



Local Energy Leadership Contractors' Meeting
28.06.2012

Minutes

0. Participants

Jorgina Cuixart - EUROCITIES
Jean-Pierre Vallar – ENERGY-CITIES
Dominique Bourges - FEDARENE
Panos Coroyanakis - ISLENET
Yannick Regnier - CLER
Dario Miroglio – PROVINCIA DI GENOVA
Herbert Ritter – CITY OF VIENNA
Peter Rugg – CORNWALL CITY COUNCIL
Ulrike Janssen – CLIMATE ALLIANCE
Siegfried Zoellner - ICLEI
Alexander De Roo – PROVINCE OF GELDERLAND
Valerio Giovannini - FEDARENE
Armand Dutz – B.&S.U
Helena Perxacs Motgé – DIPUTACIO DI BARCELONA
Iudit Bere-Semerédi – CITY OF TIMISOARA
Nicolas Ferellec – ISLENET

EACI:

Vincent Berrutto, William Gillett, Anette Jahn, Waltraud Schmid
Valérie Benard, Martin Eibl, Stephan Renner, Adrien Bullier, Gordon Sutherland

1. Agenda

10.00	Welcome and introduction round By William Gillett, Head of Unit (EACI)
10:15	New EU Directive and funding for sustainable energy By William Gillett and Vincent Berrutto, Heads of Unit (EACI)
	Questions and Answers
11.00	Local Energy Leadership: supporting public authorities to become sustainable energy communities By Valérie Benard (EACI)
11.15	IEE II and Energy Agencies By Stephan Renner (EACI)
	Questions and Answers
11.45	Options to mobilise local energy investments By Martin Eibl (EACI)
	Questions and Answers
12.15	Lunch
13.00	Thematic groups Group 1: Capacity Building and Policy Support Moderation: Gordon Sutherland (EACI)
	Exchange and discussion on the needs and expectations of public authorities in terms of capacity building and policy support and how the EU can best support these needs.
	<ul style="list-style-type: none">- What types of trainings do staff in local authorities need in terms of energy planning and financing?- Which types of structures are needed to support public authorities in their sustainable energy activities?- Is there a need for further policy support at national and European level?- Is there a need for additional support materials (e.g. guidelines, methodologies, tools) for energy planning and financing in public administrations? If so, what types of materials are needed? etc
	Group 2: Financing Moderation by Martin Eibl and Adrien Bullier (EACI)
	Exchange and discussion on the needs and expectations of public authorities in terms of financing sustainable energy measures and how the EU can best support these needs.
	<ul style="list-style-type: none">- What are the main challenges faced by public authorities to fund sustainable energy measures? How could they be overcome?- What are your experiences on financing sustainable energy measures and financing schemes?- Is there sufficient information on innovative financing?- What would be needed to facilitate access to EU funding and/or innovative financing schemes? etc
14.15	Coffee break
14.35	Thematic Groups (continue) Group 1: Financing Group 2: Capacity Building and Policy Support
16.00	Closing session By Vincent Berrutto, Head of Unit (EACI)
16.30	End

2. Plenary Session

W. Gillett welcomed all participants to the meeting and explained the objectives of the day. The morning session was dedicated at setting the scene, giving the participants an overview of the activities that were performed via the IEE II programme at local and regional level. After a presentation on the new energy efficiency directive and funding opportunities for sustainable energy by V. Berrutto, several IEE project officers took the floor to present the results achieved within the following key actions: Local Energy Leadership, Energy Agencies and Mobilising Local Energy Investments. The main aspects to be highlighted from these presentations were the following:

Whilst Europe is on track to meet its renewable target with half the Member States exceeding their national renewable targets, it is lacking behind in terms of reaching its energy efficiency target. The European Commission adopted in June 2011 a new energy efficiency directive, with sectorial obligations. It also proposed further funding opportunities to support sustainable energy measures e.g. increased opportunities to fund energy efficiency and renewable measures using ERDF from 2014 onwards.

The IEE programme contributed to obtain energy efficiency gains over the years by offering technical support to thousands of local authorities across Europe, helping them to elaborate their Sustainable Energy Action Plan (SEAP) and to deliver tangible energy efficiency and renewable energy measures. Projects have contributed to overcome information, administrative, social and economic barriers to renewable energy sources and rational use of energy in public administrations, facilitated the adoption of coherent, integrated and participatory approaches towards energy by public administrations, increased local and regional skills and boosted sustainable energy investments. The intention is to continue in this path, translating the new energy efficiency directive into actions and providing new pathways to mobilise investments at local level (e.g. ELENA facility and the new Mobilizing Local Energy Investments funding priority).

The IEE programme for 2014-2020 (IEE III) will form part of the Horizon 2020 - the future EU framework programme for research and innovation - under which €6.5 billion are allocated to actions for secure, clean and efficient energy. The new framework programme should be adopted by mid-2013 and start in January 2014. A public consultation on IEE III has been published on DG ENER website (http://ec.europa.eu/energy/efficiency/consultations/iee3_in_horizon_2020_en.htm) and all participants are invited to contribute to this consultation. The deadline is set on 12 September 2012.

3. Thematic Groups

The participants took part in brainstorming sessions on the current and future needs and expectations of public authorities in terms of energy planning and financing as well as on how European funding streams can best respond to these expectations. The group was divided into two and discussed possible elements of the three main intervention areas of the upcoming IEE III programme: Capacity Building, Policy Support and Financing.

Capacity Building

⇒ Capacity Building is interpreted to be a range of activities, which empower local actors through enhanced knowledge and skills.

1. Success factors

Capacity building activities should:

- Be tailored to the needs of the addressed actors (e.g. local authorities' civil servants, ESCOs, citizens, stakeholders, etc).
- Address technological and societal engineering in order to foster a change towards more energy efficient behaviours.
- Be organised in national contexts and own languages, even though an EU dimension should be retained.
- Sustainable and lead to tangible policy or project deliveries thanks to the use of knowledge gained.
- Be practical with an implementation focus.
- Be innovative.
- Foster cooperation and even competition between local authorities.
- Improve know-how but also organisational, financial and legal capacity.

2. Market needs

The need to continue capacity building activities at local level and for public authorities was underlined by all participants. Nevertheless, these activities should take a more innovative form and have an implementation focus with high replication effect.

Funds should not be used for developing or collecting further studies or best practice examples. Indeed, many tools and best practices are available to use. There is nevertheless a need for a consolidation and replication of these instruments as well as for engaging people. People need to be guided and shown where to find the information they need. The access to bad practices was also mentioned as a good way to learn from ones' mistakes.

Capacity building for architects, planners, building administrators, energy managers at municipal level and banks was mentioned as a specific need. In addition, it is advisable to always use approaches tailored to the target groups rather than opt for a broad approach.

3. How can IEE III support the needs for capacity building at local level?

Concretely, the IEE programme could support the following items:

- Operational study tours and peer-to-peer approaches/twinning programmes.
- More extensive staff exchanges and secondments.
- Build a support fund for trainings that local authorities can use as opposed to invest funds into new trainings directly.
- Innovative approaches to consolidate and replicate successful capacity building activities.
- Innovative networking and multi-stakeholders participation.
- Competition between municipalities (score boards and league tables).
- Target universities to extend their curricula to sustainable energy aspects.
- Accreditation programme for energy managers at local level.
- Design clever communication channels and tools.

Policy Support

⇒ Policy Support is interpreted to be a range of activities, which support the transposition and implementation of European and national laws at local level as well as lobbying activities to include important sustainable energy aspects/targets in these laws and in EU directives.

1. Success story

The Covenant of Mayors was mentioned as a typical policy support measure at the local level but apart from the Covenant, there are limited examples on how a European initiative can help with policy support at that level. The Covenant of Mayors initiative is considered as a positive step forward as it ensures the promotion of frontrunners at local level (e.g. cities willing to go much beyond national and EU targets and become low carbon communities) and thus creates shining examples that can be replicated.

2. Market needs

The political will to move towards sustainable energy is lacking in many countries as well as robust energy data that are needed to boost this political engagement. There is a need to ensure that policy support goes both ways and that local authorities are enabled to efficiently influence national and EU policies.

There is often a difficulty at local level in understanding what needs to be done under the European directives. Policy support instruments are needed for ensuring a common understanding of national, regional and local administrations on the role each has to play in order for the legislation to deliver. There is a need to focus on the

correct and appropriate level to implement the various policy directives/laws and policy support activities could help breaking down the ambitious EU targets into realistic steps (= segmenting targets).

Local authorities have difficulties in using financing opportunities proposed by the European Union, such as the ERDF opportunities for building renovation purposes. Further support to ensure the wide use of European financing is needed.

3. How can IEE III support the needs for policy support at local level?

Concretely, the IEE III programme could support the following items:

- Support the creation of Concerted Action type activities within Member States.
- Establish local and regional advisory groups (for provision of information and influence decision makers at all governance levels) and multi-stakeholders fora.
- Continue the ManagEnergy portal (maybe adding national sections).
- Continue the Covenant of Mayors initiative.
- Offer proactive guidance to local authorities, including technical and legal assistance related to EU Directives.
- Offer support to front runner regions.
- Support for SEAP implementation at local and regional level.
- Replication of good policy support mechanisms.
- Develop tools to measure the success of policy implementation and benchmarking.
- Creation of a network of energy managers.
- Encourage citizens to take ownership of sustainability initiative.

Financing

Based on their own experiences, participants in the panel on financing were invited to reflect on existing barriers for local and regional authorities to finance the implementation of sustainable energy plans and propose possible future support by IEE III.

1. Experiences

The participants collected good practice examples of innovative financing possibilities by local authorities.

- The cities of Munich and Stuttgart in Germany used money from their budget to create a revolving fund that is fed by energy savings.
- Energy Performance Contracting such as the Energy Partnership in Berlin is a great opportunity for public authorities. Hundreds of public buildings have been covered in this scheme.
- In different cities in Belgium local authorities initiated the pooling of building insulation projects in private households which reduced transaction costs. In other countries similar pooling activities were used for renewable energy projects.
- In Nordic countries such as Norway, Sweden or Finland local authorities set up their carbon reduction scheme within a national framework and sell their savings to the national government and use the revenues for additional projects.
- Cooperatives and citizen participation (citizen shareholder model) were mentioned as an opportunity for citizens to invest into sustainable energy projects.

2. Barriers

The barriers that were collected by the participants revolve around the following main themes:

1. Capacities and knowledge:

- There is a lack of systematic data on energy consumption at local and regional level.
- There is a lack of knowledge about both the benefits for authorities of local sustainable energy solutions as well as innovative ways to finance investments.
- Even if local authorities intend to invest, there is a lack of staff resources in general and a lack of technical and financing skills in particular.

2. Legal, political and institutional barriers

- Institutions are sticky in their procedures and a lot of efforts need to be invested into changing institutions.
- The "principal-agent problem" in form of the landlord-tenant relationship still prevents investments if the landlord cannot recover the investments from the energy savings.
- In many Member States there is a lack of a clear legal framework in which ESCOs can operate.
- There are simply other priorities than sustainable energy for politicians and in the institutional wrangle between departments of a local administration.

3. Complexity, transaction costs and non-economic barriers

- It is difficult for local authorities in their everyday work to get tailor-made information and have a reliable source that tells them exactly what to do. There is too much information available from too many different sources.
- Energy performance contracts are still perceived to be too complex.
- There is a lack of trust to contractors and towards Energy Performance Contracting in general.

4. Access to financing resources (in times of austerity)

- In times of austerity local authorities have limits on increasing their debts to finance sustainable energy actions.
- The payback time for changes in the building envelope puts off potential private investors.
- Communal initiatives and citizen shareholder models often have difficulties to receive seed money to develop an idea into a bankable project.

5. Banking sector

- There is the perception that there is still a lack of awareness in the banking sector about the economic opportunities of investing into sustainable energy.
- There is a lack of trust into the motives of banks to invest into sustainable energy actions.

3. How can IEE III support the need financing of sustainable energy investments at local level?

- **Act locally:** There was the recurring idea to support local authorities in finding solutions to their investment needs at the local level. That could be done through cooperatives, citizen shares, creation of local revolving funds or in cooperation with local banks. This approach reflects the impression that ownership is important and there is more trust in local actors. What would be needed from IEE is "seed money" for these initiatives and capacity building.
- **Build capacity on financing:** Building capacity on financing sustainable energy investments at the local level was considered crucial. This not only involves the

local authorities, but also local banks, ESCOs, etc. It is still difficult for local authorities with a limited number of staff to precede a project to bankability. In order to increase the outreach, a train-the-trainers approach should be used.

- **Extend Project Development Assistance:** It was recognised that PDA in the form of MLEI is highly important and should be continued. Moreover, this assistance should be expanded in two directions: First, assistance for authorities that are not yet ready for MLEI, i.e. provide capacity building for local authorities to get to the stage where they are "mature" enough for PDA. Secondly, funds for financing hardware should be made available through the participation in an IEE project. In summary, IEE should support local authorities along the way from an idea to an implemented sustainable energy action.
- **Create a Financing Facilitation Office:** In order to bridge the gap from project developers to the financing world, an institutional set-up should be created that would serve as one stop shop in both directions. This office would be the contact point and provide all the necessary information for local authorities. It would also serve as a facilitator of exchange with ESCOs and potential financiers.
- **Improve trust:** IEE should work to improve the legal framework for ESCOs and establish trust-increasing measures such as recognised quality labels for companies and certification schemes for experts. Similar to the participation in cooperatives, there is a growing group of customers that want to put their money into ethical funds. Therefore, the idea was put forward to create a European certificate for sustainable banks and funds and support the European associations of ethical banks.
- **Support the European dimension:** It was argued that the European dimension is extremely important. IEE III should therefore continue to showcase good practice examples and disseminate them widely. The main idea is to learn from other member states and this should be supported through Intelligent Energy Europe.

6. Closing session

Rapporteurs from the different thematic groups were invited to present the main discussion items of their group. V. Berrutto thanked all participants for their valuable contributions. The conclusions from the meeting will be taken into account when preparing the new IEE III programme.