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**Financial tools and instruments in local and regional Sustainable Energy Action Plans (SEAPs)**



**EFFECT4buildings** was implemented from 2017 to 2020 with the support from the Interreg Baltic Sea Region Programme 2014-2020. The project provides a decision support toolbox that includes means to calculate and plan the renovation projects most feasible and profitable way, as well as being able to convince financial decision makers so that the scope and return of investments would be clearly and convincingly presented. The main target group is building managers in charge of public or privately owned building portfolio.

There were seven partner countries – Denmark, Estonia, Finland, Latvia, Norway, Poland, Sweden. The project was also a part of the implementation of the EU Strategy for the Baltic Sea Region (EUSBSR), being a flagship project under policy area Energy and the horizonal action Sustainable development.

The full toolbox can be found on project webpage: <http://www.effect4buildings.se>

**Partners**



**Background**

40 % of energy consumption and 36 % of CO2 emissions in the EU relates to buildings, but investments in energy efficiency are not currently happening at the rate needed.

The EFFECT4buildings has in collaboration with public building managers developed a comprehensive decision-making support toolbox with a set of financial instruments to unlock the investments and lower the risks of implementing energy efficiency measures (retrofitting, upgrading and deep renovation) in buildings owned by public stakeholders on a local and regional level.

One goal has hence been to find ways of utilising these tools and instruments in local and regional Sustainable Energy Action Plans (SEAPs) in order to encourage and stimulate the reduction of greenhouse gas emissions, as well as increased environmentally friendly energy restructuring.

In the local and regional SEAPs municipalities and county municipalities typically plan for solutions that both reduce emissions and reduce risk and vulnerability as a result of climate change. The E4B project want to suggest ways to make sure these plans are not only taking the form of “wising lists” but include the mention of concrete and tested financial energy efficient tools and instruments with documented results. ‘

**Recommended approach for including financial aspect of energy efficiency in local and regional sustainable action plans**

The partner countries in the EFFECT4building projects all have requirements for regional and local Sustainable Energy Action Plans (SEAPs). In recent years they are more and more ambitious with tangible goals for energy saving and carbon emission reductions.

These ambitious goals are often set at a political level and constitute a driving force for in regional and local municipal administrations.

Many SEAPs also list a variety of general measures that need to be implemented and hence major investment needs. These measures are often listed without describing the cost or how it should be financed, and even more important, how to include private capital in green investments. Investments in green technology create useful growth and needs to be included and specified in the SEAP.

Experiences reported in the EFFECT4buildings project teach us that the more tangible and concrete descriptions of measures the action part of the SEAPs are the higher the chance of implementation of energy efficient tools and instruments. Examples of concrete financial tools and models for implementing energy efficiency projects being described in the SEAPs help the decision makers in public administration, like building and property managers set real energy efficient projects into action.

Hence a recommendation for future SEAPs would be to direct public decision makers in the direction of concrete and updated financial tools and instruments with documented results. To help municipalities calculating investments, they should be directed towards the right calculation methods. Furthermore, a clear call for bundling the purchases and investments may prove profitable.

Calling for assessment of various external financial sources can help municipalities widen the search outside public grants and schemes. Private financial opportunities through green loans and relevant bonds / funds targeted at investments in green technology are becoming more and more common and research of recent mapping of available options should be a must in municipal planning of energy efficient investments.

Energy efficiency in buildings is a long-term effort and a core business for property owners. This requires specific technical energy expertise. There seems to be a high awareness of the need for this expertise, but small and medium sized municipalities will usually not possess this expertise inhouse.

Contracting energy service companies (ESCOs) to implement Energy Performance Contracting (EPC) or Multi Service Contracting that include benefits besides energy saving measures can be a concrete aim in the action part of a SEAP. In the same way a SEAP can include direct advise to explore options for implementation of Green Leasing Contracts, assess possibilities of prosumerism or provide training of public decision makers to increase knowledge of the variety of financial instruments.

These instruments require knowledge of the models and available tools. EFFECT4buildings offers both and can serve as a **valuable source of relevant information**, and hence a good background aid for local and regional public planners.

**Examples of SEAPs with recommendations of EFFECT4buildings tools and instruments during the project period**

**E4B financial tool in Polish SEAP**

The action part of SEAP in the model for energy efficiency planning for municipalities in Poland have included a recommendation for municipalities to use available energy efficiency (EE) tools that are related to optimising the use of electrical energy, as well as heat and gas energy, and to minimising the cost of energy. A special focus was paid to the **E4B financial calculation tool** that can help get a better understanding of the profitability of an EE investment.

**E4B EPC tool in Norwegian SEAPs**

The action part of the SEAPs in Hamar and Aurskog-Høland municipalities have a written goal of paving the ground for Energy Performance Contracting (EPC), as it is found to save energy at a higher rate and speed than traditional energy efficiency measures implemented by inhouse resources alone. With this background both municipalities started searching for information and how to get the right expertise to realise EPC it in their own building stock, finding the right knowledge and assistance in the EFFECT4buildings guides and tools.





