

The EPC market in Croatia and the new Eurostat rules on EPC accounting

Milan, 16. november 2017.

What was the problem?

Guidance Note on the Impact of Energy Performance Contracts on Government Accounts 2015.

E(n)PC is imputed government debt by default, „given the high likelihood that capital expenditure incurred in the context of EPCs would have to be recorded in government accounts anyway”

Public administrations hesitates to contract EPC - constrains in budget, EDP, public procurement issues

Rules in contrast with ESA 2010 provisions for economic ownership – if a majority of the risks and are transferred to the partner

Energy Efficiency Directive 2012/27/EU

EED 18.1.d) Member States shall promote the energy services market... supporting the public sector in taking up energy service offers

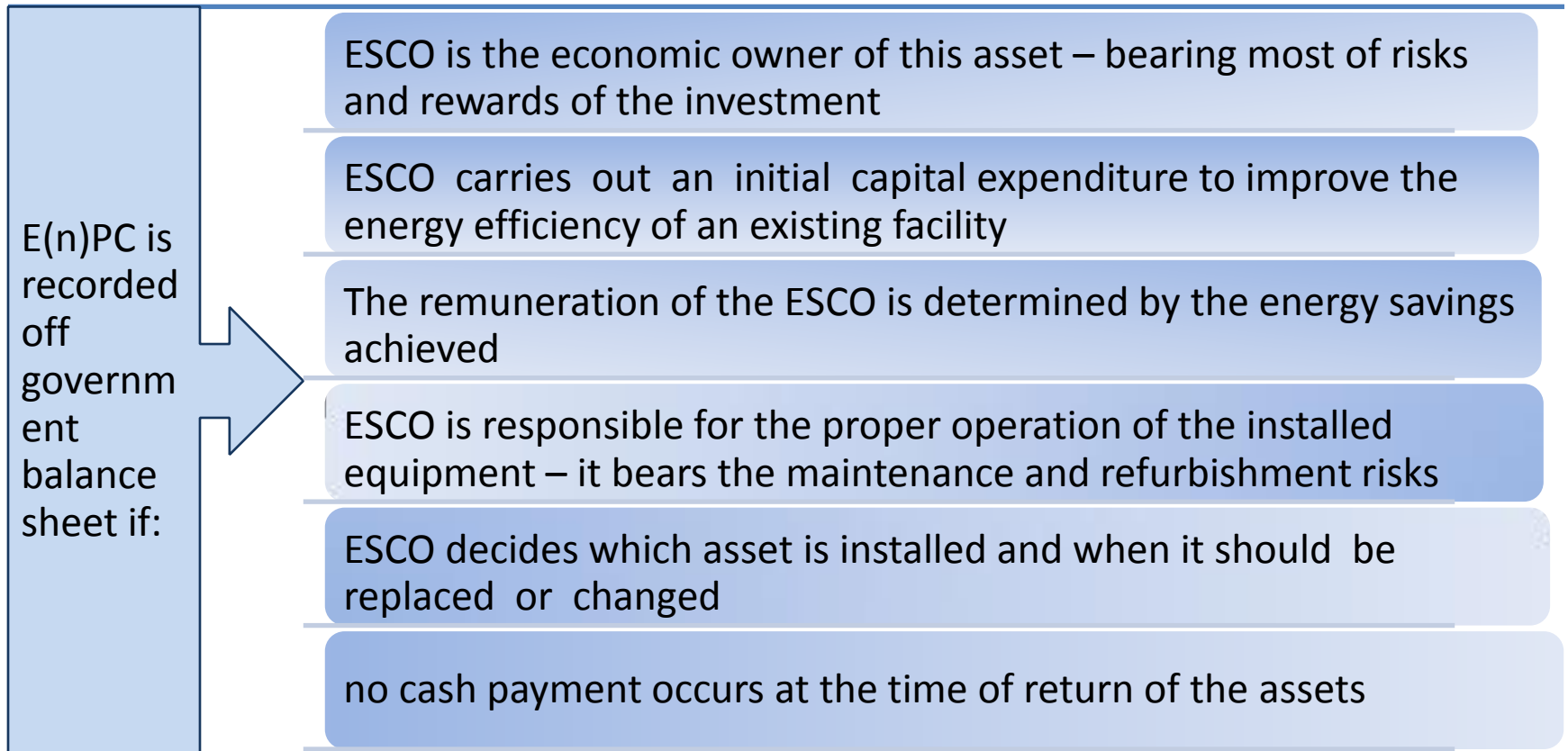
EED 5.7.c) „use, where appropriate, energy service companies, and energy performance contracting to finance renovations and implement plans to maintain or improve energy efficiency in the long term.”

EED 5.1. 3 % of the total floor area ... occupied by its central government is renovated each year to meet at least the minimum energy performance requirements set in Article 4 of EPBD.

2015. EUROSTAT guidance note made it practically impossible to renovate public buildings via energy performance contracts – implementation of EED

19. September 2017. new guidance was issued – providing rules in which energy performance contracts can be used by government in line with ESA 2010

EUROSTAT guidance 2017.

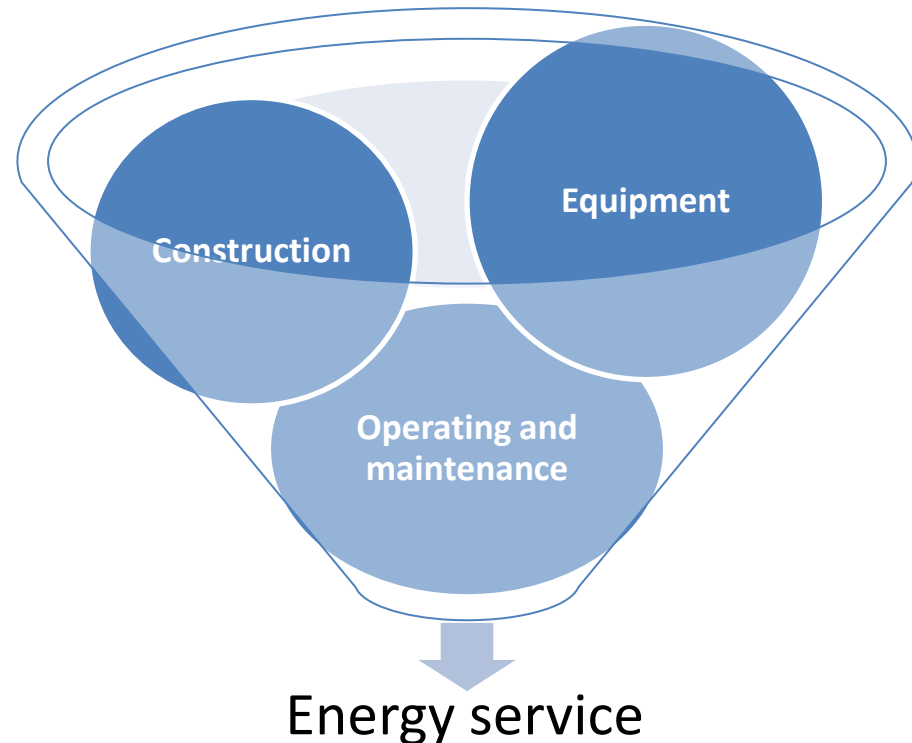


If an EPC is combined with a factoring without recourse agreement, the government is deemed to be the economic owner of the EPC asset – government debt is imputed

Energy service vs renovation

In case of deep renovation energy service can include:

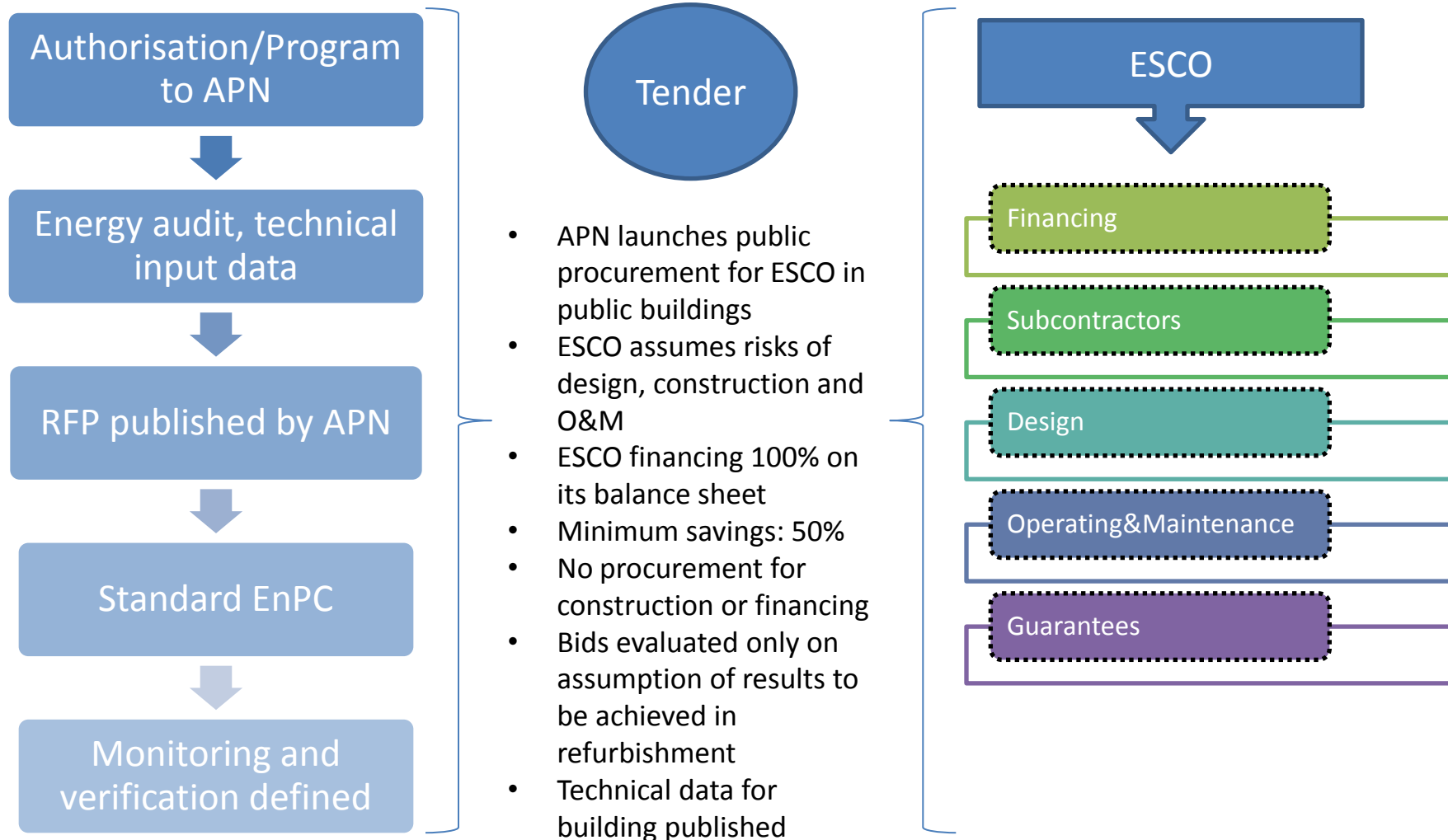
- Investment in building envelope
- Installment of equipment
- Replacement of renovated parts during the contract
- Maintenance
- Operating heating, cooling, ventilation and airconditioning system
- Energy management
- Change of fuel
- Education of staff
- Investment in renewable energy sources



Energy service can make benefit from interplay of different measures – removable and non removable

Output of energy service are energy savings – not increase of value of the building

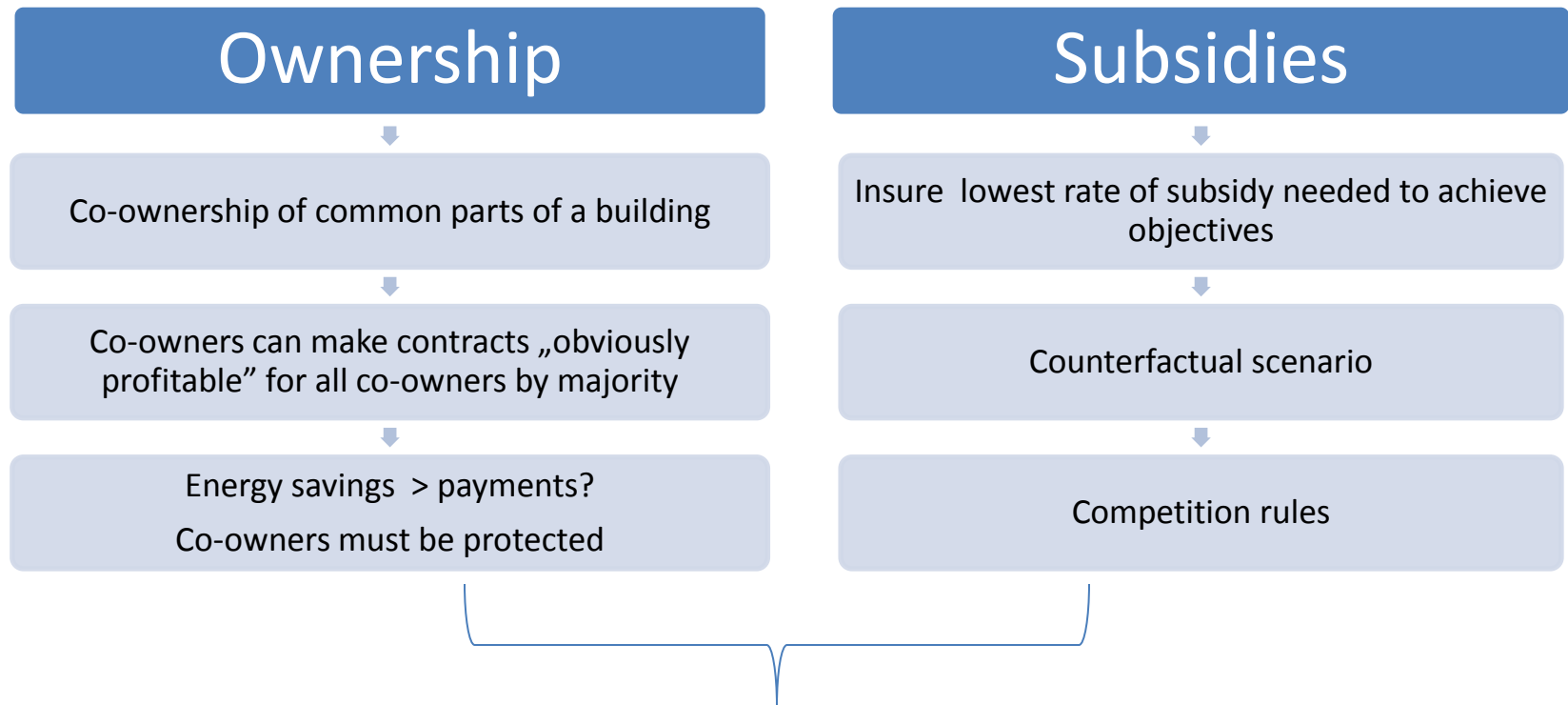
Tendering process for EnPC – public buildings in Croatia



Current EnPC contracts for public buildings

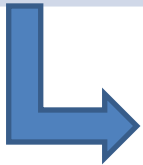
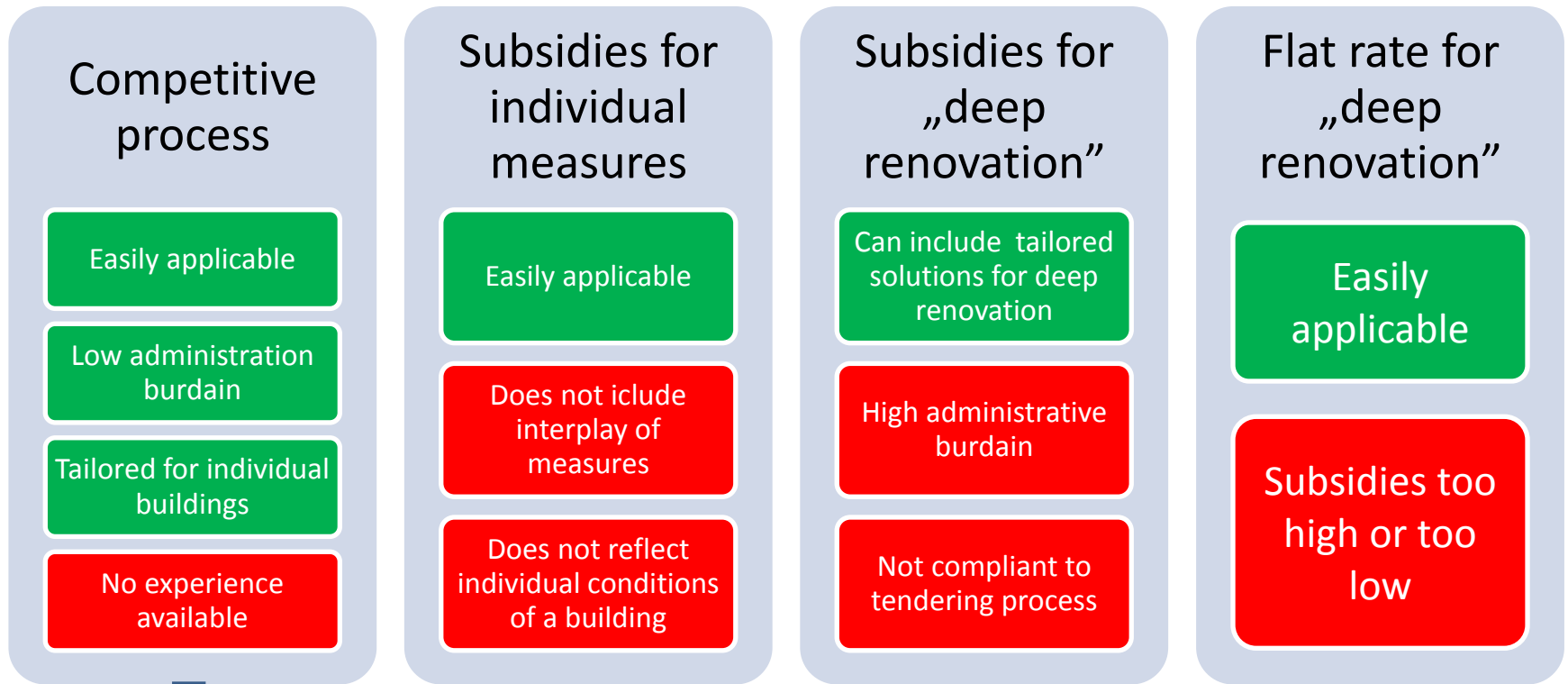
Number of buildings with EPC procured for	57
Surface area	514.000 m ²
Number of companies bidding	22
Number of companies with EnPC contracts	13
Number of EnPC contracts	33
EnPC contracts terminated	21
Buildings with active EnPC contracts	69
Surface area of buildings with active EnPC	257.000 m ²
Value of active EnPC	82.176.870,75€

Multi apartment buildings



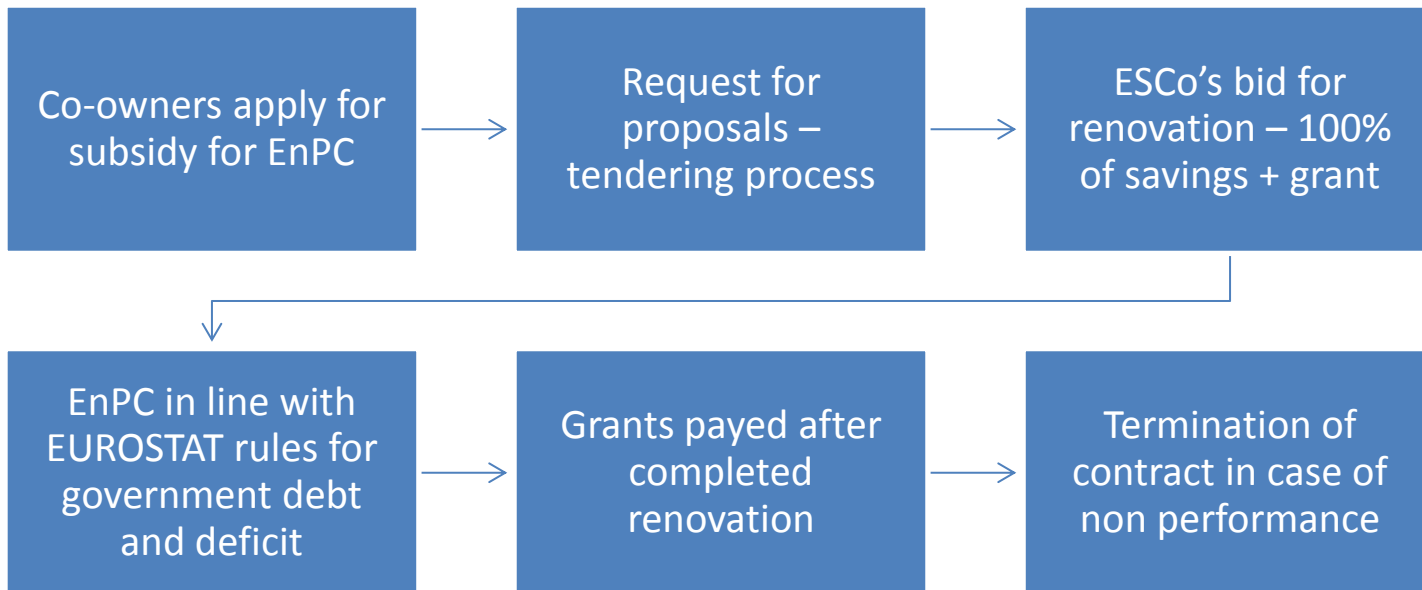
How can energy efficiency be subsidized for multiapartment buildings?
How can co-owners be safe from non-performance of renovation?
Can EnPC be a tool for renovation of multi apartment buildings?

Options for subsidies



With ESCo as the investor, energy service can be applied and subsidised for multi apartment buildings, unlocking enormous renovation potential!

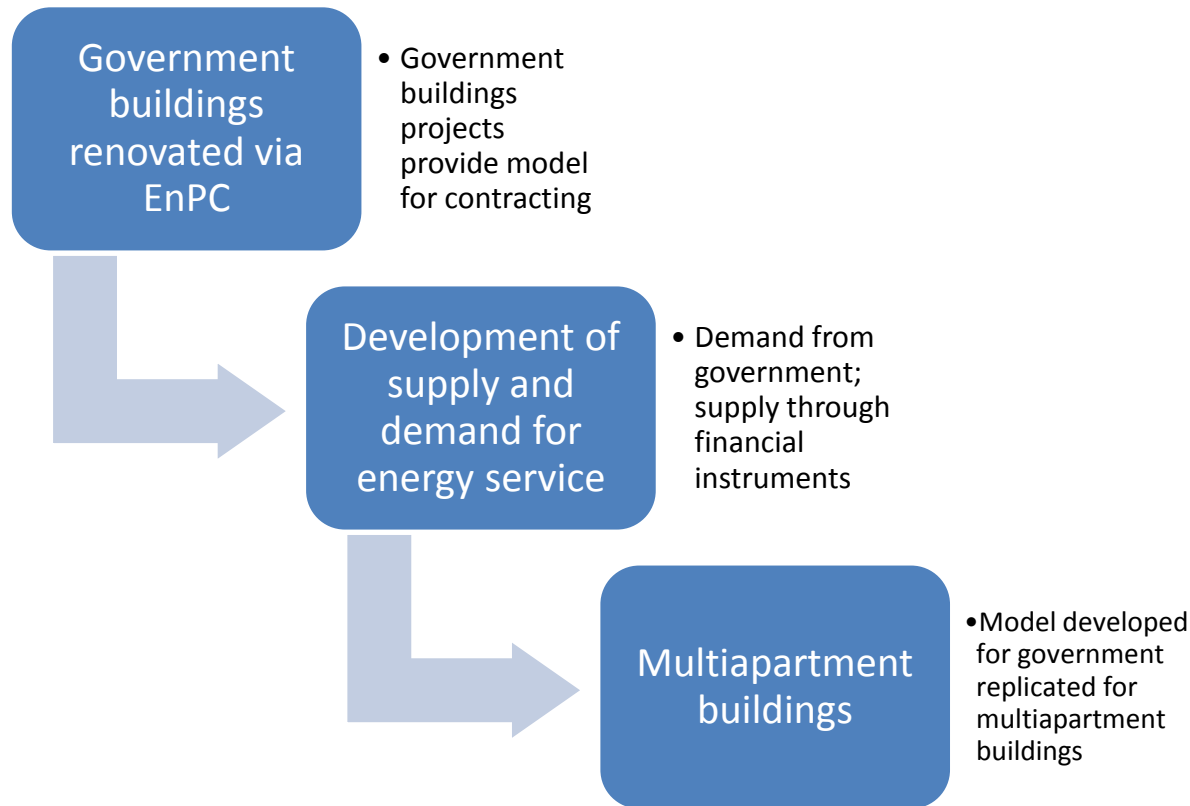
Competitive process – proposal for multi apartment buildings



Basic rules for competitive process:

- **ESCO's apply for grants**
- **ESCO's can ask for grants above savings guaranteed**
- **Grants considered to be a price in a tendering process**
- **Standardised contracts used to protect co-owners**
- **Full application of EUROSTAT rules – ESCo an economic owner of investment!**

Development of energy service market



Energy service market must be developed to apply competitive process

Stringent rules and processes for government buildings can provide framework for renovation of multi apartment buildings – unlocking potential

Not possible if ESO's are not economical owners of investment – EUROSTAT rules!

Thank you for attention!

Ivan Šerić

contact@enereff.eu