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2ND NATIONAL ROUNDTABLE ON FINANCING ENERGY EFFICIENCY IN ROMANIA 6 JUNE 2019, BUCHAREST, ROMANIA

ATHENEE PALACE HILTON BUCHAREST

AGENDA AND BACKGROUND PAPER

Organised by 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.

Objectives	2
Agenda	3
Draft Background paper	4
1. Integrated home renovation services	5
2. De-risking energy efficiency investments	7
3. Energy renovation of public buildings	9

Objectives

As part of the "Smart Finance for Smart Buildings" initiative, the European Commission is organising a series of "Sustainable Energy Investment Forums" (SEI Forums) to enhance the capacity of and co-operation between public and private stakeholders to develop large-scale investment programmes and financing schemes. Information on past and upcoming SEI Forums events can be found on the SEI Forums [webpage](#).

An initial regional [regional conference](#) on Financing Energy Efficiency in Romania, Hungary and Bulgaria, took place in Bucharest on 1 February 2018. Over 180 participants attended, representing the public sector (Romanian Government, local and regional authorities, energy agencies, and European institutions), the financial sector, project developers, and the renovation supply chain.

A first roundtable on financing energy efficiency in Romania was organized in Bucharest on 11 October 2018. The event was attended by 72 experts who are engaged in financing energy efficiency across multiple sectors of the economy. The objective of the first roundtable discussion 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 in Romania.

This second roundtable follows-up on these events and will devote a significant amount of time to discussions in breakout sessions and interaction between participants in order to discuss the selected topics in depth and to provide recommendations and specific actions to facilitate energy efficiency investment in Romania, with a focus on its buildings sector and the post 2020.

Participants are Invited to read the background paper below for a better understanding of the topics that will be discussed, and to submit their comments and potential written contributions to bucharest@seiforums.eu by 4th June, 2019. These comments will be circulated to all participants ahead of the meeting.

Agenda

9:30 Introductory plenary

Introductory Remarks

Tudor Constantinescu, Principal Advisor, DG ENERGY, European Commission

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

Elena Popescu, General Director - General Directorate for Energy Policy, Ministry of Energy

Diana Tenea, General Director, Ministry of Regional Development and Public Administration

Cornel Brezuică, President of the Environment Fund Administration

Zoltan Nagy - Bege, Vice President, ANRE

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

Questions and Answers

11:00 Presentation of the Topic Groups and Working Method for the Roundtable

11:15 Coffee break

11:45 Topic groups – 1st session

1. Integrated home renovation services
2. De-risking energy efficiency projects
3. Energy renovation of public buildings

13:00 Lunch

14:00 Topic groups – 2nd session (same topics, continued)

15:15 Coffee Break

15:45 Closing plenary

- Report from Topic Group Rapporteurs on the key recommendations
- Discussion and next steps

16:45 Concluding remarks by the organisers

17:00 Networking Cocktail

*The national roundtable will be moderated by **Gabriel Avăcăriței**, Chief Editor, energynomics.ro.*

The event will be held in Romanian with interpretation.

Background paper

During the National Roundtable, participants will be split into 3 working groups on the topics described below. These sessions will draw on the conclusions from the public conference and the first roundtable to identify concrete solutions on each topic. This paper aims to summarise the key questions that are relevant for each working group, for participants to come prepared and to have an effective working session.

Topic group sessions will include introductory presentations to set the context on the current situation in Romania and may include invited speakers from other European Member States. Discussions will take place in Romanian with interpretation to English for foreign participants. We will ask a rapporteur in each topic group to report on key issues arising from the discussion and to provide the 5 (or more) recommendations of the topic group, which can be addressed to public or private stakeholders.

1. Integrated home renovation services

Speakers: **Damien Cocard**, European Commission - DG Regio
Cohesion policy support to energy efficiency investment in residential sector

Maurizio Minicuci, Municipality of Padova, Italy
PadovaFIT Expanded - Establishment of a One-Stop-Shop in the Padova area providing integrated home renovation services

Mihai Vălceanu, Municipality of Timisoara
Challenges for the municipality in relation to the “PadovaFIT Expanded” project

Petre Mihaila, Chief Architect, Municipality of Râmnicu Vâlcea
Experiences from energy renovation of residential buildings

Moderator: **Gabriel Avăcăriței**, Chief Editor, Energynomics.ro

Rapporteur: **Mihai Moia**, Executive Director, ROENEF - The association for promoting energy efficiency in buildings

This working group focuses 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.

Recommendations from the First Roundtable:

- 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.

Key questions

Based on the conclusions from the first roundtable, the second roundtable will provide concrete recommendations and suggest next steps in relation to setting up One-Stop-Shop facilities in Romania for residential buildings (OSS) - considering the barriers and success drivers presented by municipalities in the introductory presentations.

- 1.1. What would be the key components of a One-Stop-Shop in Romania, including services, and seen in relation to the various consumer segments?
- 1.2. Which actors need to be involved in a One-Stop-Shop (energy agencies, municipalities, regional authorities, banks, ESCOs, service providers, others...)?
- 1.3. What is the most effective type of a One-Stop-Shop in Romania (industry driven, consultant driven, ESCO driven, local government driven or cooperative driven) - and considering the particularities of consumer segments, regions and municipalities?
- 1.4. How can the financial sustainability of a One-Stop-Shop be ensured?
- 1.5. Which financial instruments should be in place to attract private-sector investment? How can the OSS solution contribute to this? How can public funds be used to leverage additional private-sector investment? How can we shift from grant-based support to financial instruments (project aggregation, one-stop-shops, standardisation measures etc.)?
- 1.6. How can a Pilot OSS be set up (next steps)?

2. De-risking energy efficiency investments

Speakers: **Steven Fawkes**, ICP Europe Senior Advisor
De-risking Tools: The Investor Confidence Project, EEFIG DEEP & Underwriting Toolkit

Steven Borncamp, Project Director SMARTER Finance for Families and Advisor to the Romania Green Building Council
SMARTER Finance for Families. H2020 project replicating “Green Homes and Green Mortgage programme” to 11 countries + status of the green mortgage scheme launched in Romania (with updates from Raiffesen Bank and Alpha Bank)

Björn Zapfel, Senior Project Advisor, European Commission - EASME,
Horizon 2020 support to de-risking energy efficiency investment

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

Rapporteur: **Cosmin Drăgoi**, General Manager, Finacon Group

This session focus 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.

Recommendations from the First Roundtable:

- 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.

Key questions

Based on the conclusions from the first roundtable, the second roundtable will provide concrete recommendations and suggest next steps in relation to:

- 2.1. How can a continued dialogue between banks and the energy efficiency sector be put in place? Can an overall Cooperation Group/Steering Group/Task Force be set up to facilitate further dialogue and initiate and monitor/guide specific actions?
- 2.2. 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 (possibly in cooperation with the group mentioned under 2.1) support the further development of the initiative, including collection of data?
- 2.3. Which bodies can help in setting standards and benchmarks to minimise performance risk? How can the EEFIG underwriting toolkit best be used within Romania?
- 2.4. 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?
- 2.5. How can guarantee funds be best structured to address the needs of the banking sector?

3. Energy renovation of public buildings

Speakers: **Bogdan Anton**, Expert - Energy Efficiency Department, ANRE
Main findings from the Romanian ESCO Working Group

Robert Pernetta, European Investment Bank
EPC Guide and ESCO access to finance

Otilia Nutu, Energy Forum Romania, Consultant World Bank
National Long-term Renovation Strategy

Camelia Rata, Brasov Energy Agency / Energy Cities Romania
EUKI project “Our Buildings” - local renovation strategy for 5 local authorities in Romania

Silviu Calin Negraru, Mayor, Municipality of Mizil
Experiences from energy efficiency projects in public buildings

Moderator: **Viorel Alicus**, General Director, Energy Efficiency Department, ANRE

Rapporteur: **Ion Dogeanu**, Executive Director, AEEPM - Agency for Energy Efficiency and Environmental Protection / ManagEnergy

This working group focuses on 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.

Recommendations from the First Roundtable:

- 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.

Key questions

Based on the conclusions from the first roundtable, the second roundtable will provide concrete recommendations and suggest next steps in relation to the key questions below. This will also address the National long term renovation strategy (art. 2a of [the revised EPBD](#)). 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 to leverage additional private-sector investment, guiding investments, and providing accessible and transparent advisory tools.

- 3.1. What are the needs of public building owners in Romania when it comes to supporting them in their energy renovation projects and seen in relation to the particularities of the various regions? *This will a.o. be seen in relation to the specific cases presented*
- 3.2. How can public building owners be assisted and who could deliver this assistance? How could county level expertise on energy management support smaller local authorities?
- 3.3. What kind of financial instruments are most suitable for energy renovation projects in public buildings? How can we shift from grant-based support to financial instruments (project aggregation, one-stop-shops, standardisation measures etc.)?
- 3.4. 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?
- 3.5. How do we ensure synergy with the National long term renovation strategy (art. 2a of [the revised EPBD](#)) and regional and local strategic plans?
- 3.6. What is needed to upscale the market for energy performance contracting, including improving the legislative framework as suggested at the first roundtable? How can access to finance for ESCOs be improved?