Financing schemes and other incentives for buildings retrofits

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workshop – EED Article 7

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MINISTRY OF
INDUSTRY AND TRADE

Increasing Energy Efficiency in the Czech Republic

- Common framework in the EU is specified by the **Directive 2012/27/EU on energy efficiency**, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC

- EU target is to achieve **20% energy savings by 2020**
  (till 2030 – 27% ?, 30% ??, 40% ???)

- **National Energy Efficiency Action Plan** is the Czech Republic's strategic paper setting targets and measures with aim to increase energy efficiency – **actualization in February 2016 and next by February 2017**

National Energy Efficiency Action Plan (NEEAP) 1

- The Czech Republic has chosen **alternative approach** in order to **achieve the target of energy savings in 2020** (not acceptable conditions for obligation scheme)
- **The Czech Republic's national indicative target** has been set at **50.67 PJ (14.08 TWh)** of new final energy savings by 2020
- The target of energy savings in 2020 will be achieved by **sum of alternative policy measures** in each target sectors:
  - services
  - households
  - industry
  - energy savings made in final consumption by various measures

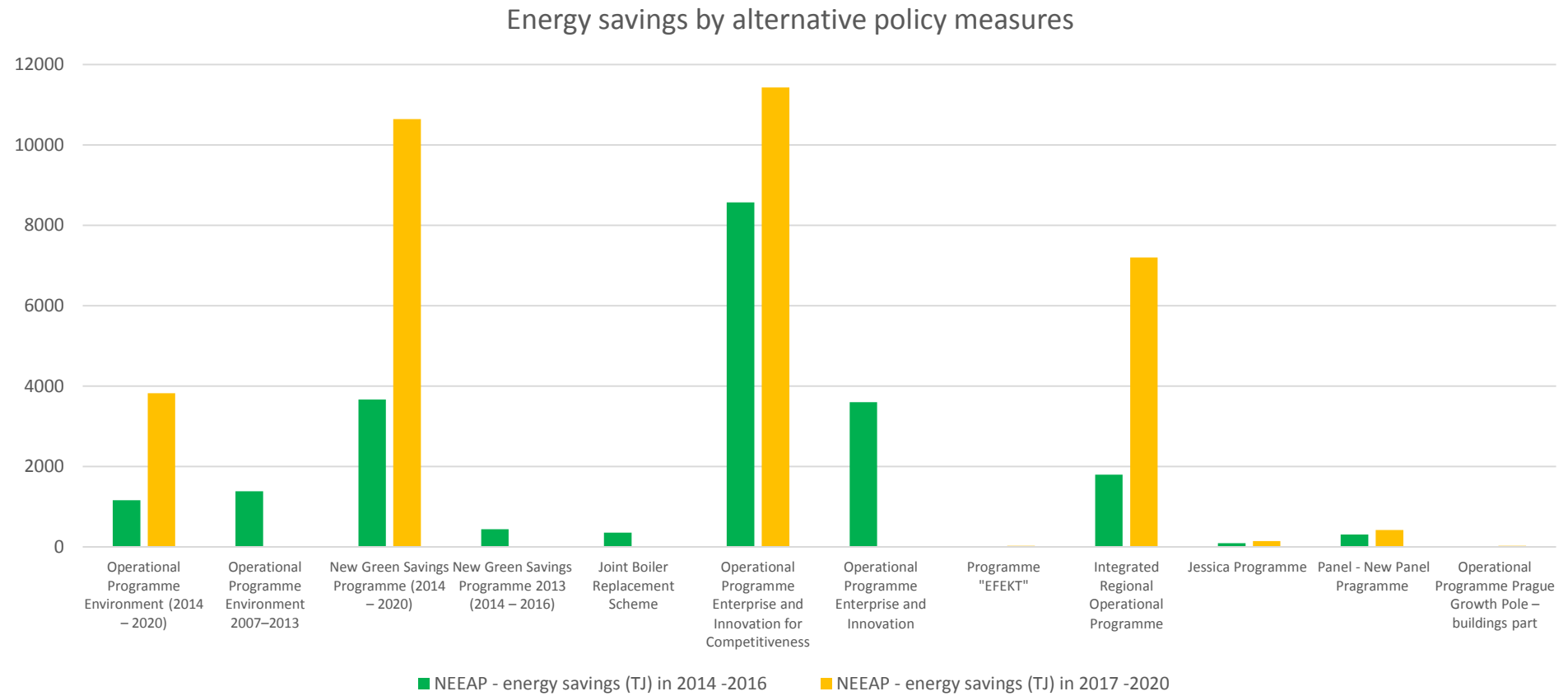
National Energy Efficiency Action Plan (NEEAP) 2

- main instrument – **Energy Management Act** (novelization June 2015)
- policy measures offered and described in the EED the Czech Republic will use:
  - **investment subsidies**
  - financial engineering instruments
  - systems and financing tools, training and education, including energy advice
  - non-investment subsidies (support of EPC, energy management, education)
- in the case of non-compliance with the stated target will be given to the **use of other instruments** (combining additional alternative measures)

Review of alternative measures – energy savings in final energy consumption

Responsible Ministry	alternative policy measures	fin. allocation [bil. CZK]	sum of energy savings [TJ]	Sector
Ministry of Environment	Operational Programme Environment (2014 – 2020)	24,6	**4 984**	services and households
	Operational Programme Environment 2007–2013	-	1 385	services
	New Green Savings Programme (2014 – 2020)	**27,0**	**14 308**	households
	New Green Savings Programme 2013 (2014 – 2016)	1,0	442	households
	Joint Boiler Replacement Scheme	0,2	354	households
Ministry of Industry and Trade	Operational Programme Enterprise and Innovation for Competitiveness	20,0	**20 000**	Industry and services
	Operational Programme Enterprise and Innovation	-	3 600	Industry and services
	Programme "EFEKT"	**0,1**	**47**	services
Ministry of Regional Development	Integrated Regional Operational Programme	16,9	**9 000**	households
	Jessica Programme	1,1	239	households
	Panel - New Panel Programme	4,5	727	households
Prague - Capital City	Operational Programme Prague Growth Pole – buildings part	1,0	43	services
TOTAL		**96,4**	**55 129**	

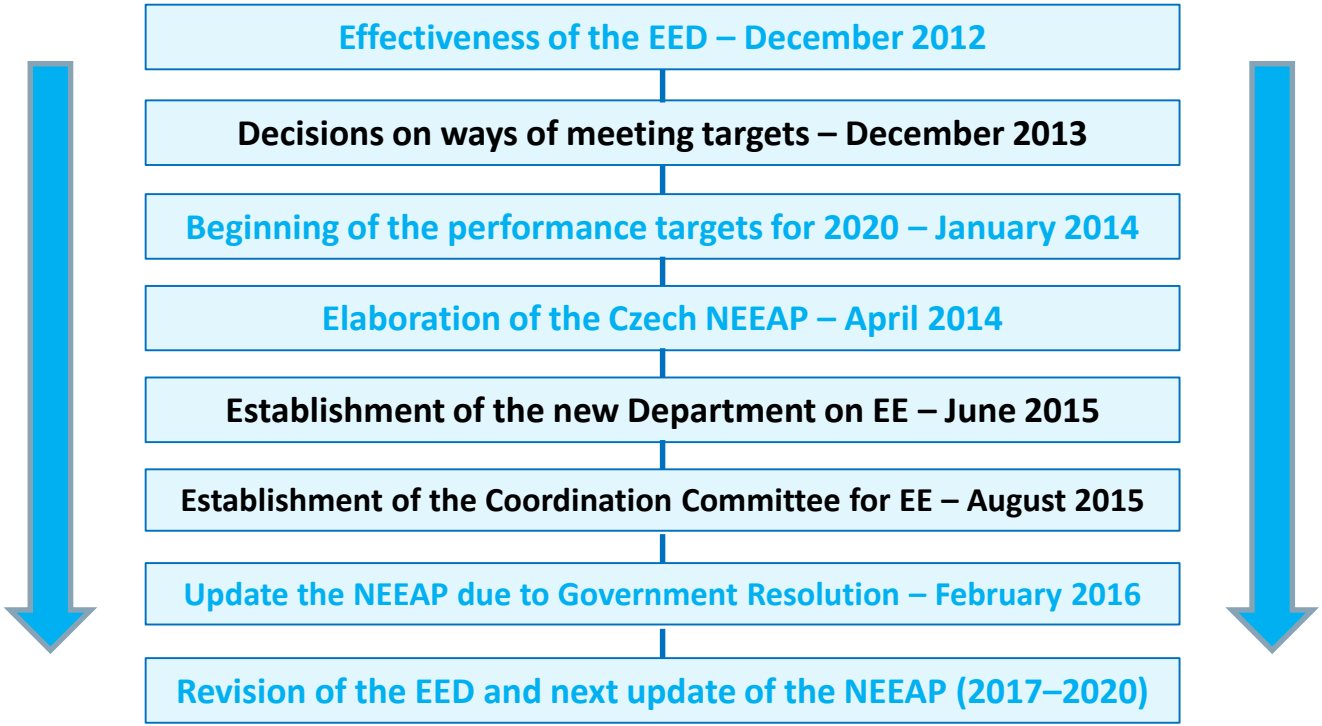
Review of alternative measures – energy savings in final energy consumption



Key aspects of the performance NEEAP

- **Optimization** of setting alternative policy measures
- **Maximize the costs efficiency** of alternative policy measures
- **Monitoring, reporting and controlling** process of alternative policy measures

Description of the relationship of the EED and the Czech NEEAP



Ministry of Industry and Trade – actual role in savings

- coordination and methodological assistance in optimizing the **setting of subsidy programs** related to energy savings
- setting up a screening **methodology for reporting energy savings**
- **removing barriers** to the expansion of application of the **EPC method**
- cooperation in optimizing the **use of financial instruments** in relation to maximize energy savings
- search for new possibilities of support under the **program EFEKT**
- **further ways of energy savings** in all areas (transport, construction industry, etc.)

Coordination Committee for Energy Efficiency

- **establishment of the coordinating committee for the implementation of the targets of NEEAP**
  - **members of the coordination committee** – over 50 nominees
    - representatives of ministries, Government Office, Czech Statistical Office, State Energy Inspection, State Fund of Environment, City of Prague and 8 professional associations (as Economic Chamber, Confederation of Industry, Chance for Buildings, Association of ESCOs, etc.
  - 2 meetings in 2015 and 2 meetings in 2016 (last in November 21)
  - **methodology for reporting energy savings** – final version in May 2016
  - negotiations with representatives of the administrators of subsidy programs on the conditions of adjustment – ongoing process
  - duration of the committee's work until the end of 2020 (probably longer)

Energy savings opportunities

- options for optimizing the **use of financial instruments and methods of use of Energy Performance Contracting** in relation to maximize energy savings
- possibility of **introducing energy management systems** according to ISO 50001
- possibility of **new concepts of voluntary energy saving measures** (that is both cost effective and administratively)
- searching options **of additional energy efficiency measures**, which will be implemented with or without subsidies

Strategies for reducing energy intensity

- promotion of efficient energy savings
  - do not go about **achieving savings “at any cost“**
  - must insist on a **cost-effective provision of subsidy funds**
  - investment subsidies conditional upon strict compliance with sustainability projects

- possibility of changing opinion on energy savings
  - **energy savings are not command of the EU to the expenditure of subsidies for "insulation", but give the chance to efficiently use subsidies to various measures that will bring in the future reduce operating costs of the buildings**

Motivation to realize energy efficient project

- **big volume of investment subsidies** – mainly in „eastern countries“
- very **bad example if subsidy is main motivation to realize EE project**
  - each investment subsidy destroys the market
  - motivation to realize EE project by available information about **complex solutions**
  - chance **for customer** to select solution which brings **acceptable and interesting „profit“**
    - for entrepreneurs – acceptable payback period 5-6 years
    - for public and residential sector – acceptable payback period 10-25 years
  - opportunity of **new type of energy services** and good practice examples

New type of energy services

- **business case for the new type of energy services**
  - offer to customers **complex solutions for EE measures** (in form of feasibility study)
  - energy service providers in relation to offer for preparation of the study can offer realization, financing and next monitoring (probably including energy supply)
  - small subsidy for preparation of the feasibility study (program EFEKT)
- **many EE projects** are realized **without investment subsidy support**
  - **evidence program for quality EE projects** without investment subsidy support
  - main feature of the program – **high quality of the solution and installation**

Thank you for your attention

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