



Development in Energy Services Markets **in the Baltic countries**

Nicholas Stancioff
LABEEF chair

27th March 2019, Brussels



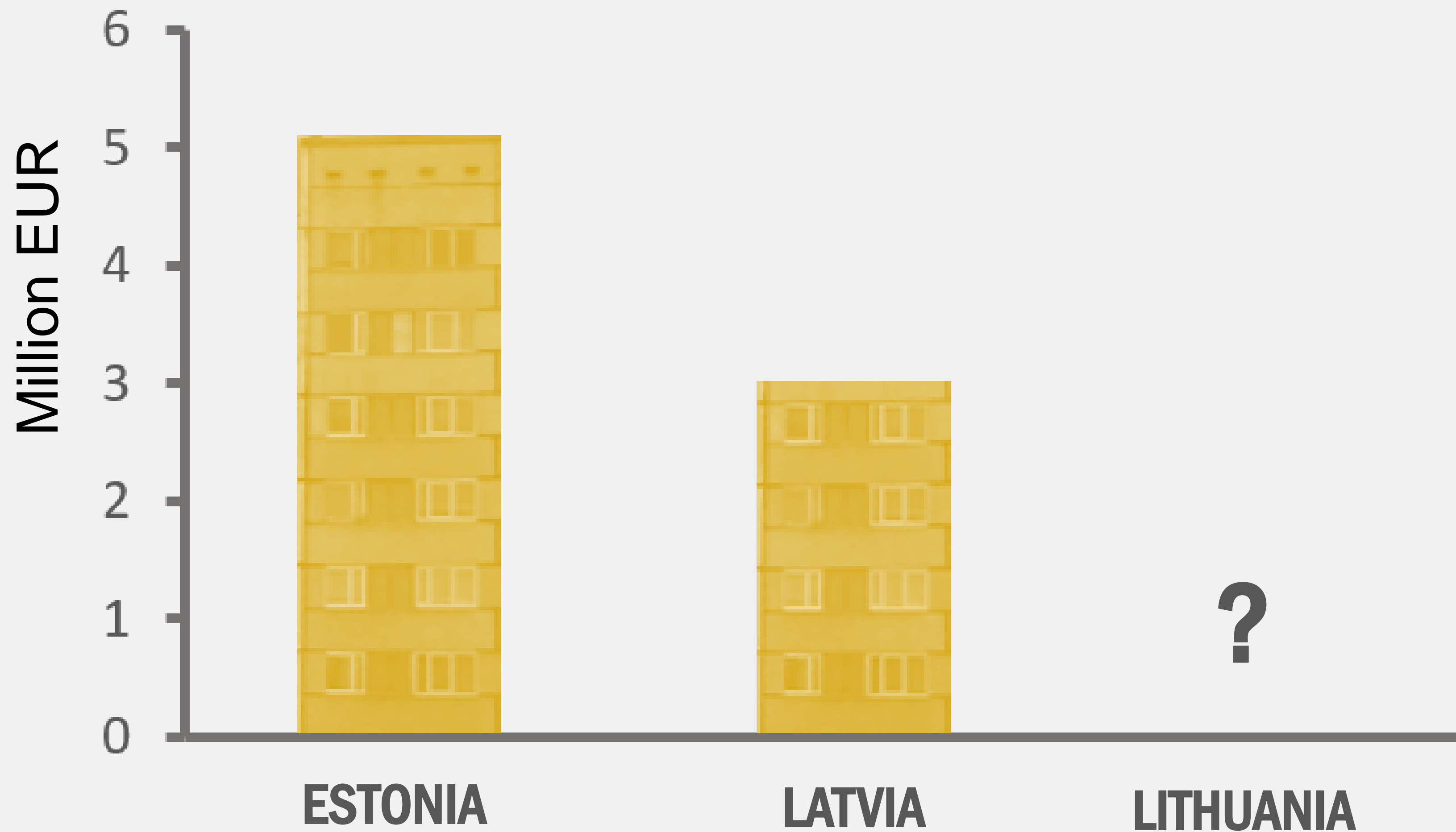


No. of ESCO's

Type of ESCO's

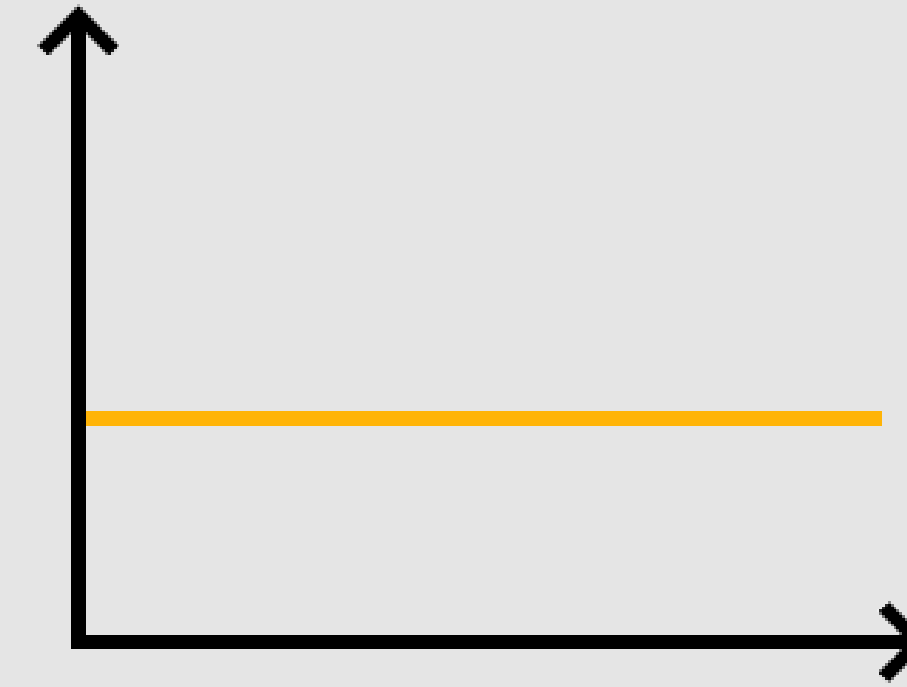
4 - 6	small companies (up to 50 employees, wide range service)
3 - 6	small companies (up to 50 employees)
?	<ul style="list-style-type: none">• maintenance of buildings companies• technical and heat management companies

Market share

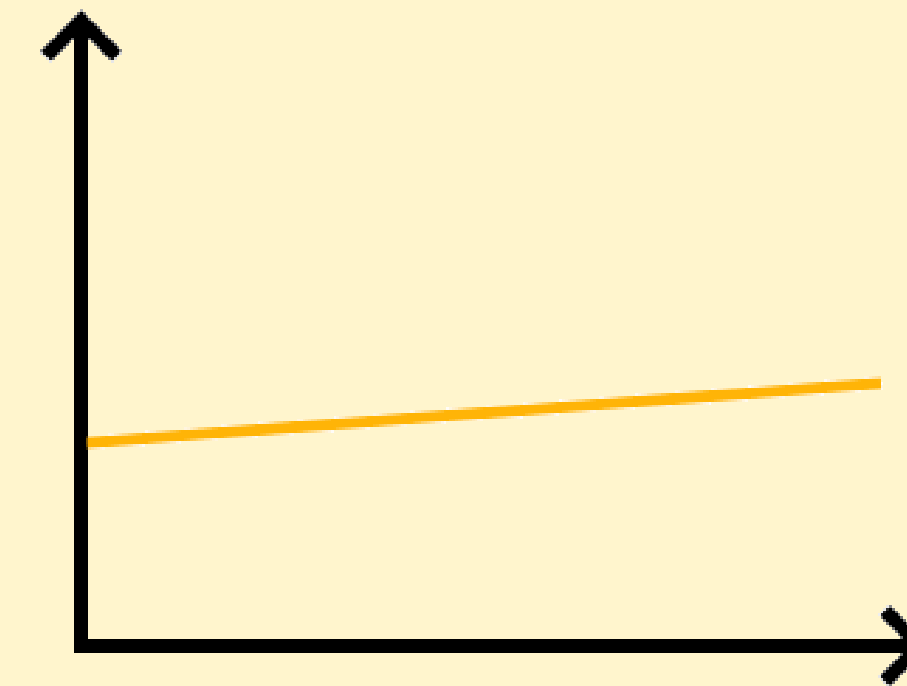


Market growth tendency (2015 – 2018)

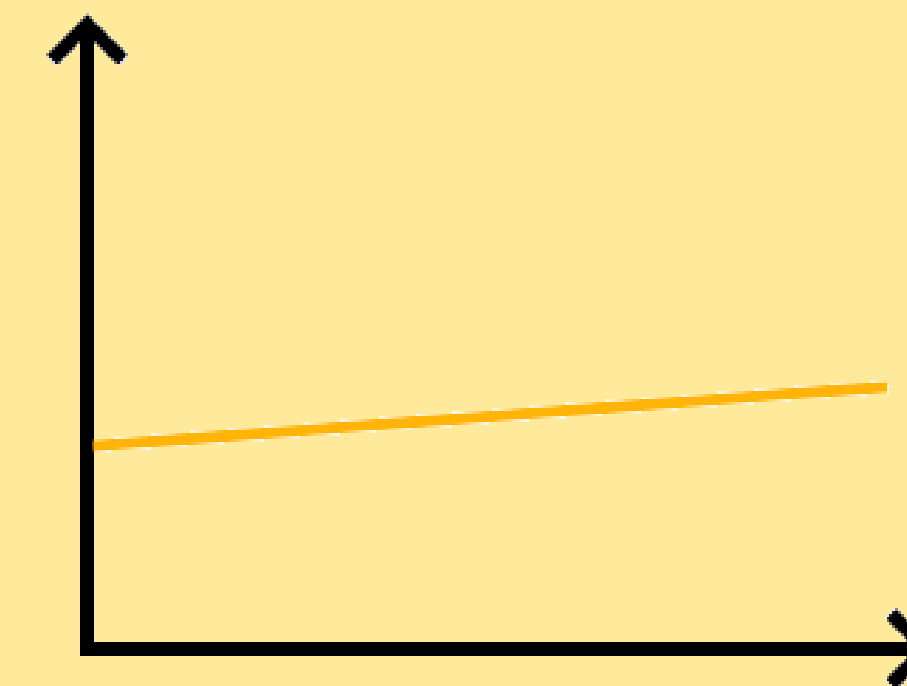
ESTONIA



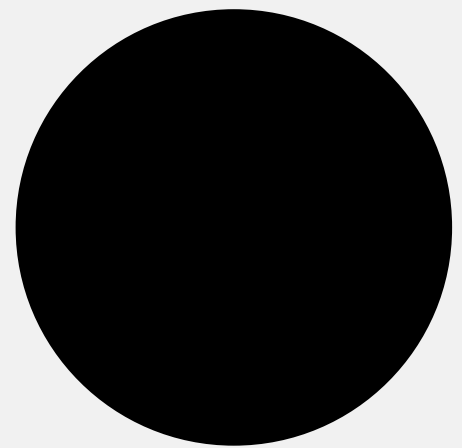
LATVIA



LITHUANIA

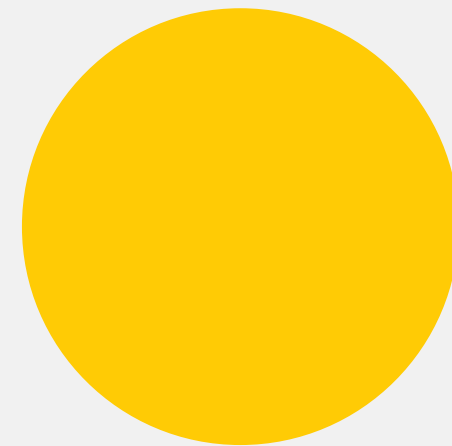


Main areas targeted by ESCOs



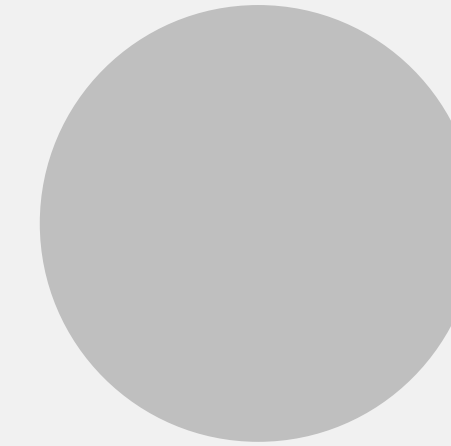
ESTONIA

- ✓ lighting, heating, ventilation and air conditioning systems (HVAC)
- ✓ insulating buildings
- ✓ automation and control systems



LATVIA

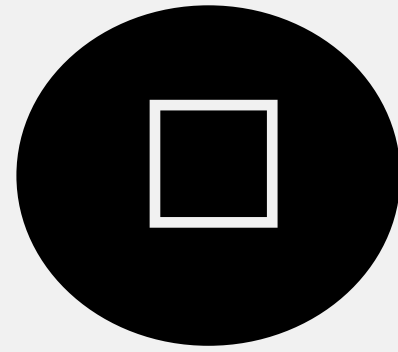
- ✓ building as a whole (including active and passive systems, energy efficiency and RES)
- ✓ ventilation systems
- ✓ private lighting (retail buildings and warehouses)



LITHUANIA

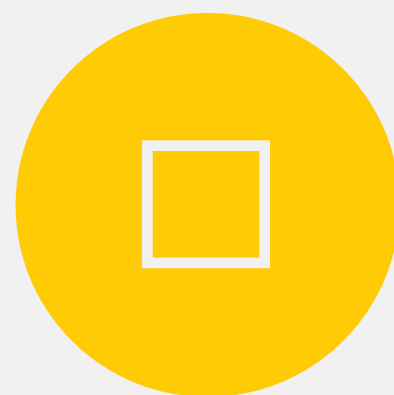
- ✓ building as a whole (including active and passive systems, energy efficiency and RES)
 - ✓ building level heating and heating systems
 - ✓ automation and control systems
-

The most relevant barriers limiting ESCO development



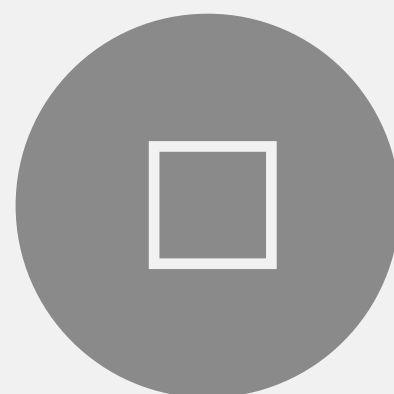
ESTONIA

- Small size of projects and high transaction costs
- Preceived business and tehcnical risk
- Mistrust from the (potential) clients
- Ambiguities in the legislative framework



LATVIA

- Lack of appropriate forms of finanace
- Mistrust from the (potential) clients
- Ambiguities in the legislative framework
- Small size of projects and high transaction costs



LITHUANIA

- Inexperience of actors
- Ambiguities in the legislative framework
- Mistrust from the (potential) clients

	Estonia	Latvia	Lithuania
Average investment size, EUR	12,000 - 990,000	150,000 - 350,000	330,000
Average duration of project	48 months	lighting: 3 - 5 years; multi-family buildings: up to 20 years	-
Average energy savings	30%	50 - 70%	51%

Status of the implementation of the mandatory elements in Art. 18 of EED

	ESTONIA	LATVIA	LITHUANIA
Information on adopted or planned measures	OK	OK	Partly OK
Link to the list of available energy service providers and their qualifications or link to interface where energy service providers can provide information	Missing	OK	Missing
Qualitative review of national market for energy services - current status	OK	Partly OK	Missing
Qualitative review of national market for energy services - future market developments	OK	Missing	Missing

Future perspectives and recommendations

ESTONIA



- All investments for improving energy efficiency in public sector must be procured focusing on results in LCC not focusing on investment in EUR.
- Subsidies for only cases which are using EPC models in energy efficiency projects.
- Funding for ESCOs.

LITHUANIA



- Obligations regarding public buildings renovation in national legislation.
- Developing market of ESCO facilitators – for the preparation of procurement documents.
- Standardization of procurement documents according to the PPP, Eurostat requirements.

LATVIA



Future perspectives and recommendations

- Allow municipalities to take long-term (above 5 years) commitments if the energy efficiency measures are implemented with guarantee.
- Analyse the existing PPP regulation and determine if it is possible that EPC project could fall under the PPP rules. The 50% threshold can be met only when the depreciated book value of the building without land is used, if the value of the asset is based on the market value then there is no chance to reach the 50% threshold with energy efficiency measures.
- Allow state owned companies and municipalities more easily borrow the financing from State Treasury if the energy efficiency measures are implemented with guarantee. Reduce the bureaucratic procedures.
- Instead of grant support system, better provide loans with lower interest rate. In average 1 % of interest rate is equal to 7-12 % of grant.



- ✓ LONG-TERM
- ✓ LOW-COST
- ✓ SAFE FINANCIAL INSTRUMENTS

THANK YOU

