RENOWATT

Renovate Europe
October 13, 2016

With the support of:

eeef EUROPEAN ENERGY EFFICIENCY FUND

CITYNVEST

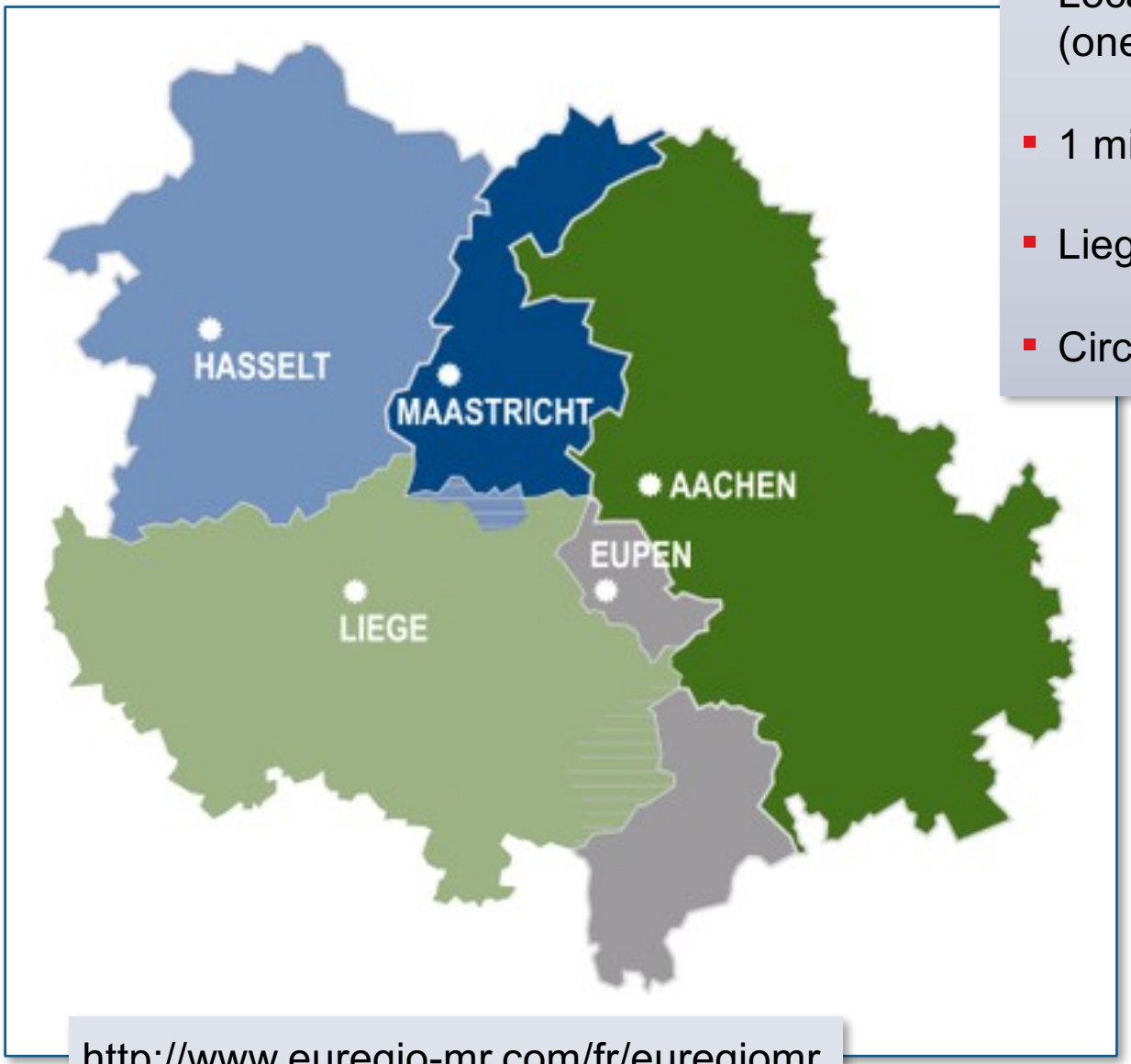
RENOVATE EUROPE

by GRE LIÈGE

Agenda

- **Genesis of the project**
- Creation of a One Stop Shop
- Activities of the one Stop Shop
- Financing the investments
- Tendering procedure
- Key take-aways – challenges so far

The province of Liege



http://www.euregio-mr.com/fr/euregiomr

- Located in Wallonia
  (one of the 3 Belgian Regions)
- 1 million inhabitants
- Liege province: 84 municipalities
- Circuit de Spa Francorchamps (F1)

GRE Liege – Economic Reconversion Agency of Liege province

Groupement
Redéploiement
Economique

- **Develop conditions to create sustainable jobs for the future generations**
- **Created in 2004, following the announce of Arcelor Mittal closure**

Energy renewal offers real potential for jobs creation and businesses in Wallonia

- If 60% of the buildings in Wallonia are renewed, there is a potential for
  - 30 billion euro
  - Maintenance / creation of 500,000 jobs (if everything is done at once), or 16,000 jobs if the investments are spread over the next 30 years
  - For Liège, maintenance / creation of more than 4000 jobs
- 93% of the energy consumption in Wallonia is imported

SOURCE: DG Energy European Commission; Build Up Skills; IWEPS

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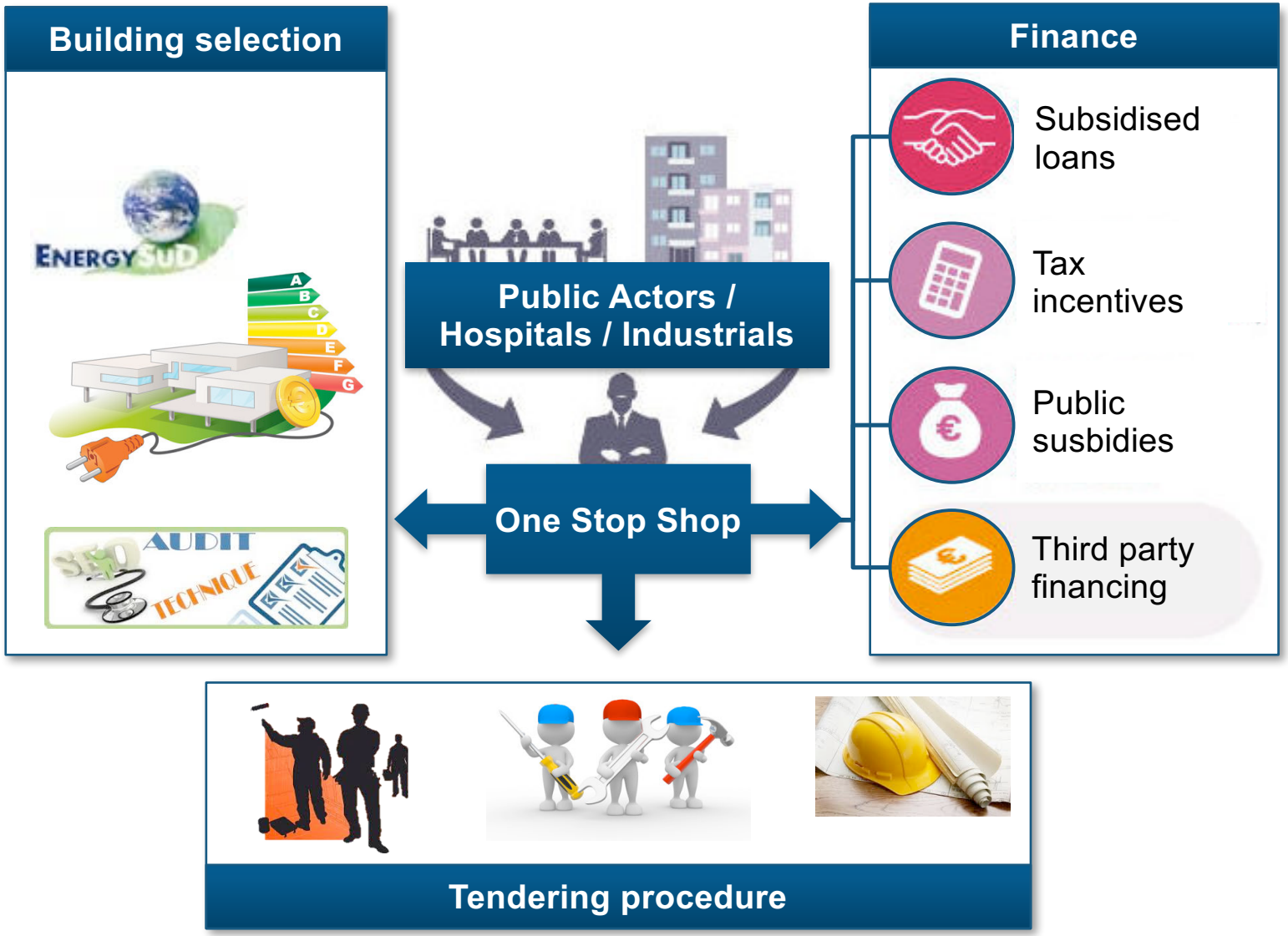
Set up of a structure to support beneficiaries (local authorities, hospitals, industrials…) in their urban energetic retrofitting projects



1 Public authorities as a first step –plan to open to hospital and industries

European Energy Efficiency Fund was identified to finance the One stop Shop

Objectives	▪ PPP intended to halt climate change ▪ Project intended to improve energy efficiency by at least 20%
Types of assistance	▪ Technical assistance to prepare the project ▪ Financing (between €5 and €20 million) for infrastructure projects (minimum €5 million required)
Beneficiaries	▪ Municipalities ▪ Local and regional authorities ▪ Public or private entities acting on behalf of local and/or regional authorities (transport companies, social housing, ESCOs, etc.)
Capital	▪ Initial capitalisation of the fund: €265 million (EU, EIB, Cassa Despositi e Prestiti, Deutsche Bank)
Hedging	▪ Financing of the project preparation costs **for 90%** of eligible costs (supplementary costs) ▪ **Minimum return factor: 20**

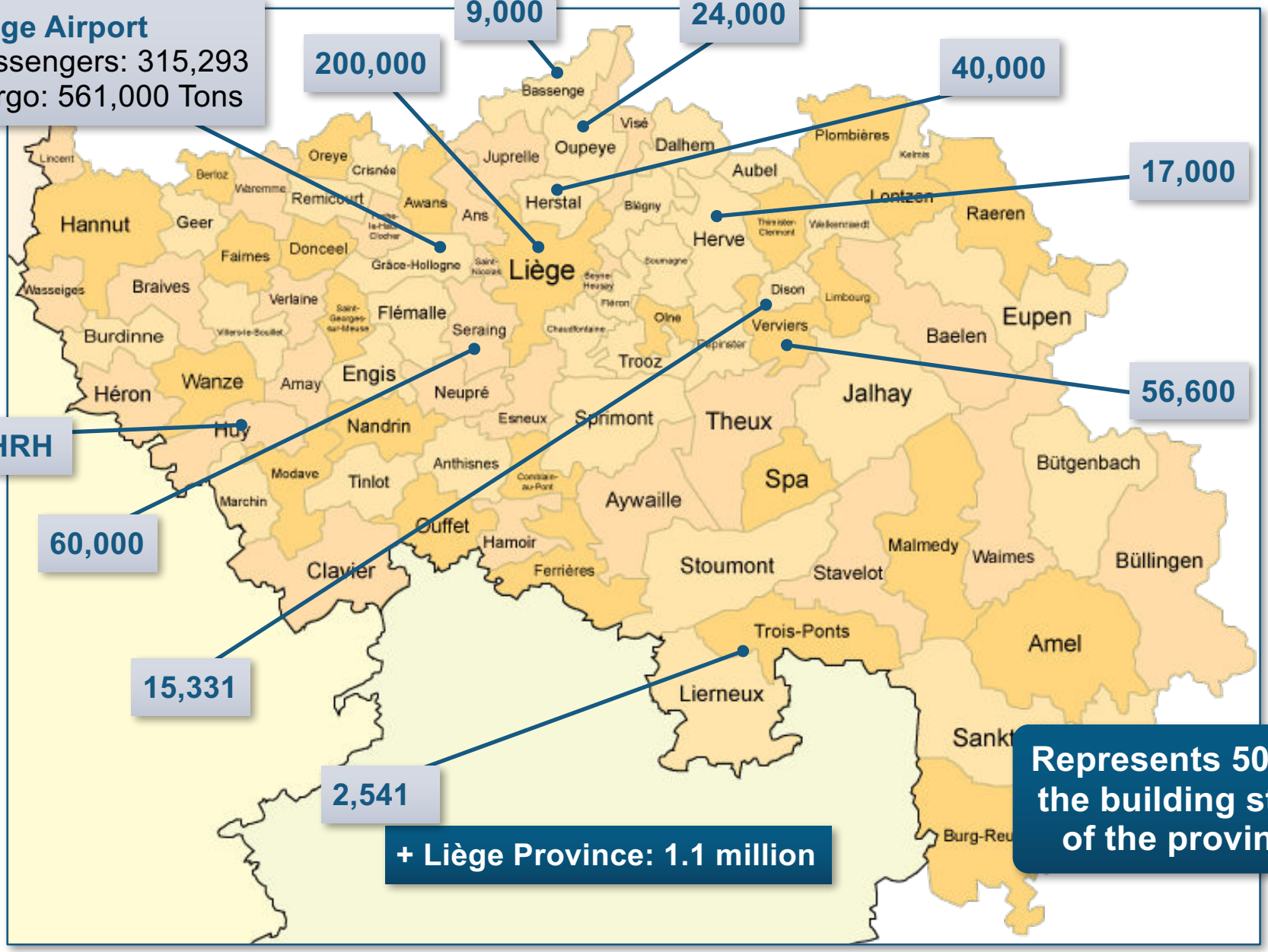
Investment program must be finalized by February 2017

SOURCE: EEEF

So far, 12 entities have joined the project (3 are paying entities)

Inhabitants

Liege Airport
Passengers: 315,293
Cargo: 561,000 Tons



Represents 50% of the building stock of the province

+ Liège Province: 1.1 million

The One Stop Shop is set up Step by Step

2014

- Creation of the One-Stop-Shop
- Provision of services to the public authorities in the province of Liège
- Subsidised services
- Launch of the talks for the hospitals

2015

- Structuring of the approach for the hospitals
- Expanding the services to all public authorities
- Launch and structuring of the talks for the industrialists
- The services of the One Stop Shop are subsidised

2016

- Opening of the One Stop Shop's services for hospitals[1]
- Opening of the One Stop Shop's services for industrialists[1]
- The One Stop Shop's services are charged to the public authorities, and subsidised for hospitals and industrialists

2017

- Opening of the One Stop Shop Window's services to all sectors
- A fee is charged for the One Stop Shop services

1 If a subsidy for hospitals and industrialists is provided in 2015, the activities will more than likely not be able to start before the beginning of 2016

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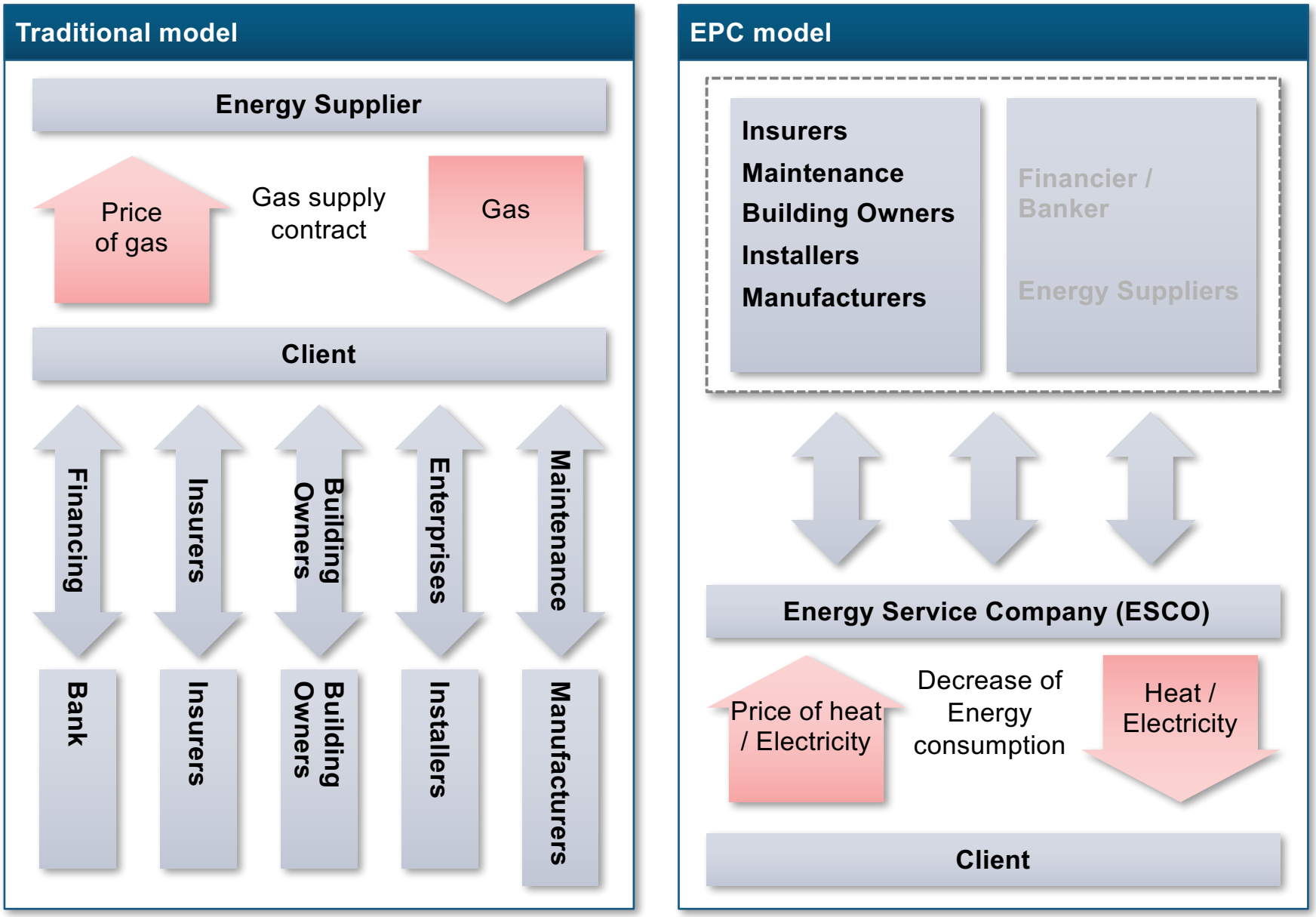
Three basic principles to which the 10 public authorities subscribe

1. Work according to Energy Performance Contracts (EPCs)
2. Grouping the buildings into batches / pools of buildings
3. Time dedication to the project

1 Giving priority to the EPCs



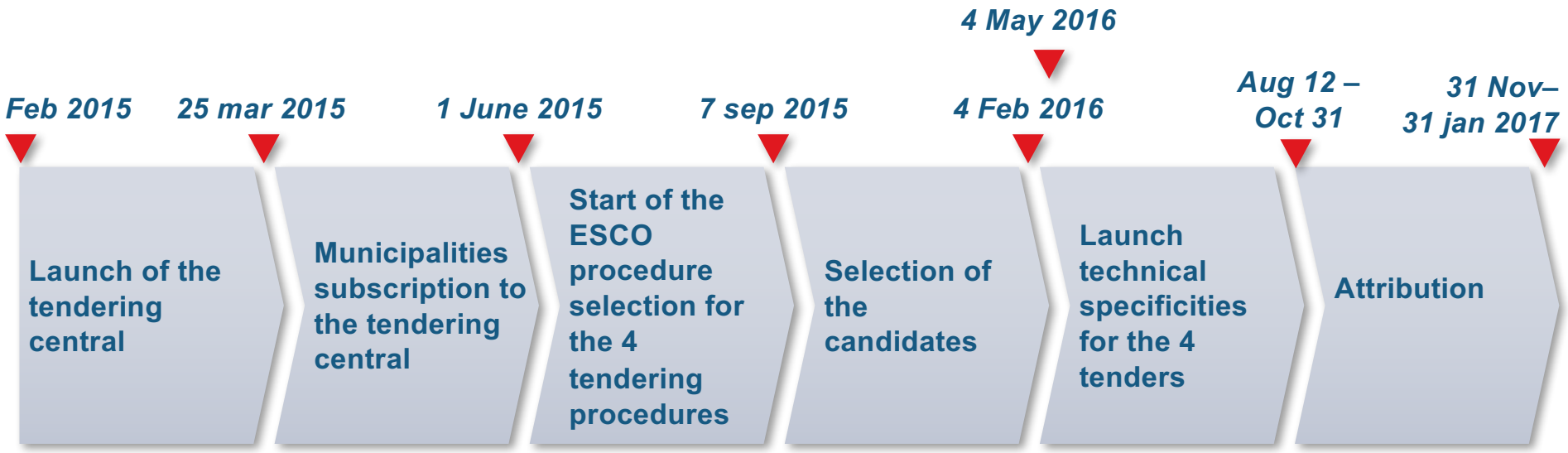
SOURCE: Pierre-Alain Kreutschy_SI Genève (Suisse)

2 Grouping buildings into different pools / lots comprising multiple buildings

- Grouping multiple buildings, depending on the potential energy savings within a single project
- The buildings may belong to a single public body or to multiple public bodies

- Achieving an adequate size for the EPC
- Diversifying the risk for financiers (and obtaining more attractive financing conditions)
- Reducing the number of contracts (and transaction costs)

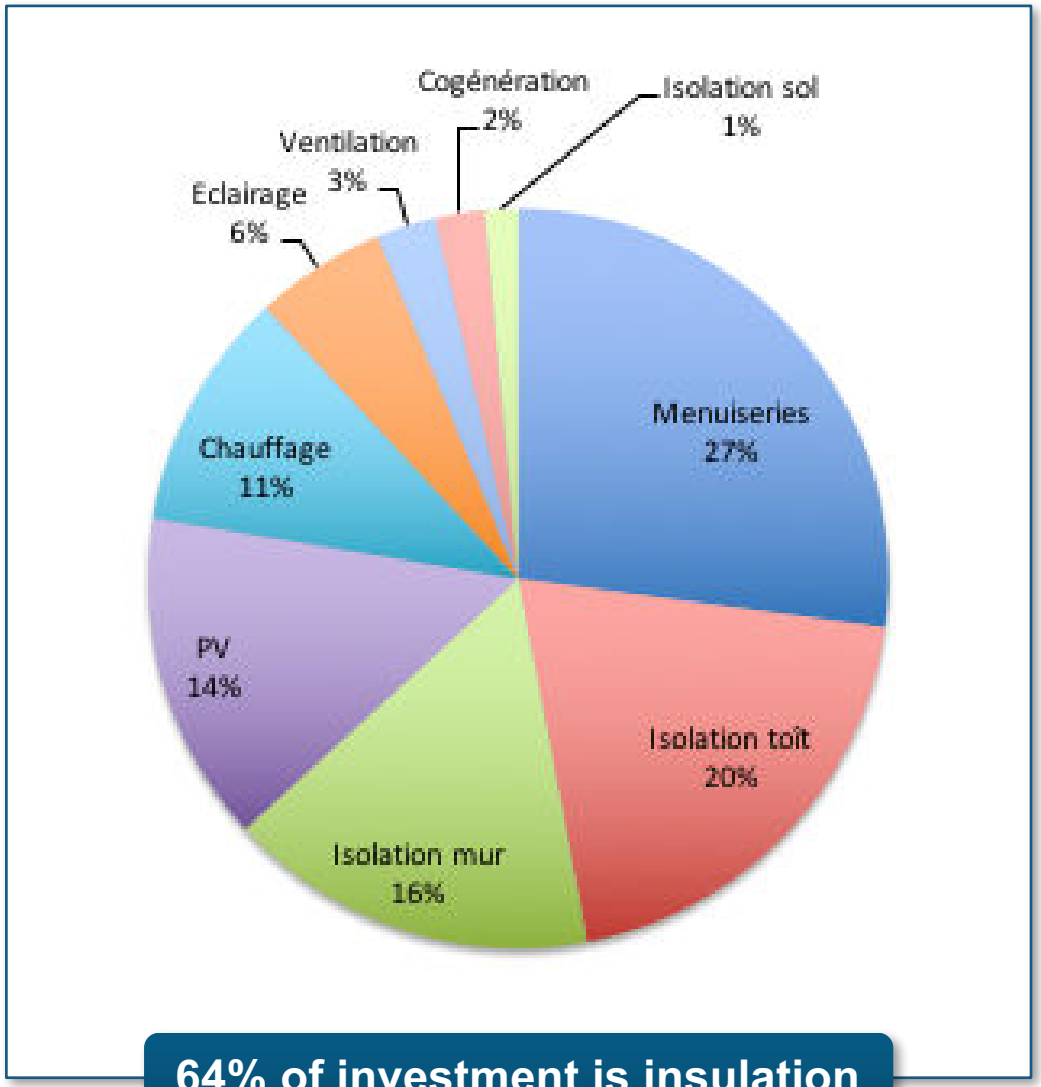
RenoWatt key dates



Based on the studies carried out, 5 lots divided into 4 contracts will be carried out for a total of 84 sites and 151 buildings

Tender	Publication date	# Sites	Offer deadline	Attribution date
Divers	4/02/2016	14	28/10/2016	15/02/2017
Ecoles	4/02/2016	50	26/09/2016	15/12/2016
Sports	26/04/2016	19	28/10/2016	15/02/2017
CHRH	04/05/2016	1	18/08/2016	15/12/2016

1 Split of the investment by work type



64% of investment is insulation

Some figures

- **Investment:** Minimum of 38,5millions (option excl.)
- **Maintenance:** Minimum of 10 millions d'euros over 15 years (option excl.)
- **Number of sites and buildings:** 84 sites et 151 buildings
- **Energy savings:** 34%
- **Average ROI:** 21 years

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Financing of the project

1. Deconsolidation
2. Debt or third party investment
3. Cost of the project

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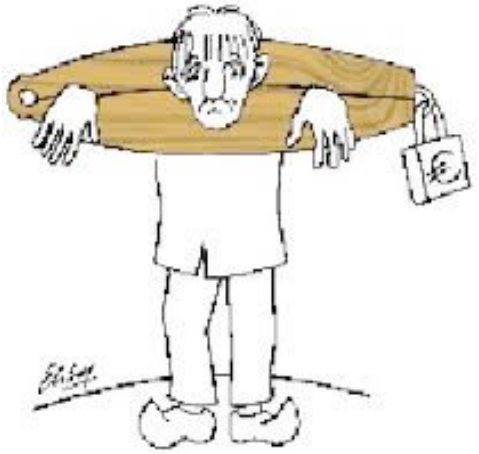
To promote local employment and combat social dumping



Strict compliance with the framework of European law and current Belgian legislation

Creation of a working group to reflect on the social and ethical clauses that need to be included in the contract documents

Results of the working group

- **Cross-sector policies promoted by Directive 2014/24 on public tendering**
  - Environmental, social and ethical clauses + access to SMEs
  - Object of the contract: energy renewal with a view to socio-professional reintegration
- **Functionality savings**
  - Inclusion of a clause on giving priority to new economic models and pushing suppliers to change the range of goods and services they offer

Results of the working group

- **Qualitative selection**
  - Focus on development in the region
  - List of subcontractors once the applications have been received
  - Certificates in relation to administrative fines, in coordination with the competent administrative body.

- **Award criteria (currently under consideration)**
  - Score for the share of subcontracting with local SMEs? (cf. French law)
  - Scores for environmental and social aspects (maintenance plan, recycling, CO_2 emissions etc.)

- **Conditions for implementation**
  - Limitation of extent of subcontracting
  - Social implementation clauses
  - Conditions for maintenance
  - Reminders on minimum working conditions

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Advantage for a public authority to join the tendering central

Subsidies
- Subsidy negotiation on behalf of the municipalities

Out of the budget boundary for municipalities

Tendering procedure
- Set up of all the tendering procedure
- Negotiation with the ESCOs
- Dedicated budget for legal advisors
- Permanent contact with municipalities

Financing reflection
- Accession of financing opportunities that one public authorities could not access
- ROI analysis of the project
- Tendering procedure for the project financing

Technical analysis
- All technical feasibility studies outsourced to RenoWatt

Neutral and public facilitator
- RenoWatt is public, neutral and non for profit, working for the benefit of municipalities and not the private sector
- Knowledge of the way of working and constraints of the municipalities
- No need for municipalities to go through public tendering procedure to work with RenoWatt

Lessons learned by GRE-Liege … So far

- Challenges to convince public authorities to change their way of working and go with EPC
- Public body is needed to gather the different public authorities
- Preparing such type of tender procedures is expensive…technical assistance is a great help - Local authorities (average size) do not have the size to conceive such project and need to be guided by a non-for-profit facilitator (get a subsidy)
- Local authorities need to have time to dedicate to the project
- Key to work with professional who knows the ESCO market to guide in the full process
- Think about the execution – EPC are difficult to manage
- EPC is not the unique solution – check the type of retrofit
- Political commitment
- Prepare the ground for the decision - Take into consideration in your planning the decision process of municipalities
- Technical assistance helps to keep the timing
- Communication, communication and communication, at all level of the municipalities

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