



Innovative forms of integrated building renovation services

Robert Pernetta, Financial Instruments Advisor,
European Investment Bank

 #ficompass

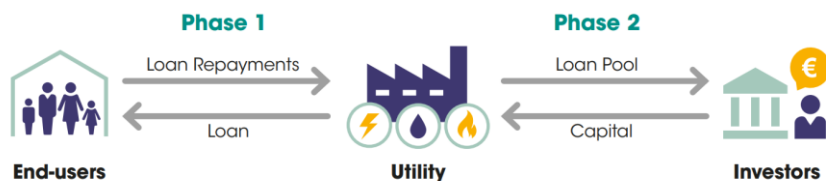


Innovative forms of integrated building renovation services



On-bill financing

- Utility is providing integrated building renovation services
- Utility is raising financing for investments and supports implementation
- Repayment through increased utility bill



On-tax financing

- Public(-private) entity is providing integrated building renovation services
- Public (-private) entity is raising financing for investment and supports implementation
- Repayment through special charge on property tax

Energy Service Companies (ESCOs)

- ESCO is offering the integrated building renovation services
- ESCO is implementing measures raising/arranging financing
- Repayment through guaranteed energy savings (energy performance contracting - EPC)

On-bill financing



Advantages

- Utilities can raise up-front investment cost
- Utilities can refinance investments, e.g. securitisation
- No debt burden for housing owner
- Overcoming owner-tenant dilemma
- Can be combined with EE obligations of utilities (EED Art. 7)

Prospects

- Well established model in the US and Canada, but new to Europe
- H2020 project RENONBIL is working on transposition model in the EU
- Potential to use on-bill financing schemes to channel investment grants to building renovation
- Potential for FIs, e.g. guarantees to utilities
- Interest in some MS to combine this with ERDF/CF



ESCO – Energy performance contracting

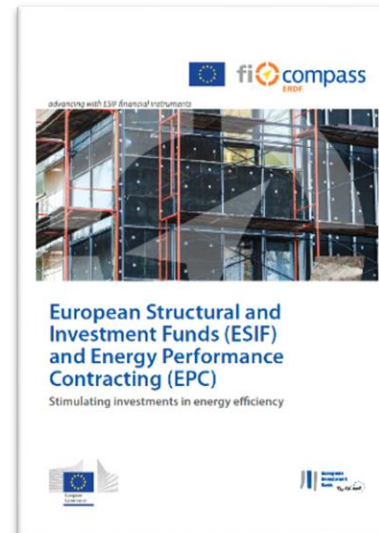
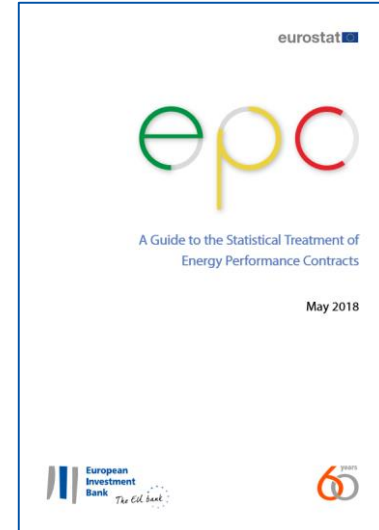


Advantages

- **Guaranteed energy savings**
- One partner; one contract for project preparation, implementation and services
- Investments are financed directly from cost savings
- ESCO helps the client arranging the financing of the project

Prospects

- EPC is more suitable for public buildings and enterprises
- There are cases of EPC in the multi-apartment building sector
- Several barriers to the use of ESCO have been removed
- Potential to utilise EPC to channel investment grants to building renovation
- Potential for FIs, e.g. loans and guarantees



Examples of ESCO/EPC using ESIF FIs



Energy and Mobility Fund, Marche (Italy)

- Combination of ERDF grants and loans for hospital and health centre renovation
- Financing
 - Grant up to 40% to hospital
 - Loan by EMF via commercial bank to ESCO up to 35%
 - Remainder by ESCO



LABEEF, Latvia

- Multi-apartment building renovation through EPC
- ESCO project can receive ERDF grant from ALTUM scheme
- ESCO pre-finances project, long-term financing through forfeiting (sales of receivables)



OSIR, Extremadura (Spain)

- Regional one-stop-shop is coordinating all activities
- Project implementation through ESCOs, which verify and guarantee savings
- ERDF-backed guarantee fund (GEEVE) for commercial banks lending to housing owners





Thank you!

r.pernetta@eib.org

Follow us:    