

Financing models for City Energy Efficiency

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European Bank
for Reconstruction and Development

Structured loan: example of Lithuanian state agency for residential efficiency investments



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THE PROBLEM

- Residential energy efficiency investments have often long payback periods. Shorter loan tenors make it often unaffordable for residents to borrow
- If a state agency provides clear procedures for appraising efficiency investments and what contract templates to use, as well as some oversight, risks for residents are reduced.

THE INNOVATIVE SOLUTION

- Lithuanian agency VIPA provides long term credits and related investment grants upon completion.
- EBRD provided additional debt-finance to finance additional buildings. The loan was provided as structured loan, which made it viable, without requiring a sovereign guarantee, while it still being affordable for residents.

THE EBRD'S ROLE

- Helped structure the project and provided debt.



Benefits of this structured loan

- It helps reduce Lithuania's energy intensity, which is still 2.5 times higher than EU average.
- It addresses some of the investment demand of >€5 billion for retrofitting residential buildings. About 61% of the population live in multi family buildings built during the Soviet era, which require refurbishing in the near future.

More information on related webpages

- [EBRD Press Release](#)

Case study of ESCO street lighting project in Novigrad, Croatia: EBRD supported tender preparation



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- **Project:** Replacing more than half of the approx. 1,700 lights in the town of Novigrad, Croatia (population 2,600) in Istria with LED lights
- **Model:** Energy performance contract, with payments linked to savings
- **Costs:** total capex of €411,000 with a 8 years payback based on energy and maintenance savings
- **Financing sources:** 35% grant-funded by Croatia's Environmental Protection and Energy Efficiency Fund and 65% financed by the ESCO company selected following competitive tender
- **Savings:** 54% of energy consumption and 45% of maintenance costs, annually



This project is funded by
the European Union

- **Environmental impact:** 112 tonnes of CO₂ estimated annual greenhouse gas emission reductions from electricity savings
- **Tender preparation supported** by EBRD under EU funded Regional Energy Efficiency Programme (REEP).

EBRD financing street lighting ESCO Javna: Financing receivables of performing projects

THE PROBLEM

- Municipalities often struggle to define technical specifications for energy efficiency upgrades of existing street lighting systems.
- Municipalities also often struggle to finance these investments or have other priorities.

THE SOLUTION

- Javna has successfully bid and implemented a number of street lighting ESCO projects:
 - Javna finances the investments and takes performance risk.
 - Municipalities do not take the technical risk and pay Javna from the savings.

THE EBRD'S ROLE

- EBRD reviewed Javna's portfolio of performing ESCO projects and its future pipeline
- Based on the good performance EBRD provided finance for implementing additional ESCO street lighting projects.
- Javna was financed under EBRD's street lighting financing framework that provides EUR 140 million finance for street lighting investments, also directly to municipalities.



More information Javna and street lighting financing framework

- [EBRD Press Release](#)

EBRD finances ESCO forfeiting facility: Performance based deep retrofits in Latvia

THE PROBLEM

- Owners of existing building stock (residential and public) struggle to initiate, implement and finance deep retrofits.

THE INNOVATIVE SOLUTION

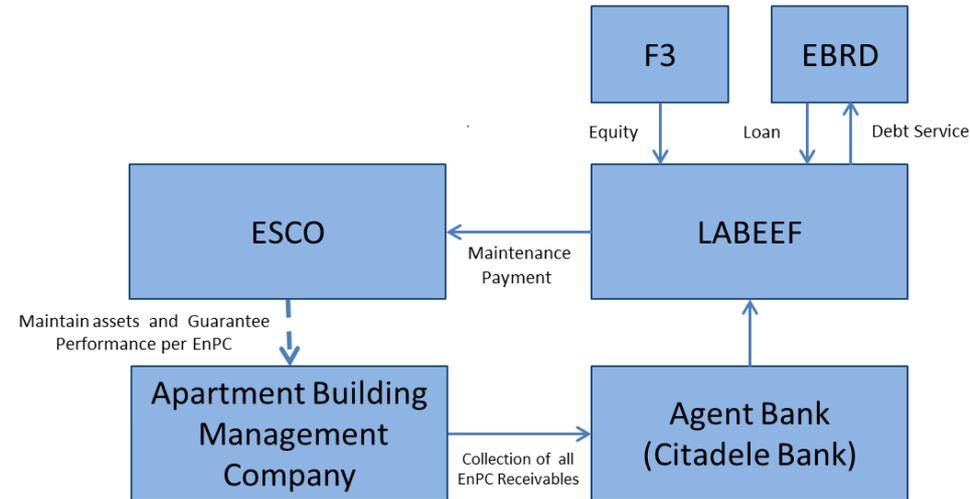
- The Latvian Baltic Energy Efficiency Facility (LABEEF) provides long term finance and reduces transaction costs (less risk) for ESCOs and building owners:
 - it provides investment guidelines for implementation and contracting.
 - it offers forfeiting for implemented and performing ESCO projects.
- ESCOs have certainty that after successful implementation and technical performance, LABEEF provides long term financing.
- Building owners have no additional costs and risks, as ESCOs are paid based on performance and take implementation and technical risks.

THE EBRD'S ROLE

- Helped structure the project and provided debt.

More information on related webpages

- [EBRD Press Release](#) and [LABEEF website](#)



Regional DH Metering Programme

A 9 billion Kazakh tenge EBRD loan will support efficient energy use by financing the installation of heat meters in residential buildings. The loan will allow the State Fund for Housing and Utilities Development to install heat meters in individual residential buildings and later start a pilot phase for installation of individual heat substations (IHS) and wholesale electricity meters.



The project's total cost is 11 billion Kazakh tenge including co-financing from the Government of the Republic of Kazakhstan (GOK).

INVESTMENT PROGRAMME

The project will co-finance the National bulk heat meters installation programme (the Programme) for apartment blocks in Kazakhstan.

The current average heat metering coverage in the country is ca. 30 per cent of households, to increase to around 80 per cent by 2019, following implementation of the Programme.

The project is aimed at all local heat supply companies, including those located in small towns and envisages further development of the IHS programme. Therefore, part of the Bank's loan will be allocated for co-financing (i) the IHS project; and potentially (ii) the installation of wireless heat data transmission equipment in pilot regions (the ASCUT Project).

At a glance

Signed

28 February 2017

Total project cost

₸11 billion (€32 mln)

EBRD investment

₸9 billion

GOK funds

₸2 billion

TC funds

€0.5 million

EBRD loan tenor

5.75 years

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