in light of the fact that they are providing loans and guarantees for ESCOs. They are also refinancing

ESCOs. Once the ESCO has a running contract they give them cash against the future receivables of the project enabling the ESCO to develop further projects.

The public event emphasized the need for an adequate **legislative framework for EPC projects**, and a need to adapt the procedures for procurement. Another legal point is related to accounting, and whether such projects go on or off balance sheet. In this context Eurostat and the European Investment Bank (EIB) on 8th May 2018 launched a new Practitioner's Guide on the Statistical Treatment of Energy Performance Contracts. The new Guide follows the [Eurostat Guidance note on the revised treatment of Energy Performance Contracts in government accounts, issued in September 2017](#), and explains its practical application

The public event also highlighted the point of view of the Romanian ESCOs, who are feeling that they are lacking behind in terms of particularly the legal framework and which is the first stepping stone to develop the market for ESCOs. There is clearly, from the Romanian ESCOs point of view, a call for public authorities to develop a proper legal framework.

The Roundtable aimed at exploring further the next steps for provinces and regions and energy agencies in delivering further outreach and support to municipalities and other public entities to overcome engagement and procurement barriers. This can take the form of one-stop shops.

Potential solutions to increase renovation in public buildings in Romania can for example be explored by:

- One-stop-shops for EPC/ESCOs market facilitation, including the use of contracting/procurement frameworks.
- Project Development Assistance (with leverage requirements) and aggregation of small municipalities to reduce transaction costs
- Forfeiting energy performance contracts to allow refinancing of ESCOs, which can be implemented through specific vehicles, similar to the [Bulgarian Energy Efficiency Fund](#) for public buildings, or the [Latvian Baltic Energy Efficiency Fund](#) on residential buildings. The Public Conference further included a [presentation](#) of the **Latvian Baltic Energy Efficiency Facility (LABEEF)** which has initiated a promising initiative to foster the development of ESCOs using proceeds from energy savings to de-risk and finance large scale deep renovation. A forfeiting fund has been created, to allow ESCOs re-financing. After having verified energy savings, typically after 1 to 2 years, this forfeiting fund purchases the future receivables from the ESCO, allowing ESCO to take on new loans.

Key Questions

- 3.1. What are the needs of public building owners in Romania when it comes to supporting them in their energy renovation projects? How could they be assisted? Who could deliver this assistance?
- 3.2. Could public funding be allocated in the form of project development assistance, which has a higher leverage factor than investment grants/public loans? How to improve access to ELENA and H2020 PDA funding?
- 3.3. What is needed to upscale the market for energy performance contracting, including legislative framework? How can access to finance for ESCOs be improved? For example, could mechanisms such as standardisation and forfeiting of EPCs be supported?
- 3.4. What is needed in terms of awareness raising and capacity building for public building owners?

TOPIC GROUP 4: ENERGY EFFICIENCY IN THE SME SECTOR

Moderator: Razvan Grecu, President, Romanian Association for the Promotion of Energy Efficiency (ARPEE)

Rapporteur : Felix Caprariu, Member of the Board of Directors, National Council of Small and Medium Sized Private Enterprises (CNIPMMR)

Green financing scheme for SMEs

Valentina Croiala, Branch Manager, ProCredit Bank

ProCredit Bank has a focus on formal innovative and growing SMEs, including promoting investments in environmentally friendly technologies and businesses. The focus is on energy-intensive sectors of the economy, and the most common types of investments. The bank has created a Green Finance scheme for SMEs (100% financing), which is meant for investments in energy efficiency and in technologies that produce renewable energy, as well as for activities that enforce environmental measures.

These loans provide several advantages: Long funding periods of up to 15 years; convenient interest rates for investment projects/guarantees offered by EU funds (InnovFin or SME Initiative); standard grace period of up to 18 months.

The bank's green loan portfolio was EUR 28.2 million as of Dec 2017. 48 % of the portfolio comes from Innovfin, 14% from EIF Jeremie and 38% from own funds. Green finance was launched in November 2014.

Presentation

Presentation – *Marius Nadolu, Head of Treasury Department, Procredit Bank - not present*

Experiences from the EU EBRD RoSEFF initiative

Stefania Racolta, Head of EU Green Financing, EBRD

Within the GEF (Green Economy Financing Facility Programme) the EBRD extends credit lines to local financial institutions to provide finance to small and medium-sized businesses, corporates or households for high performance climate and environmental technologies

One of the initiatives is the EU EBRD Romania Sustainable Energy Finance Facility (RoSEFF) which financed SMEs loans to a wide range of private sector SMEs through four participating Romanian banks (BCR, BRD, Banca Transilvania, UniCredit). This included EU grants of 10% or 15% of the loan value, and it was based on a fast-track technical eligibility for small, simple projects using a Technology Selector (list of eligible measures and equipment). This resulted in 341 investments totaling 69 million EUR.

EBRD stands ready to structure and implement another programme for energy and resource efficiency investments for Romanian enterprises via local partner banks. They are currently looking for a source of donor funds to support the TA and incentives – one potential source in Romania as well as in other Member States could be the national environmental funds.

The following discussion was quite intense and it was very useful to have an interaction between financing institutions and representatives from the energy sector. There were many questions to the financing institutions related to loan procedures and risk mitigation,

The creditworthiness of SMEs was discussed, including how to rate them in relation to their business history and prospects.

The main discussion was related to how to set up a non-stop-shop service for SMEs. As part of the solution, it was suggested to establish a central national platform with standardised data for EE measures and key figures. This database could build upon already achieved experience and results from the EBRD RosEFF initiative, the Energy Efficiency Fund, the EIB guarantee schemes, banks operations etc. It is also important to provide TA to the SMEs for identification and implementation of measures, for example through awareness raising activities and energy audits.

It was discussed how to support implementation of energy audits in SMEs and how this could be financed through for example state support or interest subsidies.

The need for a new guarantee fund was stressed and which could be related to the above de-risking and standardisation platform and should also take into account experience from the current EIB guarantee scheme.

As to the final conclusions please refer to the Executive Summary above.

Background

This session looked into the specific issues related to SME's, in particular how to overcome the lack of capacity to identify and implement energy efficiency investments, the low creditworthiness of SME's. It also explored, and what type of integrated services (one-stop-shop) could be proposed to SME's to increase investments in energy efficiency.

The public conference included a [presentation](#) of The Romanian Energy Efficiency Fund (FREE) as a good example of assisting the industry sector in financing projects on a commercial basis.

Further, the conference addressed the many problems still to be overcome within the SME sector in Romania (a.o. addressed in [presentation](#) by ARPEE). Some energy efficiency gains have been achieved but the release of the overall large potential will require better access to financing through new financing schemes and new instruments to decrease investments risks.

Large Industry has superior investment power, better credit worthiness and easier access to efficient technologies and technical competences. Market competition forces them to stay cost competitive and provides some incentives for energy efficiency. EE measures with a short payback time (low hanging fruits) are already implemented but current market conditions (competitive pressure) may delay further EE measures.

ALRO was [presented](#) as an example of a large-scale company that has carried out a significant number of energy efficiency projects, aimed amongst other to improve their competitiveness in their markets. Their case stands as a good example of an industry that not only focuses on direct energy benefits but also on non-energy benefits derived from energy efficiency projects.

There is an increasing trend among SMEs to focus on energy efficiency, which amongst other is proven by the activities of [ProCredit Bank](#). As shown by their [presentation](#) at the public event they are actively pursuing the SME potential through its Green Finance Loan portfolio. However, many barriers are still to be overcome to reach out to all SMEs. This was also stressed by the Romanian Association of Banks during the event.

ProCredit Bank is one of the five Romanian banks that have signed up to a SME Initiative in Romania (June 2017), to provide new financing for Small and Medium enterprises (SMEs) across the country. The SME Initiative is managed by the EIB Group (European Investment Bank and European Investment Fund), the Government of Romania and the European Commission. The agreements with the five banks involved aim to facilitate access to finance for Romanian SMEs by providing a 60% guarantee on each loan and by lowering the interest rates charged by banks. These transactions with Raiffeisen Bank, ProCredit Bank Romania, Banca Comerciala Romana, Banca Transilvania and BancPost are expected to benefit around 3,700 SMEs and start-ups in need of finance.

Increase in energy retail prices have made SMEs more aware about the benefits of energy efficiency. However, SMEs typically lack financial power to finance the equity part of investments and have limited internal competences to carry out EE projects. Further, the various size of SMEs is a challenge in relation to assisting them. There are various needs and competences across sectors and size of SMEs.

Additional instruments can be put in place including instruments to reduce investment risks. Public authorities could play a more active role, including through fiscal policies, in penetration of new and innovative financing schemes and improved education. Knowledge of stakeholders on energy efficiency will be key (information campaigns, roundtables etc).

Key Questions

- 3.1. How do we ensure linking between energy management schemes, energy audit schemes and access to finance to make sure relevant EE measures are identified and implemented in SME?
- 3.2. What kind of financial instruments could be applied to de-risk investments in the SME sector?
- 3.3. What could be the key components of a one-stop-shop service that is best suited to meet the needs of SMEs in Romania regarding energy efficiency investments? Who would be the actors that can provide this service?
- 3.4. What is needed in terms of awareness raising and capacity building for SMEs?



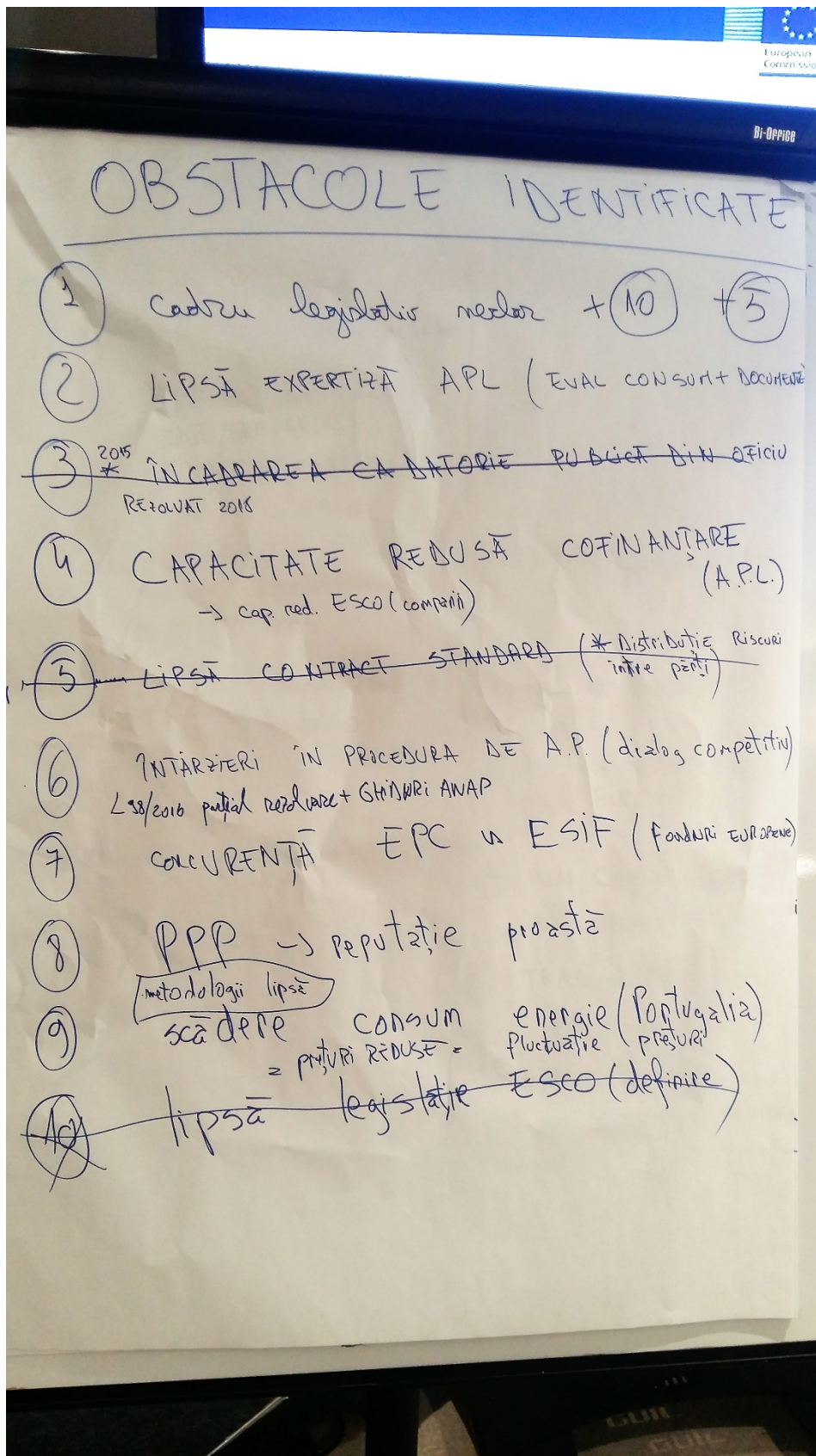
CLOSING PLENARY

Moderator: Gabriel Avăcăriței, Chief Editor, Energynomics.ro

The outputs from the four in-depth topic groups was summarized by the rapporteurs as described above (see Executive Summary above).

The meeting was concluded by Mr. Constantinescu and Mr. Alicus, who thanked all participants from the EU and Romanian institutions. It was agreed to have a follow up roundtable in the first quarter of 2019. Meanwhile the activities of ANRE will continue as well as discussions with the banks. Mr. Alicus suggested to keep the same topics for the next roundtable.





III. PROBLEMA	SOLUTIE
<p>① CADRU LEGAL</p> <ul style="list-style-type: none"> A) Achizitie (certificare) B) Alocarea bugetelor / intrare in det. publica C) EXEC. MAS. DE ENERGIE (AUSIT ENERGETIC) D) MECANISM CERTIFICARE ESCO 	<p>→ Flexibila</p>
<p>② LIPSA EXPERTIZA HPL * MĂSURARE CONSUM BASELINE DOCS</p>	<p>② EXPERT JUDEȚEAN</p>
<p>③ CAPACITATE REDUSĂ FINANȚARE COFIN - APL & ESCO</p>	<p>③ FONDA DE GARANTARE PT ESCO + certificare contract in rap cu reguli EURO STAT</p>
<p>④ CONCURENȚĂ EPC VS F. STRUCTURALE</p>	<p>④ INV. COMERCIALĂ - ESCO INV. NECOMERCIALĂ - FONDAȚII UE</p>
<p>⑤ VARIAȚII PREȚI</p>	<p>⑤ TRANSF. ^{CAZUL} APR IN PROSUMATOR CONTRACT (DISTRIBUȚIE RISCUL) - ART DE AJUSTARE A PREȚURILOR</p>