



Asociatia ESCOROM  
a Societatilor de  
Servicii Energetice  
din Romania

**“Financing energy efficiency in Romania,  
Hungary and Bulgaria”**

# **Developing the ESCO market in Romania**

**Conference - Bucuresti, February 1<sup>st</sup>, 2018**

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# SUMMARY

- ESCOROM: Who are we & what we do?
- Status of the ESCO market in Romania
- Barriers to EPCs in Public Buildings
- Claims of RO ESCOs
- ESCOROM: Actions to overcome barriers
- Conclusions

# Who are we & what we do?

- **Born in 2015** – private, independent initiative – no subsidies from RO Gov or EU
- **Members:** 7 companies active in the ESCO industry + 3 independent EE consultants
- **Communication** with national bodies (National Regulatory Energy Authority, Energy Commission of the Management Authority of the Large Infrastructure Operational Programme, Chamber of Deputies - Committee for Industries and Services etc.) having as main goal removal of legal barriers hampering the activity of ESCOs in the RO public sector; Commercial Banks, Financing institutions etc.
- **Communication** with EU similar organizations in specific issues such as:
  - ✓ Assessment of the impact of the **Eurostat Guidance Note** from 07/08/2015 on national EPC market;
  - ✓ Benchmark of ESCOs based on commitment to hold to clear values and principles
- **Awareness and capacity building** campaigns (EDUESCO project) on EPCs dedicated to public authorities, specifically on development and implementation of Energy Efficiency Action Plans and capacity of ESCOROM members to provide tailored advice in design and implementation of energy efficiency improvement programs.

**The signals we have received show that interest in ESCO is low for some bodies**

ENERGY-SERV  
(membru  
fondator)

SERVELECT

ENERGO ESCO

ELSACO ESCO

LUXTEN LIGHTING  
COMPANY

ENERGOMONTAJ  
GRUP

E.ON Servicii  
Tehnice



# Status of the ESCO market in Romania

## *Public sector:*

- ❖ 2012: EU EPC campaign to help MS in setting a legal and financial framework for the energy efficiency services
- ❖ 2015: pilot program “**Opening the market for ESCOs**” (planned to include up to 10 municipalities) of the European Bank for Reconstruction and Development (EBRD), funded by the Global Environment Facility (GEF)
  - ✓ Market potential: €1.4 billion for public buildings, €0.2 billion for public lighting and €0.5 billion for private sector co-financing;
  - ✓ EPC draft law - under development; EPC Contract draft and EPC tenders under preparation
- ❖ ROP 2014-2020 was supposed to facilitate ESCOs access to the PS market
  - ✓ Target of public buildings renovation programme: mill. €326,14 (ERDF/FEDR+SB)

**ESCOs are not active in the public sector**

## *Private sector (industry):*

- ❖ Market potential: €450 mill./year (JRC Survey)
  - ✓ Total turnover of members of ESCOROM: about €55 mill in 2016
  - ✓ Total profit of members of ESCOROM: about €5 mill in 2016

# Barriers to EPCs in Public Buildings

- **No dedicated legal framework**
- ❖ standard EPC Contract including guarantee instruments; financial and fiscal treatment, type of works and/or services and/or equipments supplied etc.;
- **“Winter package”**: emergency ordinances amending:
  - Law no. 98/2016 on public procurement, as subsequently amended and supplemented
  - Law no. 99/2016 on sectoral procurement and
  - Law no. 100/2016 on works concessions and concessions of services.

*(Note: methodological rules of application not yet issued)*
- **Public authorities**
- ❖ bad behaviour of in terms of payments;
- ❖ change the property status of buildings during the contract;
- ❖ high amount of investment needed while most of ESCOs are small companies;
- ❖ low quality of projects preparation, implementation and operation;
- ❖ risk transfer but no split of incentives;
- ❖ state aids for private companies and subsidies for home owners = low financial involvement of clients – discourages ESCOs involvement.

**Negative impact of the Eurostat Guidance Note from 07/08/2015**

**Presently, the market for residential and public buildings renovation is fully focused on ROP specific objectives**

- **What ESCOs need**
  - ❖ distinct legislation
  - ❖ consultation with public clients before the tender procedure – energy audit is compulsory;
  - ❖ consultation with public clients during the tender procedure – ESCO-type solutions are innovative, complex – therefore bids are difficult to compare;
  - ❖ possibility to negotiate the contract with public clients;
  - ❖ better access to projects financing;
  - ❖ better communication with public bodies;
  - ❖ certification scheme;
  - ❖ M&V procedures.

**Presently, EPC public projects market is closed in RO**

- **Quality control of ESCOs**
  - ESCOROM membership based on questionnaire and
  - our company members are listed on ANRE web site – ESCOROM is National Co-administrator of the European Code of Conduct for Energy Performance Contracting (EPC)
- **Contribution to legal framework:**
  - minimization of the **Eurostat Guidance Note** from 07/08/2015 impact on national EPC market;
  - revision of **Energy Efficiency Directive 2012/27/EU**;
  - surveys, analysis of relevant EPC related issues;
  - participation in public consultations for the development of the legislative framework.
- **Preparation of specific procedures for ESCOs:**
  - implementation of standardised M&V methods;
  - Implementation of ESCOs certification mechanisms.

## EU level

- ***“The role of EPC must increase, in particular in the public sector”*** (Clean Energy for All Europeans)

## RO level

- Very low interest of decision makers in development of ESCOs and related industry

## RO ESCOs

- Are prepared to deliver turnkey projects and looking forward to removal of barriers – **they are able to prepare EPCs = to link the performance to the payment and to take over the project related risks;**
- Organize the ESCO activity inside companies as departments exclusively dedicated to provide energy efficiency services;
- Prepare energy audits, provide consultancy services and energy management services etc.
- Perform complex projects dealing with modernization and optimization of the heating, ventilation and air conditioning (HVAC), including the renewal of energy equipments and of the electrical (including lighting retrofit) systems, as well as with the energy supply (renewable sources and cogeneration) under existing legal framework;
- Carry out active marketing activities.



# THANK YOU FOR YOUR ATTENTION!



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