BUILDING TRUST IN ENERGY PERFORMANCE CONTRACTING FOR TERTIARY SECTOR ENERGY EFFICIENCY AND SUSTAINABLE ENERGY PROJECTS IN SOUTHERN EUROPEAN COUNTRIES
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Energy Efficiency (EE) has been broadly accepted as primary energy resource for the European Union because it is competitive, cost effective, and widely available. However, at present, insufficient public and private investment is flowing into energy efficiency: if this trend continues, then EU Member States are at risk of missing their 2020 and longer-term EE targets. Financial barriers are commonly reported as the main obstacle for realizing the full potential of energy efficiency projects.

This is especially true for the tertiary sector (hospitality, tourism, healthcare, services, etc.), which often presents a high potential for energy efficiency. Unfortunately, budget limitations in combination with the current economic stagnation, often block the realization of energy saving measures. The tertiary sector in Europe is therefore a good example of a field that lacks of investments: although energy consumption in the services sector has decreased globally since 2003, in southern European countries an increasing trend in electricity consumption has been verified, in parallel with the raise of electricity prices.

Moreover, Energy Performance Contracting (EPC) projects are rare in the tertiary sector of southern European countries since there are many key market development barriers such as:

- Difficult access to financing for EPC providers due to limited investors’ confidence.
- Scarce demand due to insufficient knowledge of the EPC model and scarcity of flagship projects.
- Lack of certification schemes and financing mechanisms for EPC projects.
- Insufficient support from national policy and regulation.
In this context, Trust EPC South aims at encouraging financing of EE solutions by creating a framework for standardisation, assessment and benchmarking of EE investments, improving trust and confidence in the financing parties. Moreover, the project is aimed at promoting the adoption of EPC schemes for the realization of such interventions through a series of tailored capacity building and training activities. Ultimately, our project aims at mitigating the barriers for EE investments among private tertiary sector in southern Europe.

Geographically, the project is carried out in Croatia, France, Greece, Italy, Portugal and Spain, countries showing a balanced mix of new and intermediate EE and EPC markets, in which we see both a need to improve the situation and a large untapped market potential in the tertiary sector. Furthermore, the project results will be extended to the Balkans area, thanks to the collaboration with the Association of Balkan Chambers and the network of contacts of the Greek and Croatian consortium partners.
The overall objective of Trust EPC South is to scale up investments on Energy Efficiency (EE) and Sustainable Energy technologies in the private tertiary sector of southern European countries, with particular focus on EPC projects. This objective will be achieved through the development of an ad hoc investment assessment and benchmarking framework building upon an established real estate assessment tool (Green Rating™) and supported with the organization of tailored capacity building activities that will allow project developers (including ESCOs and other EPC providers), project sponsors and private tertiary sector actors to more easily access third party financing, thus unlocking the large tertiary sector EE and RES market potential.

The main objectives of Trust EPC South can be summarized as:

- Promoting dialogue and synergies between the EPC offer side, the tertiary sector demand side and the financing side.
- Developing, in strict cooperation with financing institutions and certification bodies, a robust investment assessment and benchmarking tool based on the existing Green Rating™ methodology and tools.
- Providing training on financing solutions and EPC basics for financing institutions, investor groups, certification bodies, the energy efficiency services sector, tertiary sector actors, public authorities and policy makers.
Trust EPC South, in each participating country, will deliver the following results:

**A national discussion platform:**
- Allowing financing institutions, EPC providers, energy efficiency specialists, ESCOs, national policy-makers, regulatory authorities and tertiary sector demand side, to discuss national market issues.
- Leading to a detailed comprehension of the financial and other practical barriers for EE and EPC projects.

**A national market report:**
- Analysing the tertiary sector in each country and identifying the most interesting sub-sectors presenting a higher potential for sustainable energy investments.
- Identifying the suitable financial mechanisms and solutions addressing the EPC barriers and requirements and adapting them on each national level.

**A set of capacity building and B2B matchmaking activities directed at:**
- Demand side actors from the tertiary sector: hotels, hospitals, commercial centres, etc.
- EPC offer side: ESCOs, energy efficiency specialists, consulting companies, etc.
- Financing side actors: public and private funds, institutional investors, etc.

**Support for pilot investment projects:**
- Real cases, proposed by national stakeholders involved in the matchmaking activities mentioned above, will be used for testing the developed assessment and benchmarking tool.
- The Trust EPC South consortium will support the project developers in the search for financing.
A PROJECT FOR FINANCIAL AND ENERGY MARKET ACTORS

The lack of proper certification, validation and assessment tools are key factors that hamper energy efficiency financing. In order to technically appraise the existing tertiary sector buildings and evaluate the environmental impact and energy efficiency actions that can be undertaken, Trust EPC South shall build upon the Green Rating™ methodology. This framework offers a pragmatic and cost-effective approach: an assessment, benchmarking and decision-making tool based on six environmental criteria and four levels of performance that provides tangible results in monitoring and improving sustainability performance of existing buildings. Weighting the 3 quantitative indicators (energy, carbon, water) and the 3 qualitative ones (transport, wellbeing, waste) the Green Rating™ delivers a benchmarkable rating used internationally by its clients to compare the sustainability performance of buildings and decide the most cost-effective measures to undertake.

During the project’s lifespan, the existing Green Rating™ methodology will be adapted and upgraded. Firstly it will be expanded to cover tertiary sector buildings and energy efficiency solutions that can be applied to them. Successively, the inclusion of a financial assessment model will complement the technical Green Rating™ building assessment tool and thus create a holistic framework for EPC project benchmarking.

Thanks to several capacity building and matchmaking activities involving the energy efficiency, tertiary and financial sectors, the resulting framework will be tested on at least 40 pilot projects identified in the 6 participating countries. Once finalized, it will become a reference tool facilitating investment assessment and decision-making processes.
The tertiary (or ‘services’) sector includes activities related to trade, finance, real estate, hospitality, health, education and commercial services. According to recent studies*, especially considering the increase of the average electricity consumption per employee within the southern European tertiary sector, there is significant space for EE improvement.

Apart from the availability of public support measures, the keys to unlock energy efficiency investment demand in the tertiary sector are to engage key decision makers and sector leaders with attractive investment returns and a clear business case, in order to increase their understanding of the risks and confidence. The demand for energy efficiency investments needs also to be supported by the availability of performance data (i.e. a track-record of successful investments), of standardized approaches to all investment phases, and of robust methodologies for the measurement and monitoring of savings against the initial baseline.

Trust EPC South aims to promoting EE in the tertiary sector with a series of activities aimed at raising awareness of EE benefits at key decision maker level, and by providing a tool allowing a clear quantification of such benefits, also leading to the standardization of the investment assessment and decision-making processes.

PROJECT PARTNERS

TEN COMPLEMENTARY ORGANISATIONS FROM SIX SOUTHERN EUROPEAN COUNTRIES

- **CREARA** (Spain), a firm specialised in management in the sectors of energy efficiency and sustainability, providing consulting, engineering, training and energy management services, coordinator of the project and leader of national activities in Spain;
- **Ambiente Italia** (Italy), a research and consulting company operating in the field of energy and environmental sustainability. It is project leader and technical partner for analysis activities related to the energy efficiency market in the Italian territory sector;
- **Bureau Veritas** (Spain), a certification body active in all participating countries that has developed the Green Rating™ methodology and that will coordinate its adaptation to become a standardisation and financial evaluation tool;
- **ENERGIES 2050** (France), a private non-profit organisation based in France and active internationally that aims to drive environmental and societal change and implement and scale up replicable, concrete projects, leader of national activities in France;
- **Energy Institute Hrvvoje Požar - EIHP** (Croatia), a Croatian public institute built upon half a century of tradition in scientific research in energy, leader of national activities in Croatia;
- **Green Rating Alliance** (France), a non-profit association that connects leading real estate owners & investors, banks, auditing companies, industry bodies, measurement organisations and technology solution providers from across Europe. Leader in optimising the process of learning from the project’s results;
- **LifeGate** (Italy), a media network and advisor for sustainable development. LifeGate is a for profit organisation that supports companies in their sustainable development process through an economic model where “People, Planet and Profit” live in mutual harmony, offering consultancy services for sustainable development, communication and renewable energy supply. Leader in the diffusion and communication of the project;
- **Officinea Verdi** (Italy), is the Energy Efficiency Group born of the Joint Venture UniCredit-WWF. OV works in the energy efficiency sector as “System Integrator” combining services, technologies and finance to reduce company energetic costs and CO2 emissions. Within the consortium, OV evaluates the economic-financial sustainability of energy investments;
- **Self Energy Engineering & Innovation S.A.** (Portugal), as an ESCO in Portugal, provides the engineering, financial and implementation services of renewable energies and energy efficiency projects for all type of buildings. The complement of the company skills in research, innovation, development of new technologies, energy audit and certification give the capability to act successfully in all the areas. In the project SELF ENERGY ENGINEERING & INNOVATION is the leader for the creation of standardized EE/SE project models as well the National Activities leader in Portugal;
- **Technical University of Crete, Sustainable and Renewable Energy Systems Lab** (Greece), one of the prominent academic and research institutions in Greece, which places emphasis to turn knowledge to mature solutions and practices as advisor to policy actors and productive units, experts on Sustainable Energy, leader in Capacity Building activities in the principle project and national activities in Greece.