ROUNDTABLE ON FINANCE FOR ENERGY EFFICIENCY IN THE CZECH REPUBLIC

5th October 2017, Prague

Location: Kaiserštejnský Palác, Malostranské náměstí 23/37, Prague

Organised by the European Commission in partnership with the Ministry of Industry and Trade of the Czech Republic and UN Environment Finance Initiative.

Background:

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 Central Europe took place in Prague on 27 April 2017. This event gathered 103 participants working on energy efficiency finance from the financial sector, national Governments, project developers, the renovation supply chain and local and regional agencies. Taking place over one day, the event had opening and closing plenaries and a series of six breakout sessions. The presentations and proceedings from that event can be found here, and make useful background reading in advance of the National Roundtable.

The objective of the National Roundtable is to initiate a dialogue on energy efficiency finance with key stakeholders in the Czech Republic, in order to identify common objectives and potential improvements to be made in the policy framework within the country. The Roundtable will devote a significant amount of time to discussion in breakout sessions and interaction between participants.

This event is organised by the Executive Agency for Small and Medium-sized Enterprises (EASME) in the frame of the Sustainable Energy Investment Forums contract, funded under the EU Horizon 2020 programme.

AGENDA

9:30 Introductory plenary

Opening speech

- **Lenka Kovačovská**, Ministry of Industry and Trade of the Czech Republic

Introduction to the National Roundtable by the Moderator

- **Petr Holub**, Chance for Buildings

Introduction and Update from the European Commission

Introductory Remarks

- Olga Letáčková, Deputy Minister of Regional Development
- Jan Kříž, Deputy Minister of Environment
- Petr Pavelek, Deputy Minister of Finance
- Adrien Bullier, European Commission, EASME

11:00 Coffee break

11:30 Topic groups – 1st session

1. **Housing**
2. **Public buildings**
3. **Industry / SMEs**
4. **Making energy efficiency attractive for the financial sector**

12:30 Lunch

13:30 Topic groups – 2nd session (same topic, continued)

15:00 Closing plenary

- Report back from Topic Group Rapporteurs
- Discussion and next steps

15:45: Concluding remarks

- Vladimír Sochor, Director of Department of Energy Efficiency and Savings, Ministry of Industry and Trade
- Adrien Bullier, European Commission, EASME

16:00 Networking Cocktail

Background paper

During the National Roundtable, participants will be split into 4 working groups on the following topics. These sessions will pick up the conclusions from the public conference and work to identify concrete solutions on each topic. This paper aims to summarise the key questions which are relevant for each working group, in order for participants to come prepared and have an effective working session.

Working group sessions will include a presentation from a foreign expert on related experiences abroad, and a presentation by a Czech participant on the current situation in the Czech Republic. After that, the discussion will be focused on the Czech Republic. Discussions will take place in Czech with interpretation to English for foreign participants. We will ask a rapporteur in each of the breakout sessions to report on key issues arising from the discussion and 3-5 headline bullet point conclusions.

1. Housing

Invited international speaker: Marco Devetta, Sogesca, Italy. Information about the Padova FIT project can be found here.
Czech Republic speaker: Tomáš Trubačík, Chance for Buildings
Moderator: Ondřej Šrámek, Czech Green Building Council

The Public Conference included presentations on experience with home renovation loans in the Czech Republic through the New Green Savings programme (available here), and on similar programmes in Slovakia and Lithuania. It also presented successful experiences from Latvia using energy performance contracts for home renovation.

A key challenge is to increase the share of public funding distributed through loans, while keeping an adequate level of public grants in home renovation programmes. However, it also appears that making finance available is not sufficient for home renovation programmes, and specific actions are needed to foster the willingness of householders to borrow for home renovation.

This raises the question of which services can be provided to facilitate the home renovation process for homeowners, which encompasses all steps from the identification of potential savings to the implementation of the works, including structuring the financing plan based on grants, loans and other available funding sources. The concept of 'one-stop-shop' aims to address the customer journey as a whole and thus to both foster demand for renovation and supply adequate financial solutions.

Homeowners don't usually invest in home renovation only because of financial returns, but n many cases the key factors are the associated benefits of energy renovation, in particular comfort, health and increased home value. These need to be better included in the marketing of home renovation schemes in order to foster demand from households.

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 home renovation market in the Czech Republic?
1.2. Which organisations might be best placed to implement such facilities? What would be the role of each organisation in such a facility? How would the service be funded?
1.3. What policy and legislative changes are needed to make it easier for Managing Authorities and Regional Agencies to combine possible grant and loan funding from different sources?
1.4. How would a guarantee scheme for household renovations lead to a structural change in the market by helping financial institutions expand their activities into energy efficiency investments, and by giving householders access to affordable loans?
1.5. How such a scheme could be developed and financed, and what level of technical assistance would be required to ensure a sufficient project pipeline?

2. Public buildings

Invited international speaker: Erika Honnay, GRE-LIEGE, Belgium. Information about the GRE-LIEGE activity can be found here.
Czech Republic speaker: Jaroslav Klusák, City of Litoměřice
Moderator: Jaroslav Maroušek, SEVEn

The focus of the session will be to identify clear pathways to increase the rate of public building renovation with possible funding routes, engagement programmes and mechanisms.

The Public Conference included presentations on energy efficiency renovation though energy performance contracting (EPC) in the Czech Republic, and on similar programmes in Austria and Slovakia. It also presented the successful Bulgarian experience on providing loans and guarantees to ESCOs, and identified forfeiting as a key mechanism to upscale ESCO-funding EPC. Forfeiting funds are being developed in Latvia with EBRD funding and Lithuania through European structural funds.

Potential solutions to increase renovation rates can be explored in:

- PDA (with leverage requirements) and aggregation of small municipalities to reduce transaction costs
- one stop shops for EPC / EPC market facilitation, including the use of contracting / procurement frameworks
- forfeiting energy performance contracts to allow refinancing of ESCOs

Key Questions

2.1. Could public funding be allocated in the form of project development assistance, which has a higher leverage factor than investment grants/public loans? How would this work in practice? What has experience been in seeking to use or applying for ELENA funding?
2.2. What is needed to upscale the market for energy performance contracting?
2.3. How to support forfeiting for EPCs?
2.4. How to support access to finance for ESCOs? (to be discussed, as most EPCs in CZ are funded by building owners)
2.5. What is needed in terms of capacity building for public building owners?

3. Industry/SMEs

Invited international speaker: Kati Ruohomaki, Confederation of Finnish Industries
Czech Republic speaker: Zuzana Krejčiříková, ČEZ
Moderator: Bohuslav Čížek, Confederation of Industry of the Czech Republic

The Public Conference included presentations on energy efficiency in Czech industry and on guarantee instruments from CMZRB and on financial support available for financing energy improvements through the PF4EE programme administered by Komerční banka . The session also heard about EBRD's experience in funding improvements in industry in Slovakia.

The lack of awareness amongst end users and the need for increased technical assistance for industry and SMEs emerged as conclusions from the public conference. This session should address these themes, hearing from industry on support needed to prepare projects for investment and from state sector actors on outreach programmes and support and the ways in which these could be improved.

The session aims to develop a routemap to increased outreach and technical assistance support with names, actors and timelines and key opportunities for change identified where possible.

Key Questions

3.1. What are some of the key lessons learnt from existing industry support programmes, what has worked well? What specific types of support might help to overcome initial barriers to engagement and increase interest?
3.2. How can the process of establishing the viability of projects for investment be streamlined? Would access to relevant benchmarking data be of use?
3.3. Are there key sectors or industries where a more focused programme could yield some early wins? Are there trade associations or other intermediaries that should be engaged in order to increase outreach opportunities?

4. Making energy efficiency attractive for the financial sector

Invited international speaker: Katarzyna Dziamara-Rzucidlo, Regional Development Financing Institute (Poland), member of the Energy Efficiency Financial Institutions Group
Czech Republic speaker: Ondřej Ptáček, Czech-Moravian Guarantee and Development Bank
Moderator: Jan Hanuš, Czech Banking Association (representative of Komerční banka)

The Public Conference included presentations giving an overview of the mobilisation of the financial sector on energy efficiency, setting out support available from the European Investment Bank and reviewing existing JESSICA and PF4EE schemes in the Czech Republic. It also presented the work carried out to standardise energy efficiency projects under the Investor Confidence Project, the ongoing work of the EEFIG (Energy Efficiency Financial Institutions Group), in particular the development of an energy efficiency risk valuation and underwriting toolkit for financial institution which is now available, and the Romanian experience with green mortgages.

Alongside standardisation, a major challenge is the perceived risk profile of energy efficiency which leads to higher capital costs. A solution to this could be the development of risk sharing instruments such as guarantees, which can be provided from the EU level through the European Fund for Strategic Investments and Private Finance for Energy Efficiency guarantee scheme, alongside existing national initiatives such as the Czech-Moravian Guarantee and Development Bank.

Key Questions

4.1. 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?
4.2. Now that the Energy Efficiency Financial Institutions Group risk and underwriting toolkit has been launched, how can this best be used within the Czech Republic? What support might be needed to encourage its dissemination and adoption? Which institutions and individuals could be key advocates?
4.3. How can a continued dialogue between banks and the energy efficiency sector be maintained? Is there a need for additional support mechanisms to enable this?

Preliminary List of Invited Speakers and Participants

- Czech Banking Association
- Confederation of Industry of the Czech Republic
- Czech Economic Chamber
- Czech Statistical Office
- Czech Technical University in Prague
- European Commission DG Energy
- UN Environment Finance Initiative
- European Investment Bank
- Česká spořitelna
- Komerční banka
- Sberbank CZ, a.s.
- Unicredit Bank Czech Republic and Slovakia
- Czech-Moravian Guarantee and Development Bank
- Union of Towns and Municipalities
- Chance for Buildings
- Czech Green Building Council
- ENESA
- SEVEn
- Enviros
- ČEZ
- E.ON
- Deloitte Advisory
- Ministry of Industry and Trade
- Ministry of Finance
- Ministry of Environment
- Ministry of Regional Development
- Ministry of Internal Affairs
- Ministry of Defence
- Government Office
- State Fund of Environment
- State Housing Development Fund