

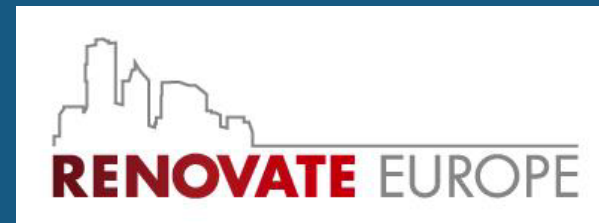
RENOWATT

Renovate Europe

October 13, 2016



With the support of:





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



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

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

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

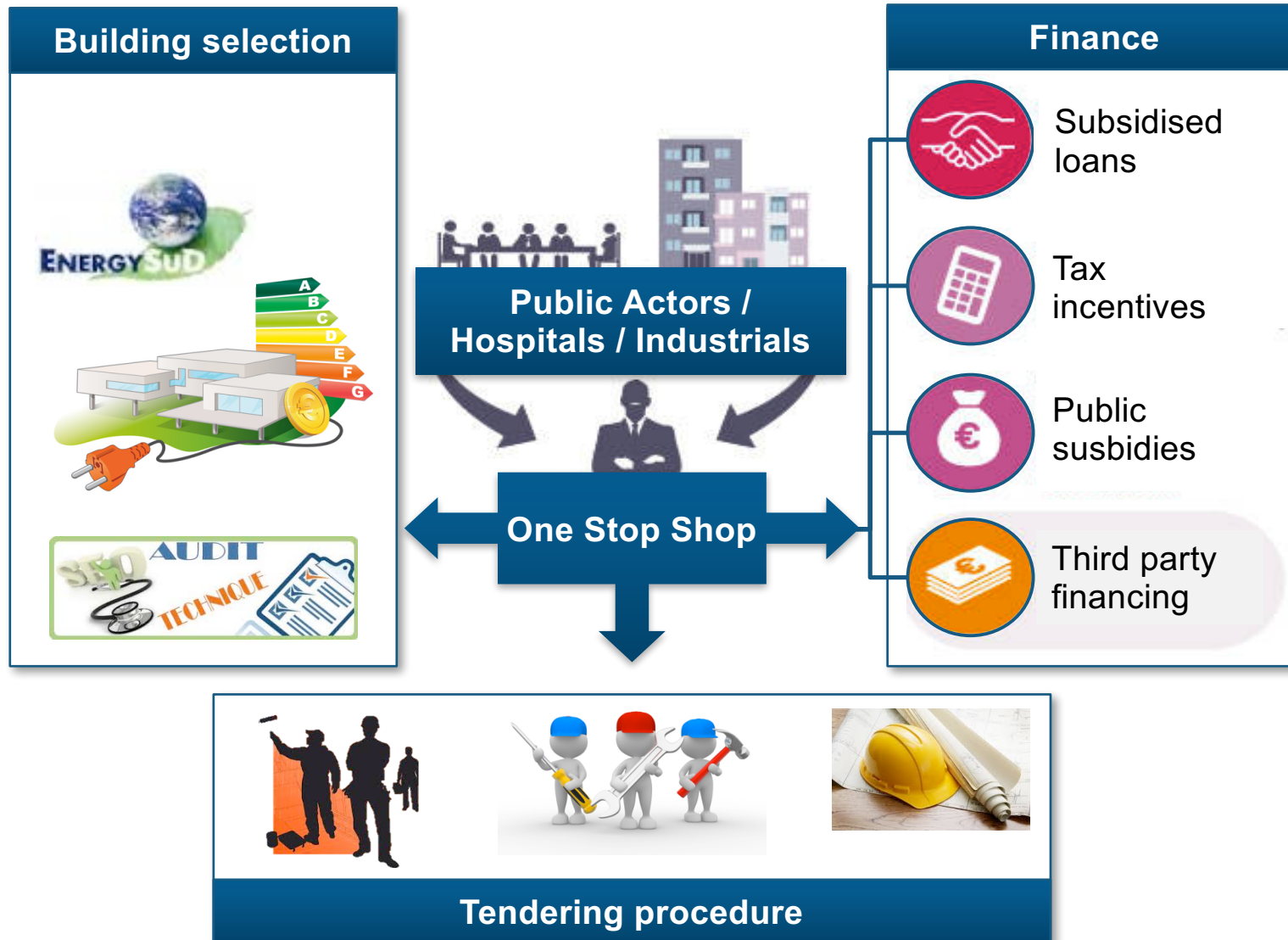
- If 60% of the buildings in Wallonia are renewed, there is a potential for
 - 30 billion euro
 - Maintenance / creation of 500,000 jobs (if everything is done at once), or 16,000 jobs if the investments are spread over the next 30 years
 - For Liège, maintenance / creation of more than 4000 jobs
- 93%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



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



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**



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

Inhabitants

Liege Airport

Passengers: 315,293
Cargo: 561,000 Tons

CHRH

60,000

15,331

2,541

+ Liège Province: 1.1 million

9,000

200,000

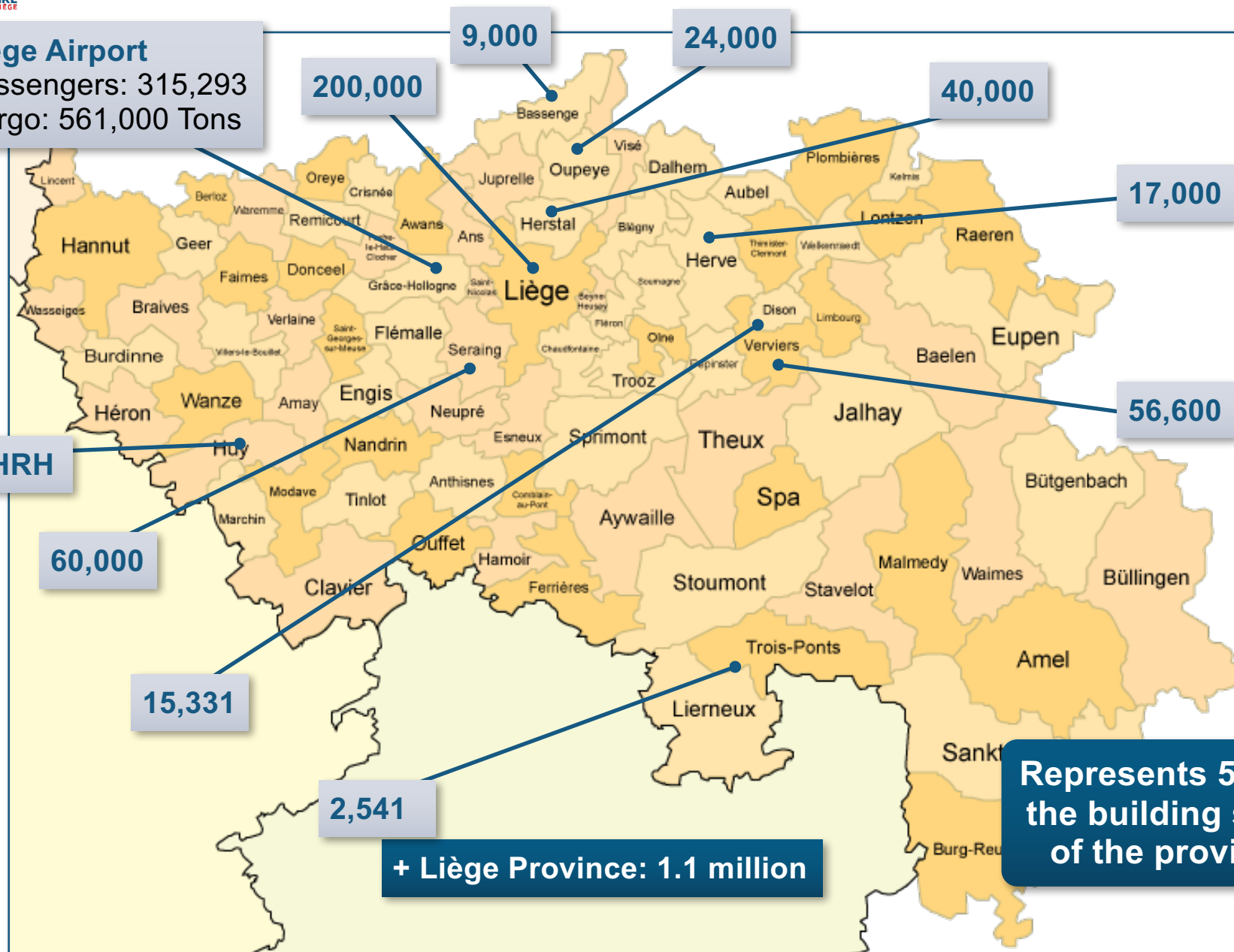
24,000

40,000

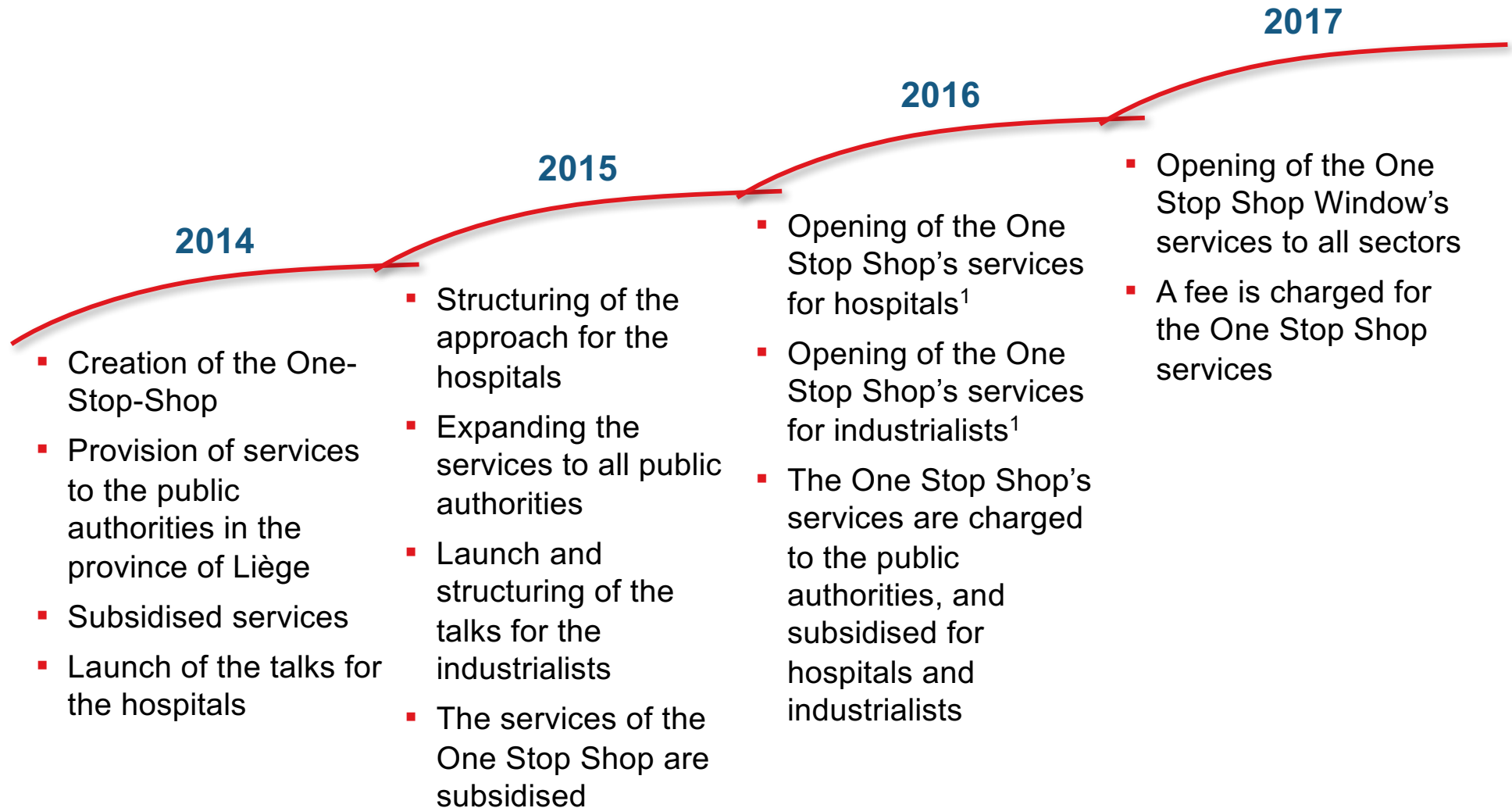
17,000

56,600

Represents 50% of
the building stock
of the province



The One Stop Shop is set up Step by Step



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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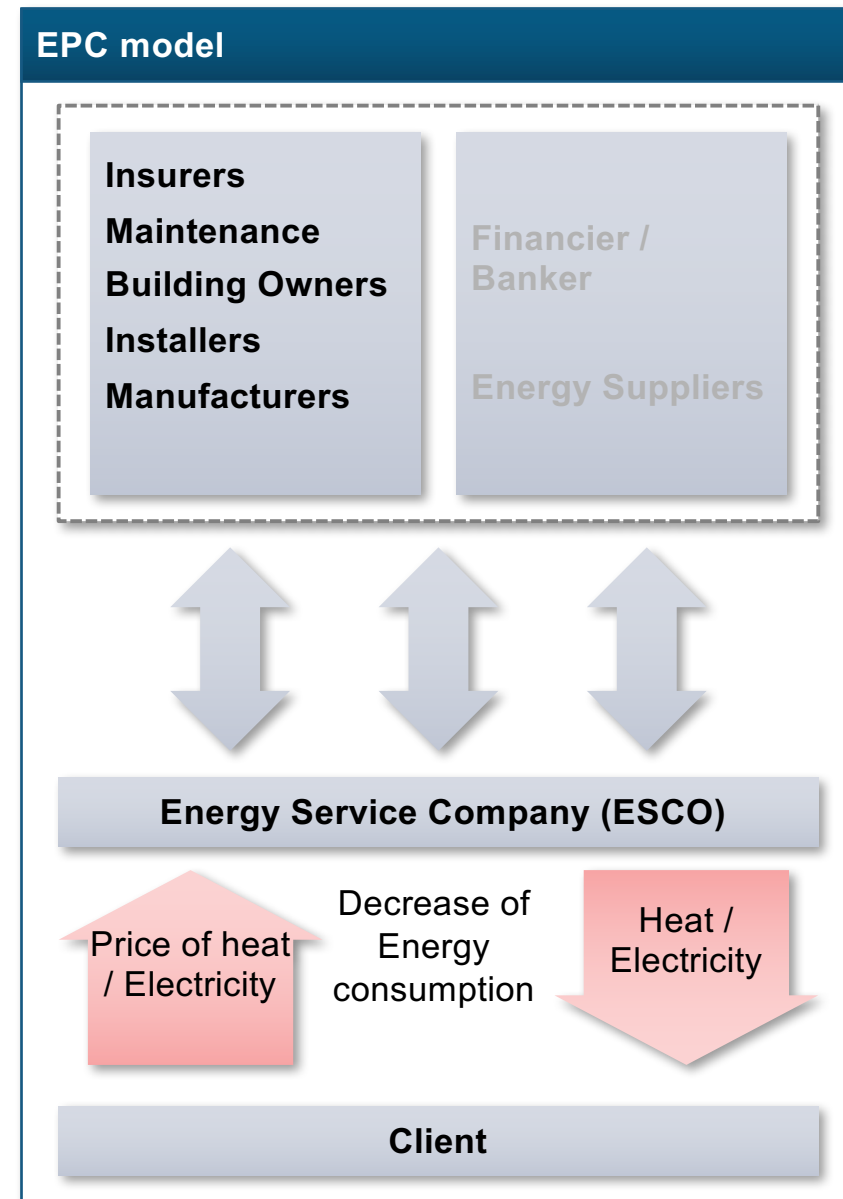
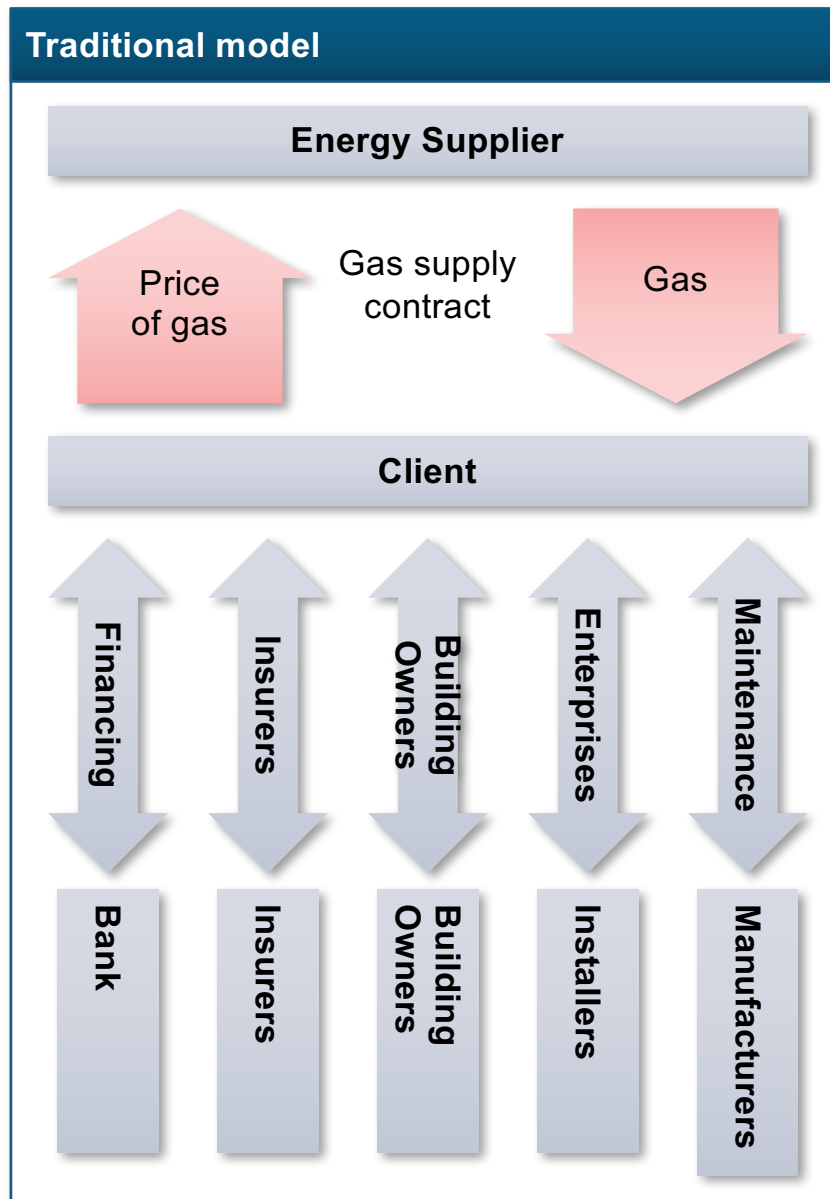


Three basic principles to which the 10 public authorities subscribe

- 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





2 Grouping buildings into different pools / lots comprising multiple buildings

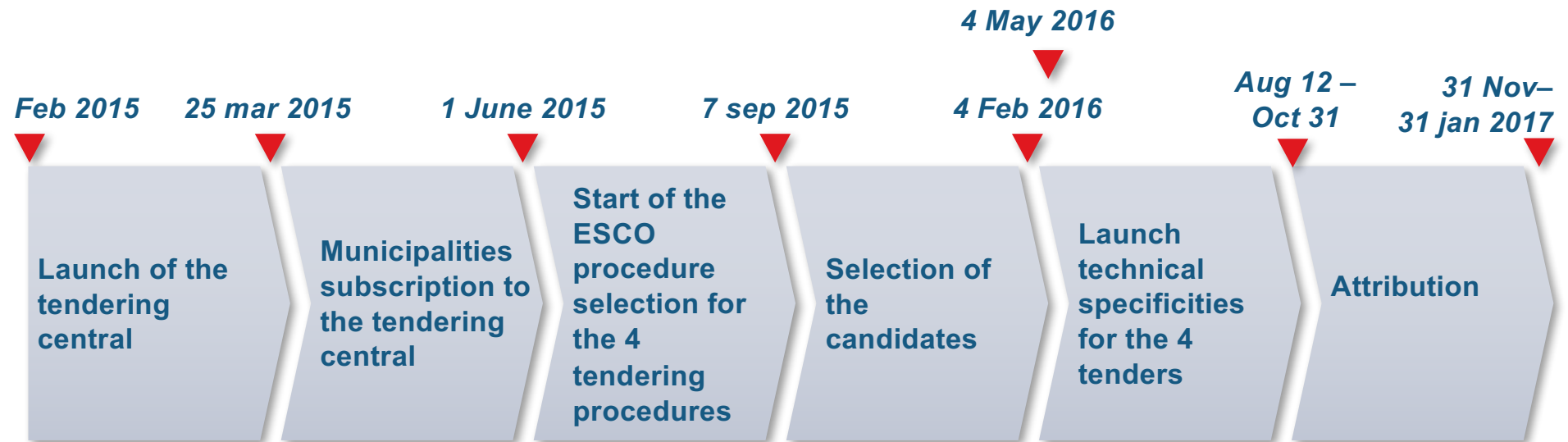
- Grouping multiple buildings, depending on the potential energy savings within a single project
- The buildings may belong to a single public body or to multiple public bodies



- 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

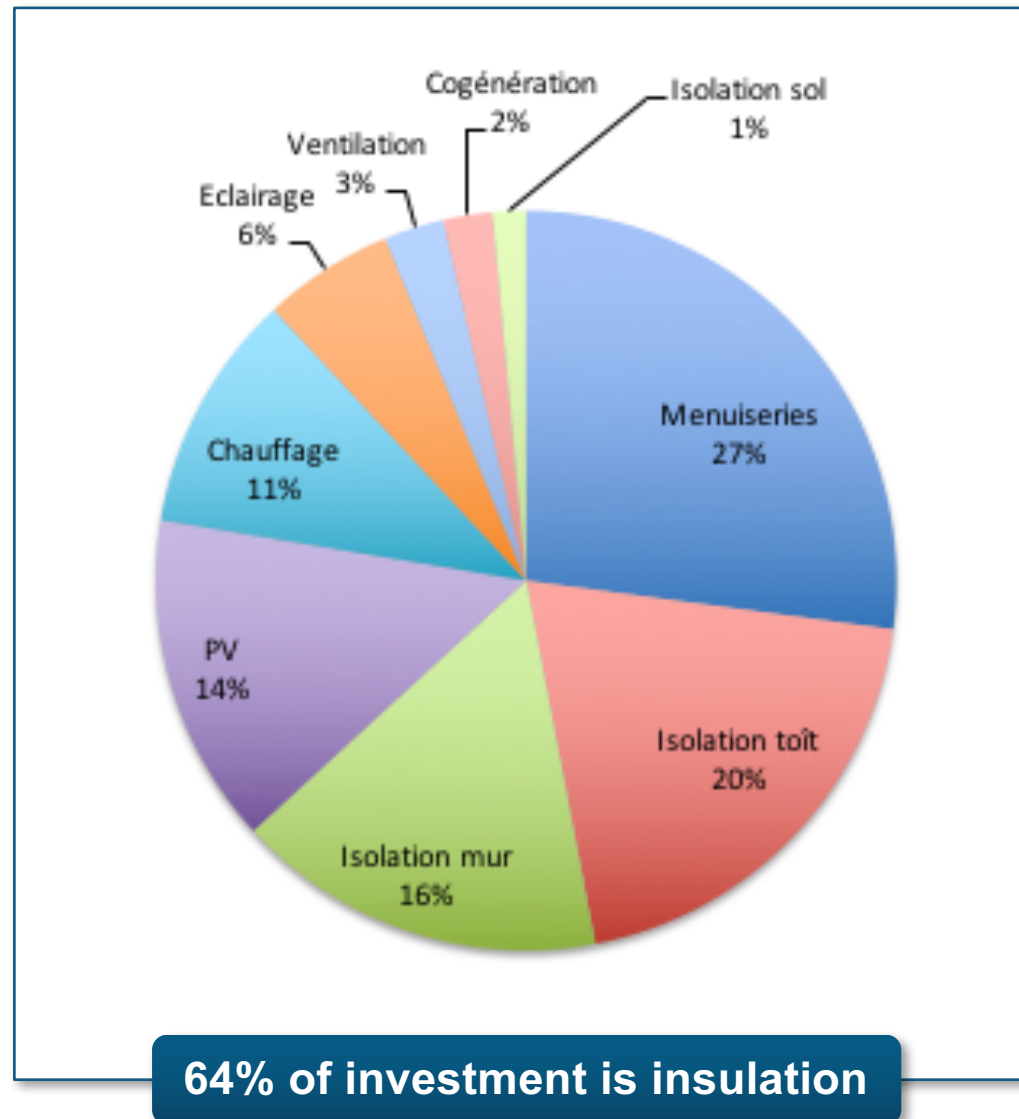




Based on the studies carried out, 5 lots divided into 4 contracts will be carried out for a total of 84 sites and 151 buildings

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





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

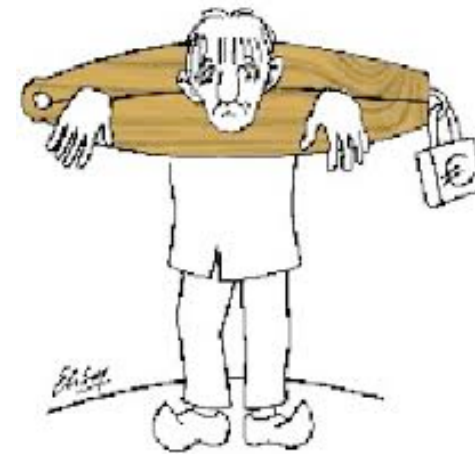


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**To promote local employment
and combat social dumping**



**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, CO₂ 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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