



Czech and Slovak EPC market
developments
Barriers, drivers and potential benefits
from quality assurance

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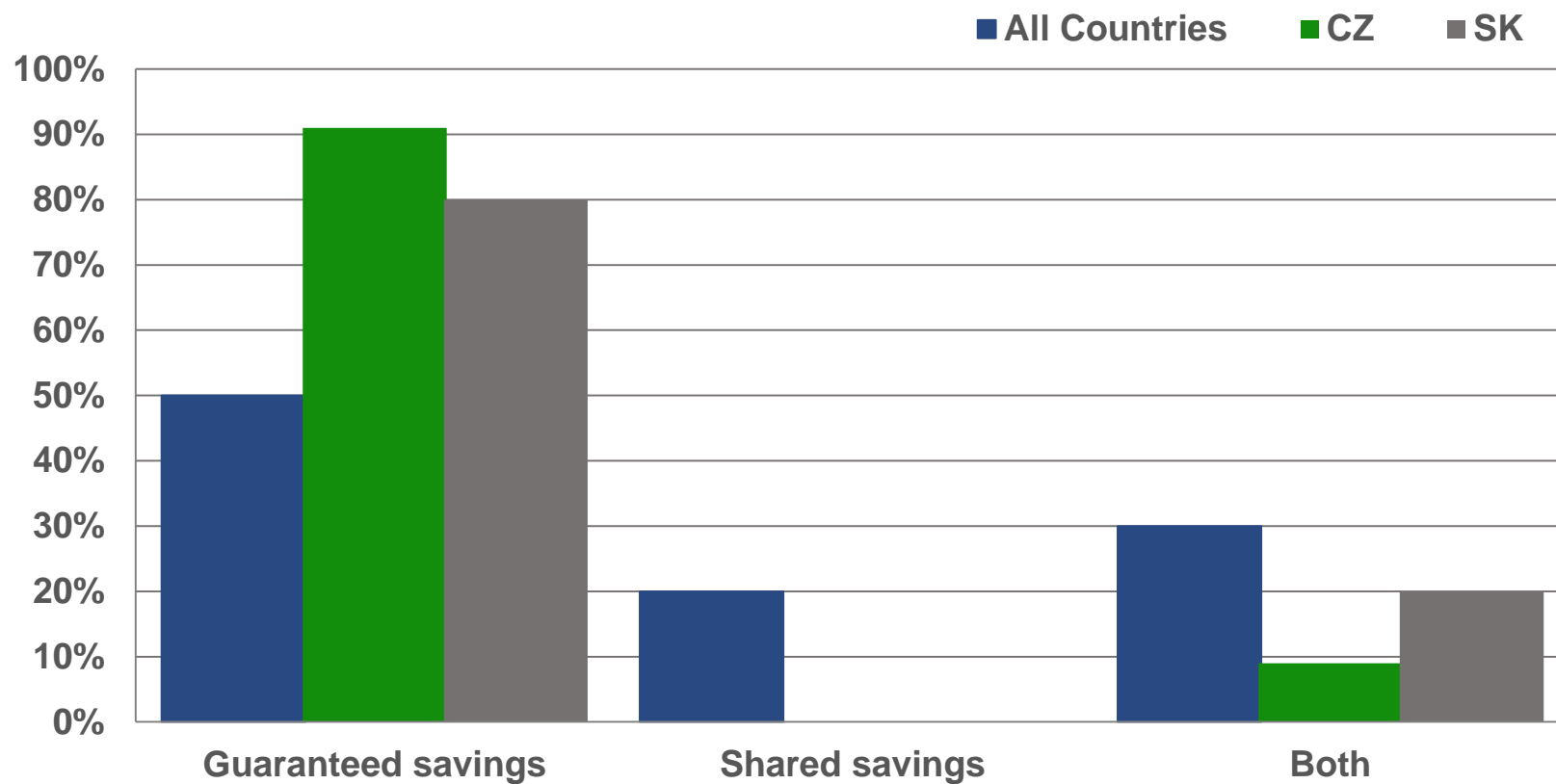
Czech EPC market – 25 year history

- ✓ The EPC market in the Czech Republic is well-developed, with high know-how among EPC providers and acceptance of EPC by several banks, providing substantial financing opportunities for current EPC projects.
- ✓ The first EPC project in the Czech Republic was carried out as early as 1993. Between 1994 and 2017, about 240 EPC projects have been implemented with a value above CZK 300 billion and leading to total energy savings of CZK 3.3 billion (Chance for Buildings 2018), equivalent to more than EUR 100 million.
- ✓ The market has been growing very slowly but steadily, with about 10-12 EPC projects implemented per year.





Type of EPC business model





Czech EPC market - current developments and potential

- ❑ Currently, the Czech EPC market is experiencing stagnation:
 - in 2016 nine new EPC projects were commissioned with a value of CZK 259 million (EUR 9.8 million) (APES 2017)
 - in 2017, another nine new EPC projects were commissioned on 39 sites with a total value of CZK 249 million (Chance for Buildings 2018), equivalent to EUR 9.2 million.
 - since end of 2017 several new „complex“ projects are being developed using EPC in combination with EU and national subsidy (OPŽP)
 - APES is organizing seminars to support such combined projects, interest of (public) customers rises

still huge potential (several hundreds MEUR) in buildings owned by the state



Czech EPC market – drivers and barriers

Drivers

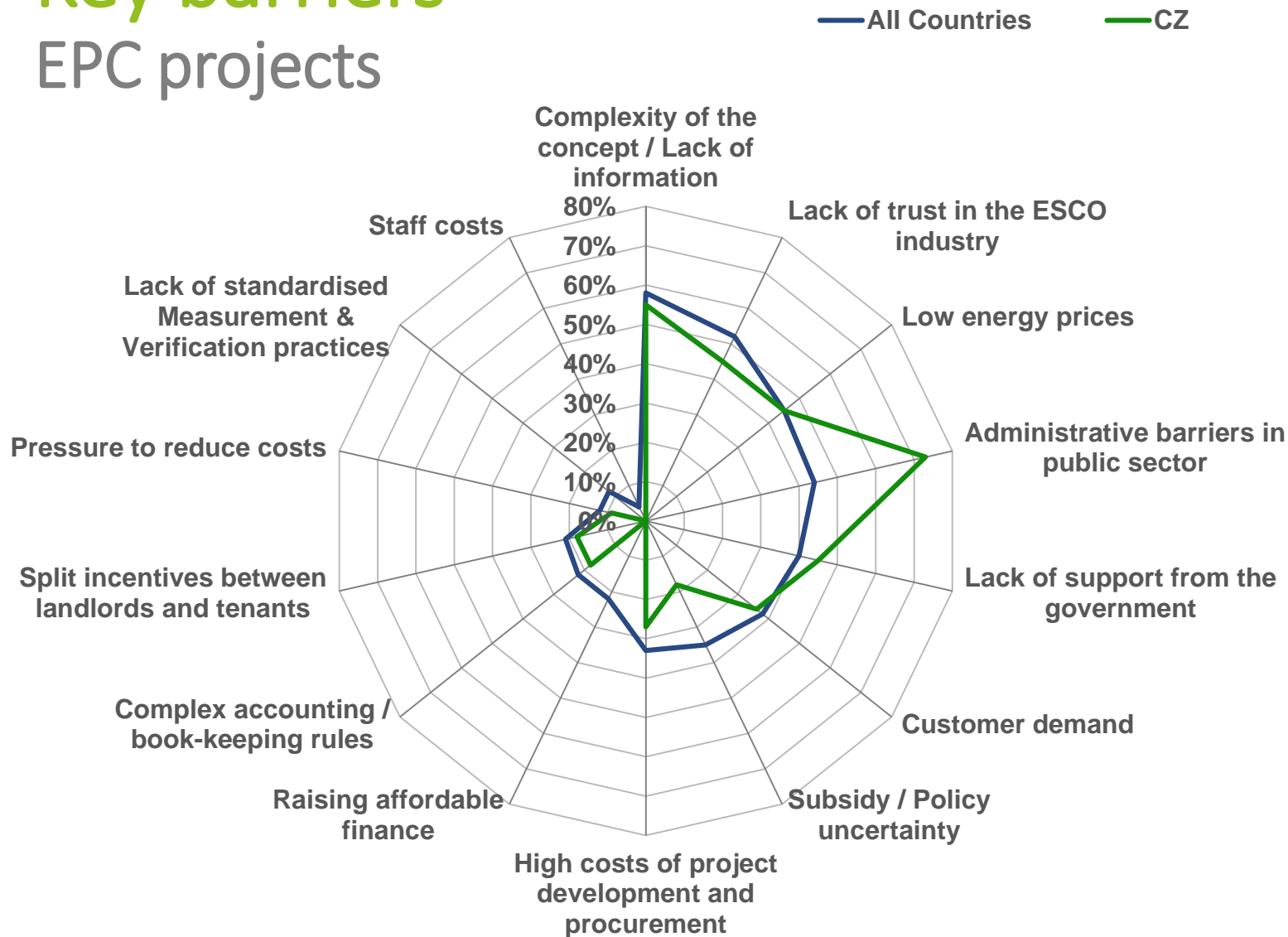
- ESCOs, Consultants (APES)
- Ministry of Industry and Trade - support program EFEKT (analyses, tender documentation)
- Ministry of Environment/ State Environmental Fund - subsidy program OPŽP (investment)
- Implemented projects
- Satisfied customers

Barriers

- Energy Efficiency still has not adequate support by the state (Ministry of Finance would be nice)
- Project admin, esp. in the initial phase (customers don't have data, analyses takes time)
- Still lack of trust and information in public sector, resistance in state institutions to do something „in a different way“ (+ third party financing for the state institutions impossible)



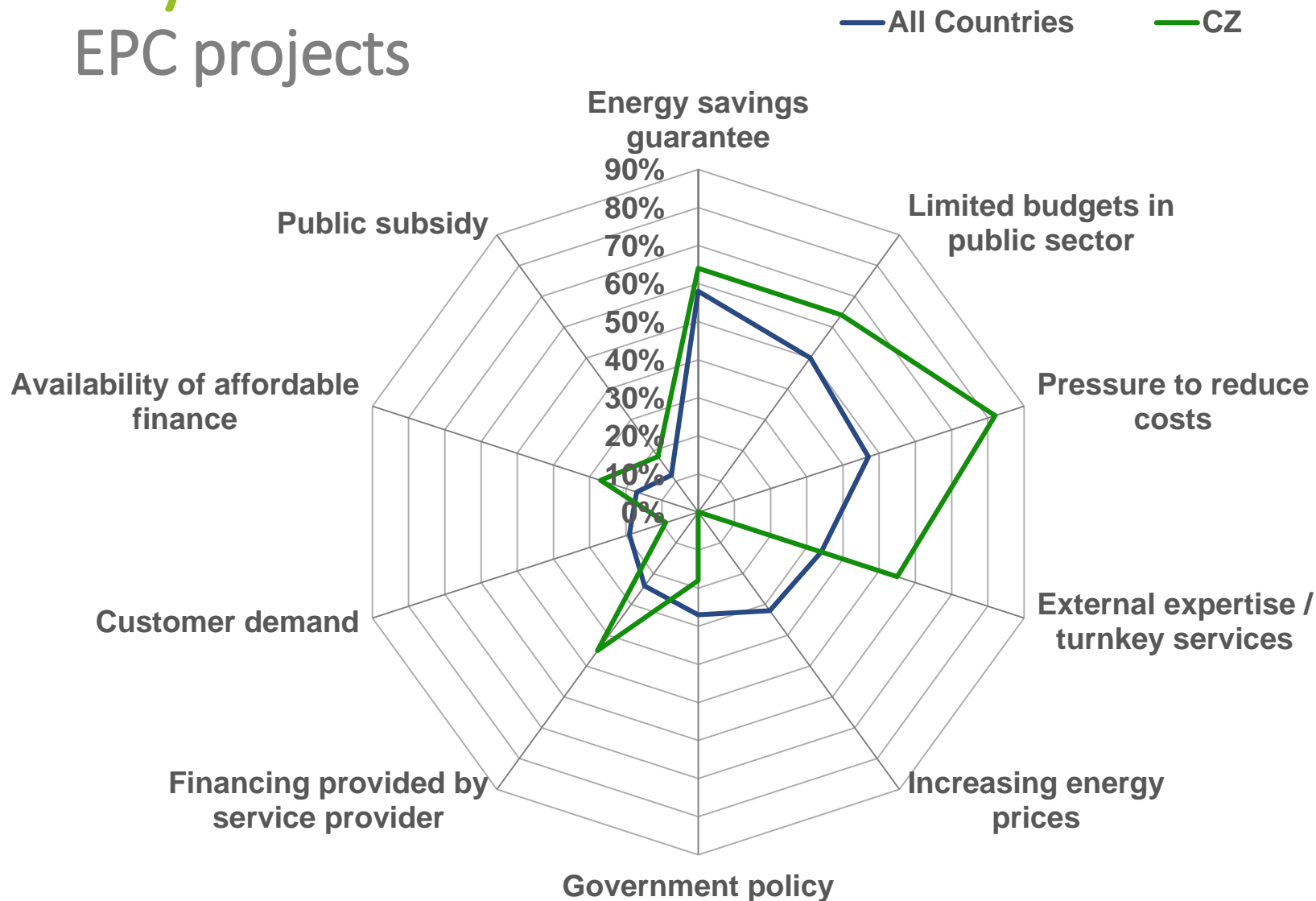
Key barriers EPC projects



Note: Respondents may have selected multiple answers.

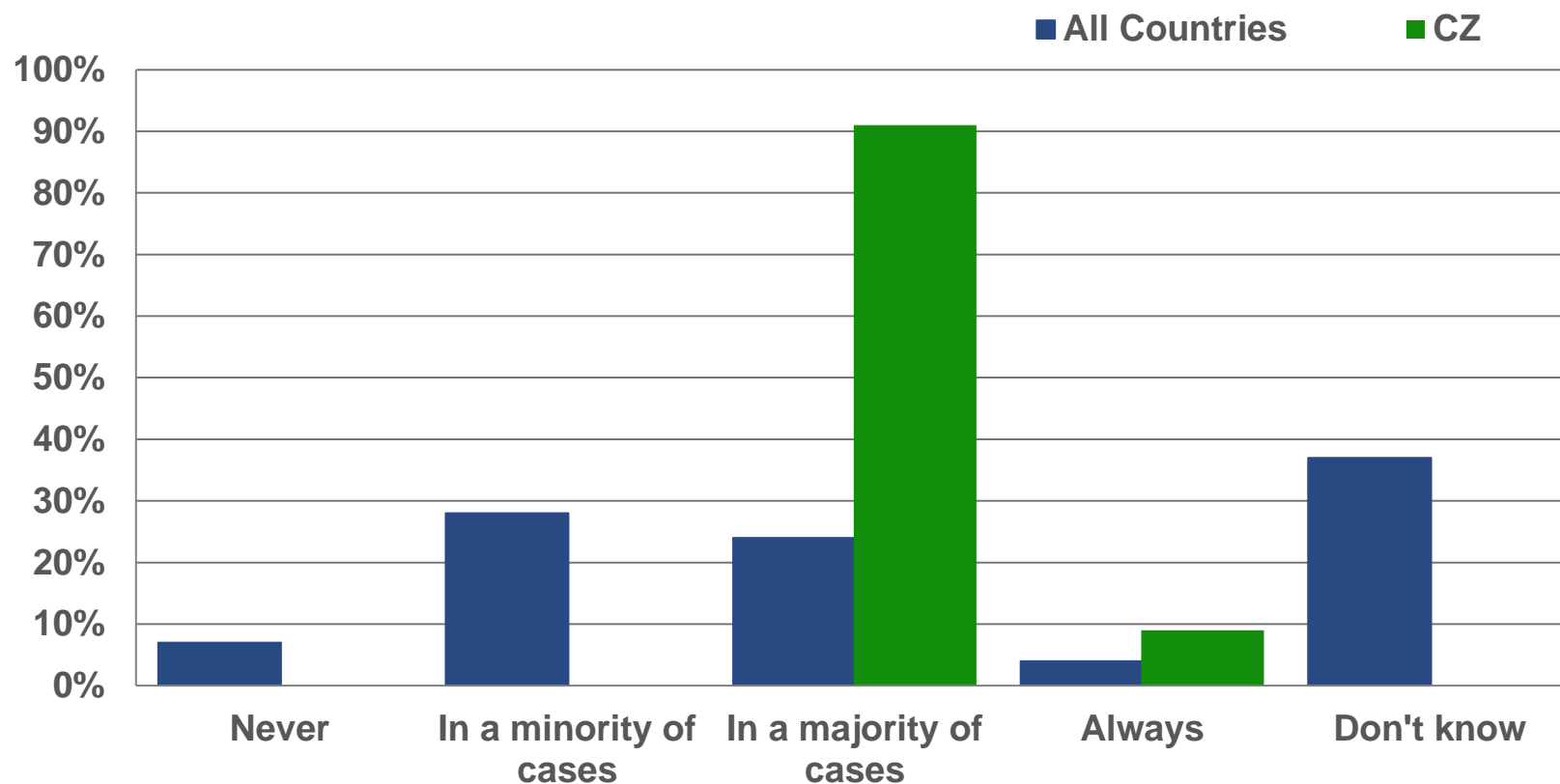


Key drivers EPC projects





Sale of receivables as the most favourable instrument in CZ



Period: Oct. 2016 – Sept. 2017

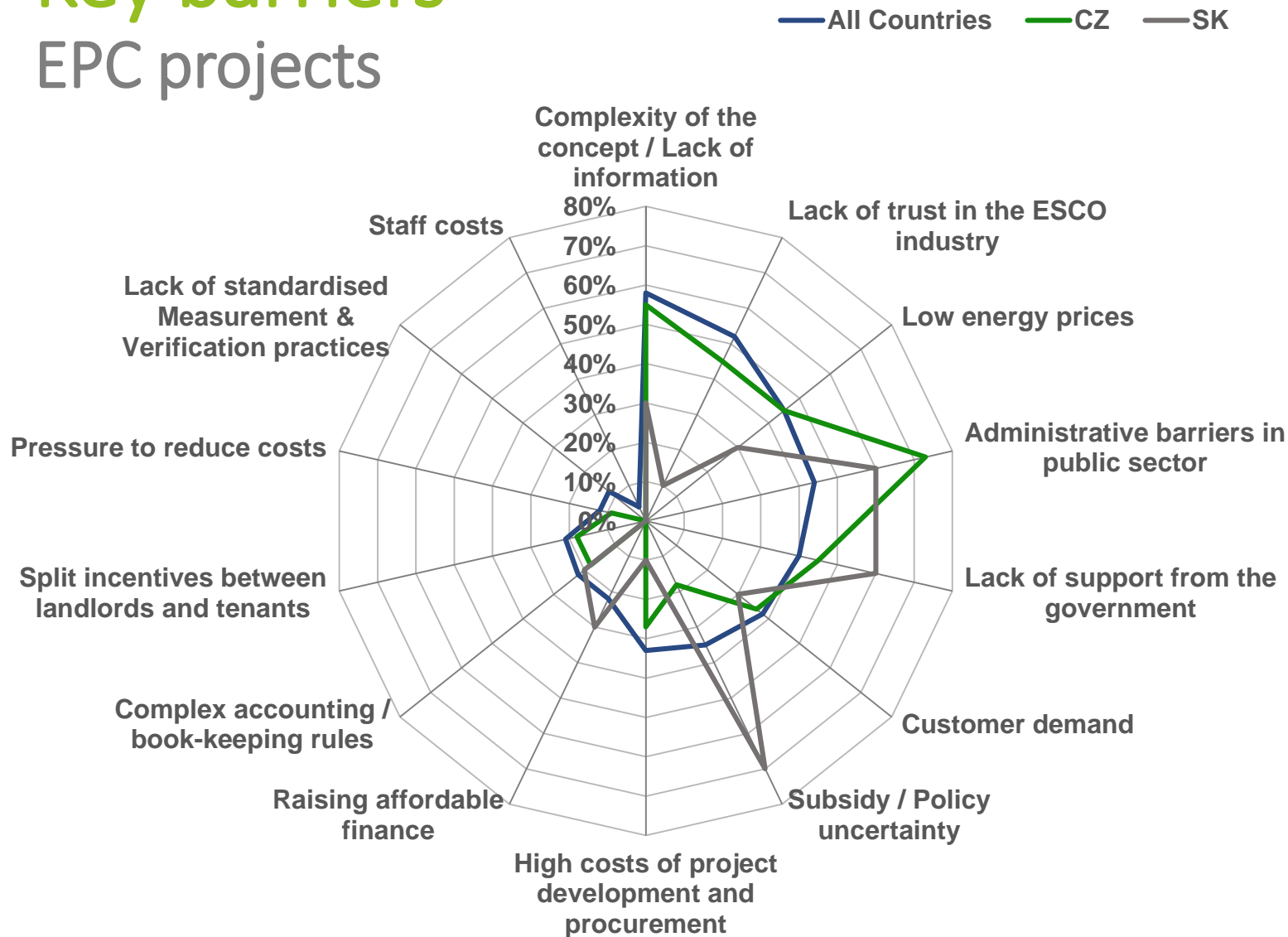


Slovak EPC market emerging in the last 20 years (awakening again)

- ✔ The EPC market in Slovakia started in late 90's— but still emerging market.
- ✔ While at the beginning of the EPC projects in Slovakia the focus was almost entirely on public buildings, the structure of EPC projects has become more diverse in recent years (since the restart of the market in 2012).
- ✔ Official numbers on the volume of the EPC market in Slovakia are not available. Following on information on implemented projects in public sector and information from ESCOs on projects in private sector, the actual EPC market volume in Slovakia can be estimated on level of approximately 5 million EUR/year.
- ✔ There were around 40-50 projects running during the period 2014-2016, which is a growth compared to the past.



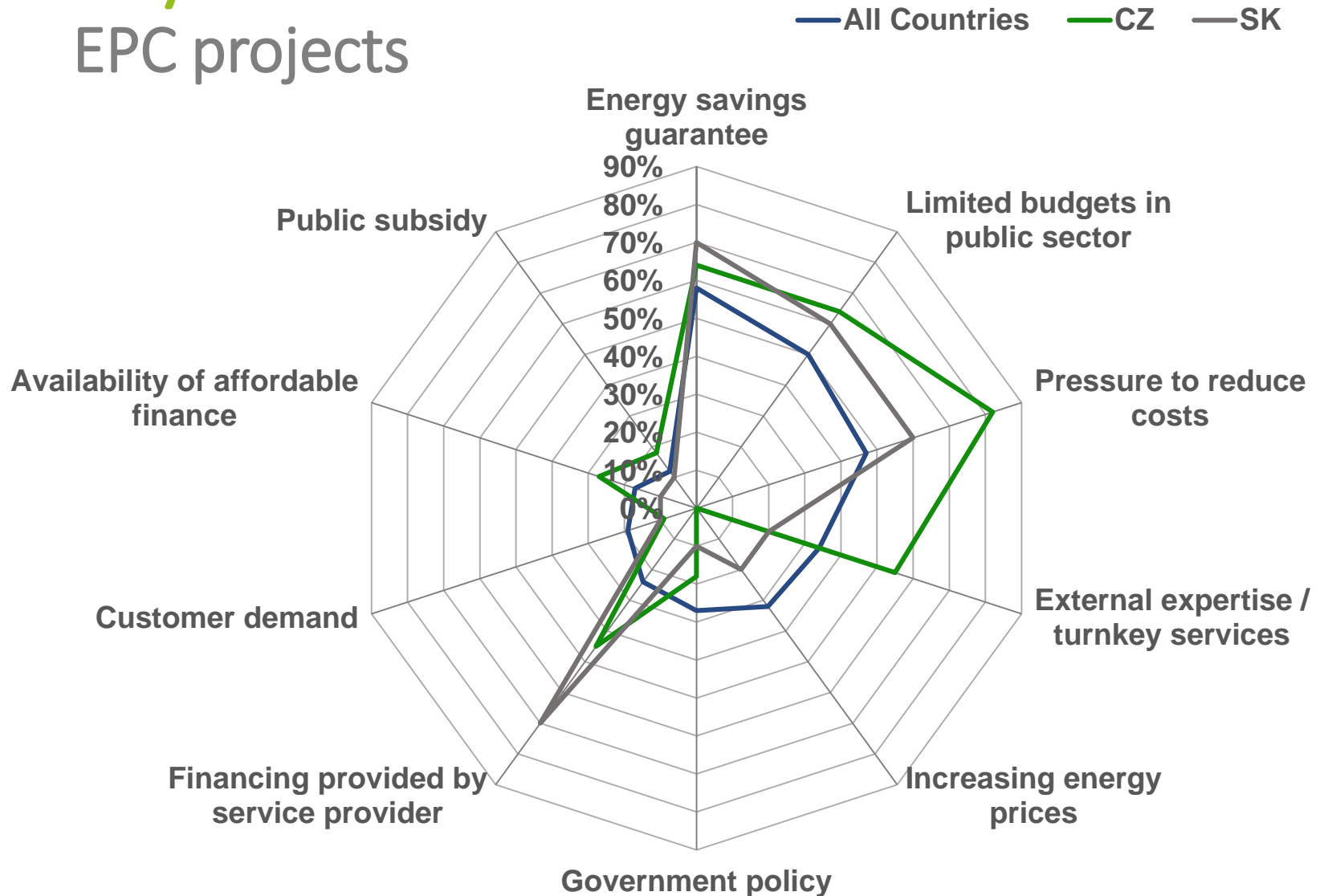
Key barriers EPC projects



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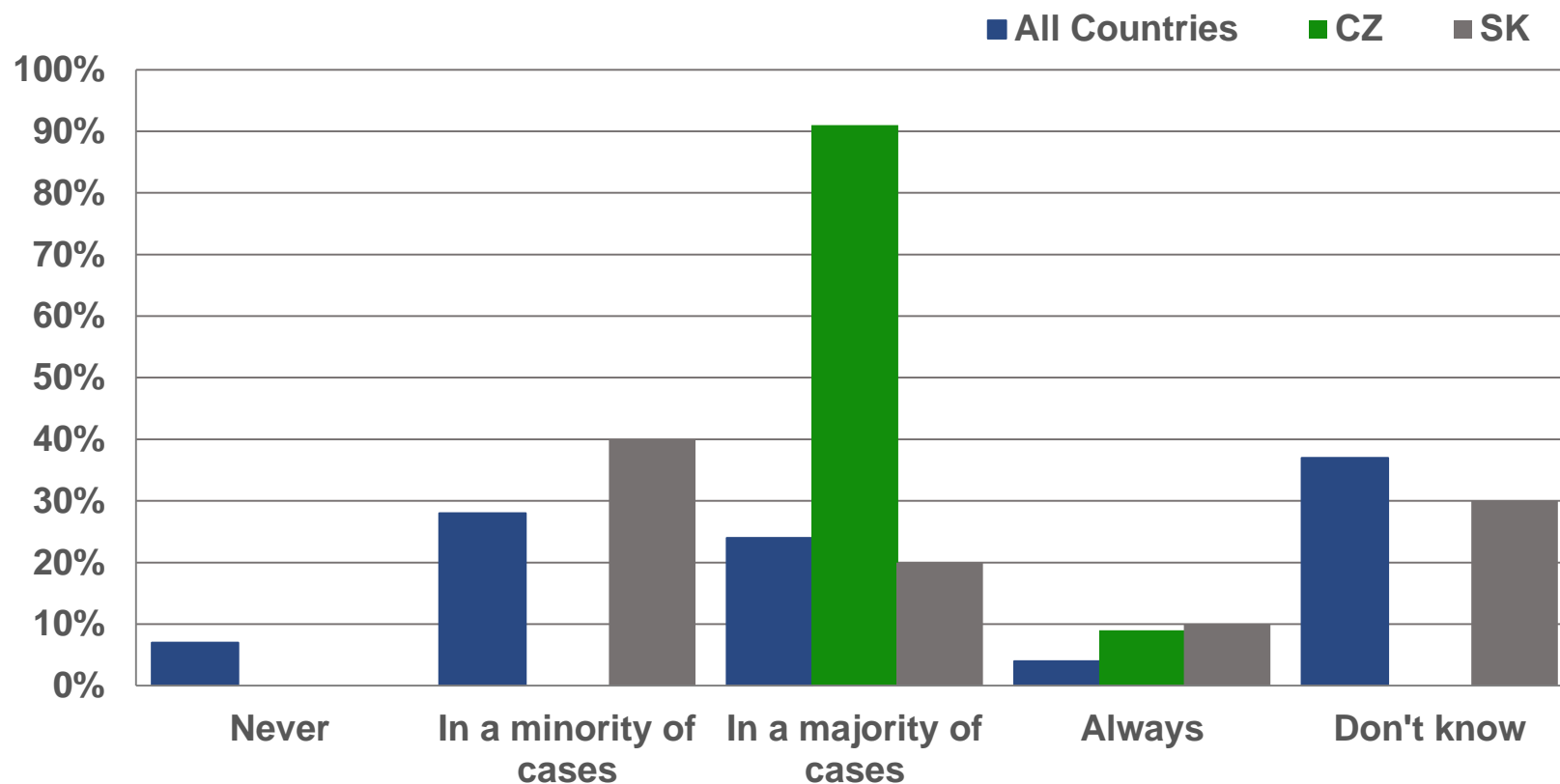


Key drivers EPC projects



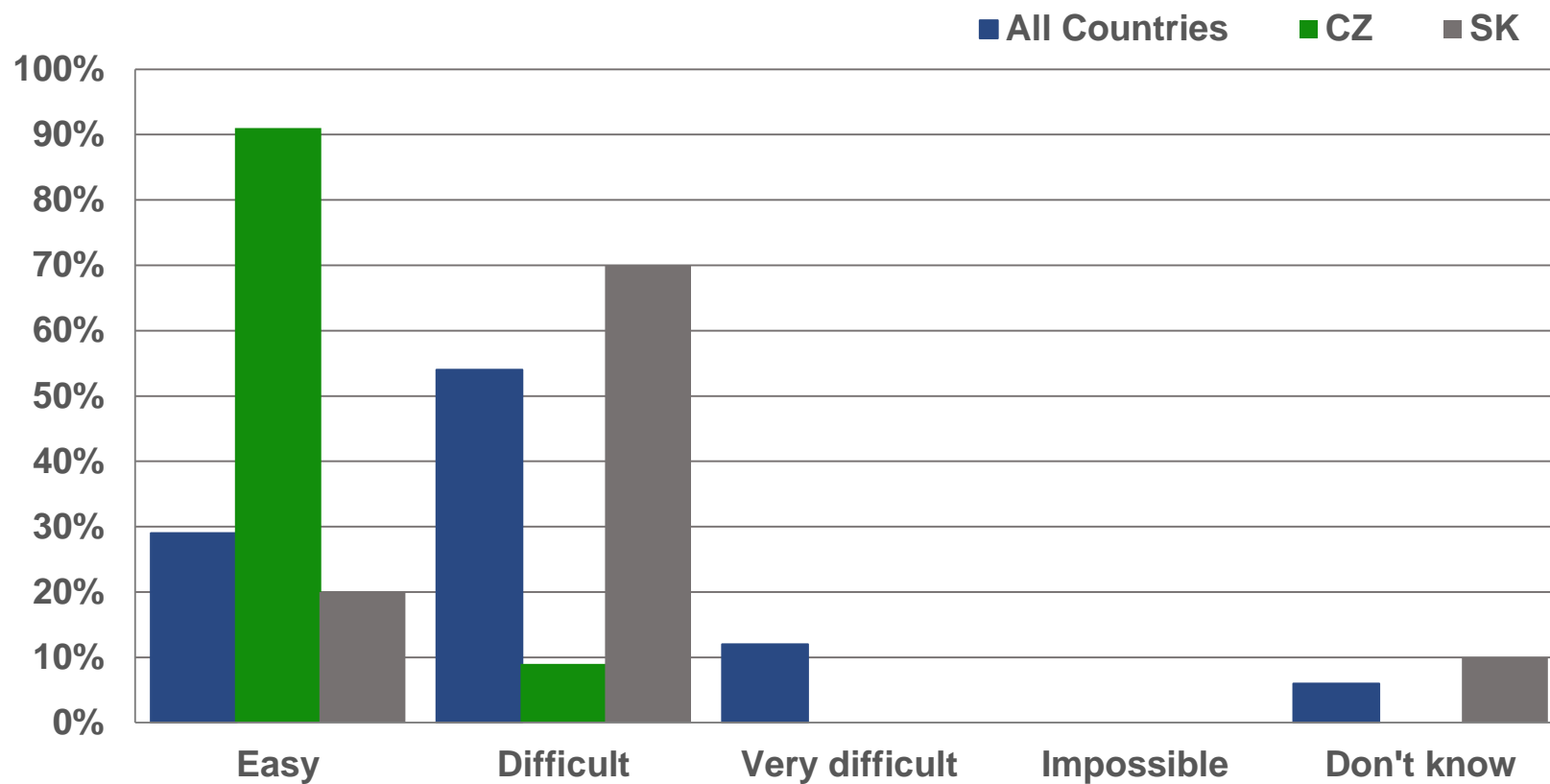


Sale of receivables - the most favourable instrument in CZ





Obtaining viable finance for an EPC project (easy/difficult)



Period: Oct. 2016 – Sept. 2017



Czech EPC market compared to the Slovak EPC market

Czech EPC market

- Energy service providers association APES founded 2010
- APES members: 23
- Sample contract exists since 2013
- Tendering proces standardized
- Sale of receivables – proven financial tool used both in public and private sector
- Combination of EPC and subsidy = advantage for customers



Slovak EPC market

- Energy service providers association APES – SK founded 2014
- APES members: 17
- Sample contract in preparation
- Higher awareness nad optimism due to ending subsidy programs
- Ministry of Finace proactive





Thank you

SEVEn – The Energy Efficiency Center
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