

# **ELENA in practice: Initiative Energy Efficiency Contracting- InEECo**

**Rüdiger Lohse  
Brussels, February 18/19, 2020**



# ELENA in practice: Initiative Energy Efficiency Contracting- InEECo

- 1 KEA and the regional Energy Service market**
- 2 Our ELENA project-targets and challenges
- 3 Action, scale, impacts
- 4 Lessons learnt

# Our regional energy service market is one of three mature regions with appr. 800- 900 M€/yr annual turnover with a priority in the public sector

„Energy Service Market Evaluation Report“, BfEE, Januar 2020:

Only 25% of the energy services market potential is exploited so far!

Downbreak of the German energy service figures for our region

consultancy  
50- 100 M€/ a

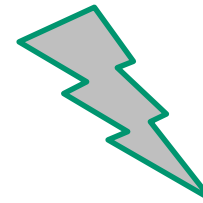
Contracting  
700 M€/ a

E- Management  
50-100 M€/ a

Status 2019

Market Potential  
5.000- 6.000  
M€/ a

Potential



# Pre- Requisites for a successful ELENA- Project: game- plan for the regional market stimulation together with ESCo and consultancy associations on the level of projects and market framework structures

## Our Mission

**Improving and maturing** market framework and structures in our region

**User- centric energy services** for industry, services, public and private sector to boost energy efficiency

**Stimulation of existing and newly designed energy service market structures**

## Our Activities

**Analysis** of existing subsidy and legal framework for energy efficiency, supply in 4 sectors (2012- tbc´d)

**Design workshops** with target groups to understand their specific needs, constraints and focus

**Implementation of national and EU subsidy programs** for energy service markets in our region (ELENA program- InEECo)

## Next Steps

**Energy service friendly re- design** of existing and new legal / subsidy structures  
**Design of ES market stimulation programs**

**Design of user centric energy service business models**  
**Implementation of pilot case studies**, evaluation, distribution of experience for different user groups

**Design of regional market stimulation program** for energy services (comparable to ELENA but funded in the region)

# Our mission: supportive market conditions with energy services as an active tool to use towards achieving 2050 climate targets

## Massive Changes take place

- Politics**
  - **Decarbonization 2050** is on the political agenda
  - First indicators are visible: EBPD, Green Deal, national Climate Protection Plan etc.
- User**
  - **2050 targets create complexity**
  - Wants **simple and user centric** business models
  - **Increasing investment** needed, increasing demand for funding
- Digital World**
  - **Cognitive Systems, AI** to tap new dimension of energy efficiency
  - **Sales and finance platforms**
- Hardware**
  - **Disrupt strict scheme boundaries:** 2050 targets require combining EPC plus, Energy supply
  - 2050 targets require **holistic concepts** for buildings and industries

## ...towards Energy Services 2050

### **Energy Services = Decarb 2050 tool**

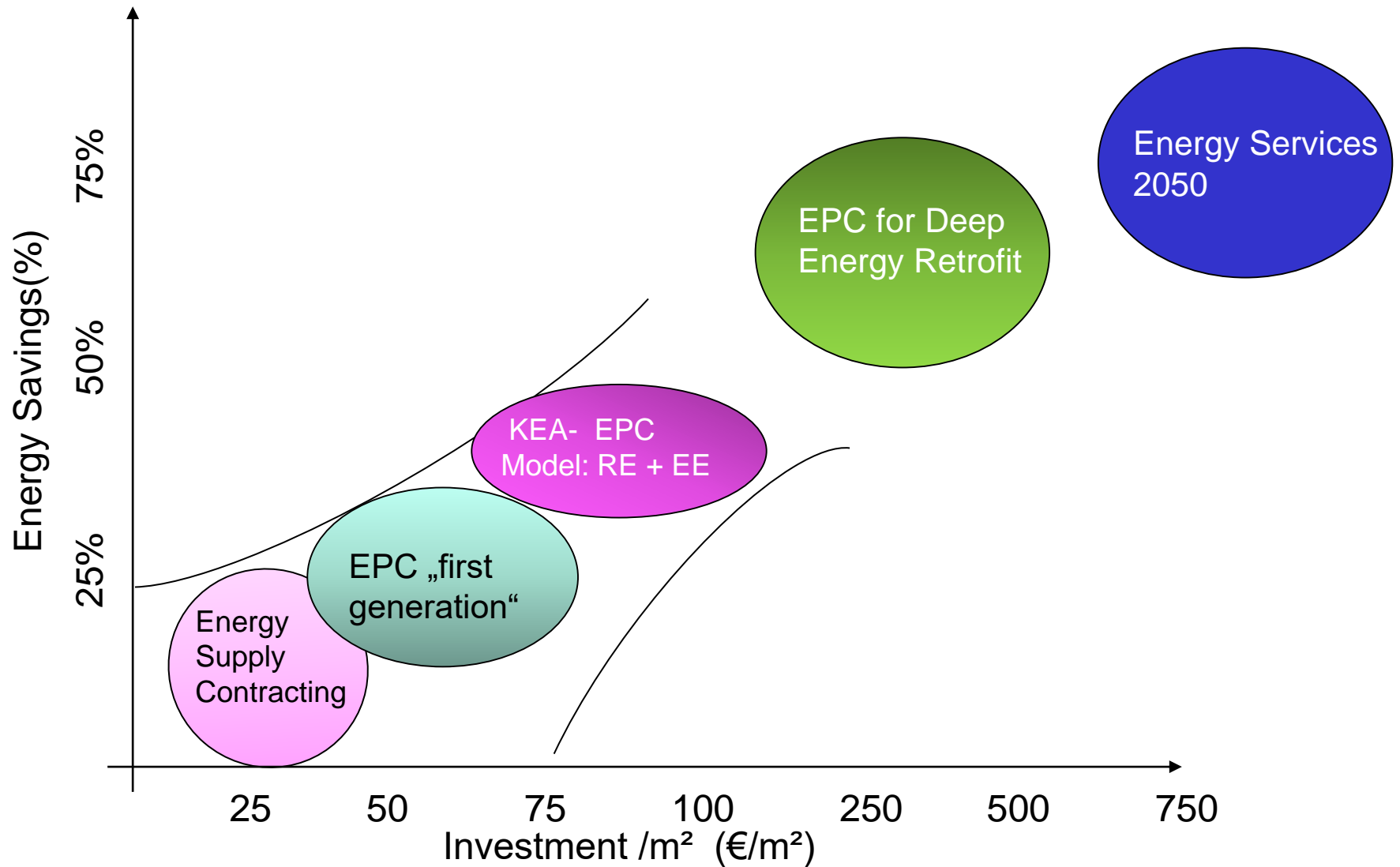
Supports politics by turning a risky and partially unpopular political decision into a story of success

**Simple Front -end solutions:** energy services as a **one stop shop** towards 2050 targets

**Energy Services 4.1** need to integrate AI and adjust the business models

**Interdisciplinary Backend:** energy services are combining multiple technologies from the building envelope to HVAC and likewise for processes

# The only way is up: Energy Services 2050 will be more cost intensive, long term partnerships and provided by ESCo networks



# ELENA in practice: Initiative Energy Efficiency Contracting- InEECo

- 1 KEA and the regional Energy Service market
- 2 Our ELENA project-targets and challenges**
- 3 Action, scale, impacts
- 4 Lessons learnt

# Energy Services are on the verge of being dropped from the political agenda- a success story is necessary to provide positive evidence that ES will play a role in the energy market in the future and needs support

## Targets

### Politics

- **Proof of Evidence:** After the failure of one national market facilitation subsidy program a **positive evidence** for policy makers was needed

### Public Sector (Users)

- **Mainstreaming:** use of Energy Services as normal as going to the hair dresser
- **Go and Show:** increase number of best practice projects

### Consultants

- **Initiate a framework** of 20 newly qualified project facilitators and bring them to work in the projects
- **Overcome inertia** of consultancies to promote energy services

### EIB

- **30 M€ total investment** over 3 years
- **New experts** to be hired @ KEA
- Make it a succes story

## Our challenge

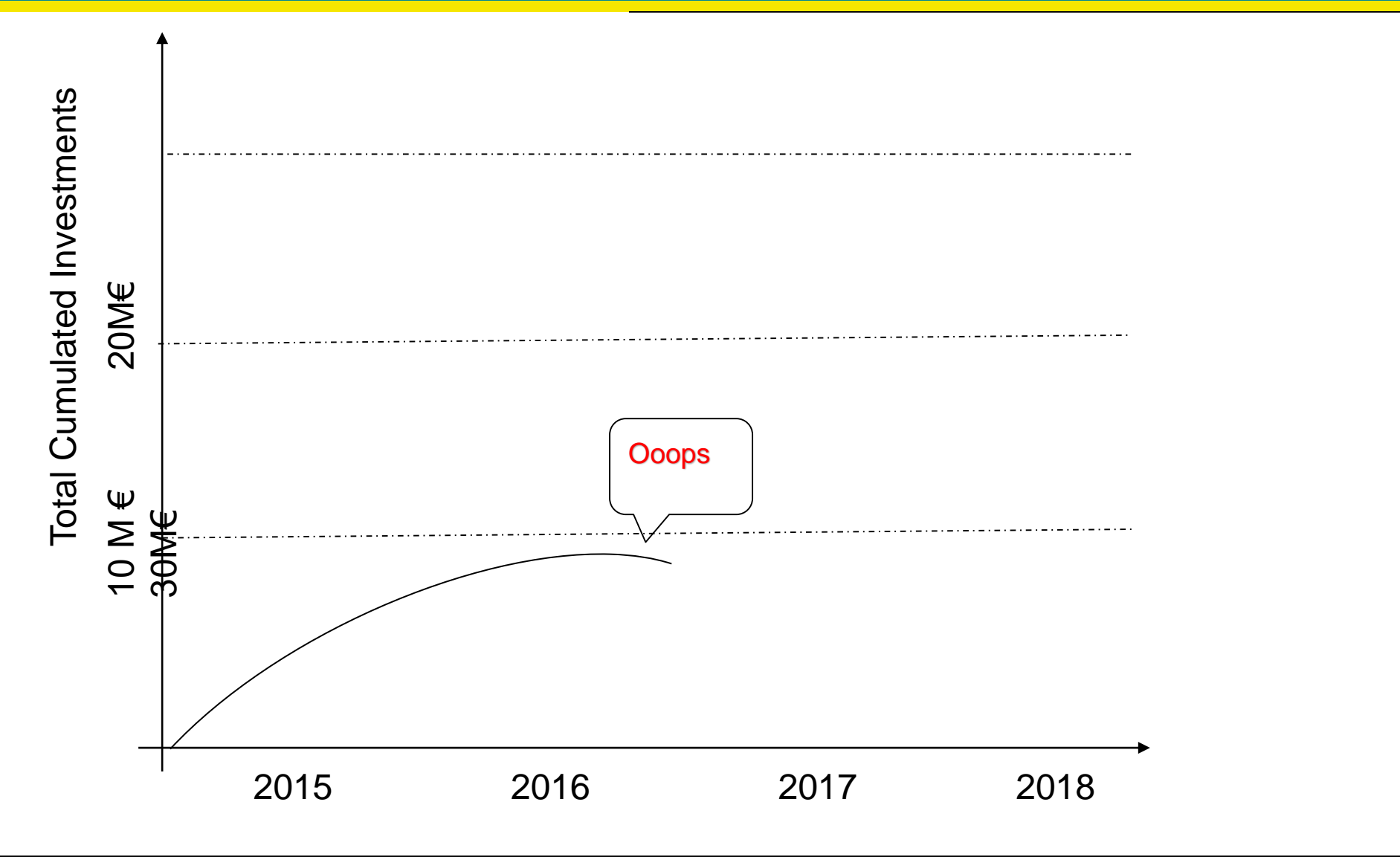
- Initiate **sufficient number** of projects,
- Generate best- practice cases to visualize success
- Public authorities are understaffed
- Energy and Climate are priority only on Sundays
- Interest considerably low in the beginning
- Create a **win-win- business model**
- **Quality assurance**
- **EIB Performance Indicators** for investments
- Junior experts take high responsibility from early on
- Cost- Effectiveness of the project



# ELENA in practice: Initiative Energy Efficiency Contracting- InEECo

- 1 KEA and the regional Energy Service market
- 2 Our ELENA project-targets and challenges
- 3 Action, scale, impacts**
- 4 Lessons learnt

# ...and we thought subsidies are speaking for themselves



# Leverage Factors and Impact: the InEECo (ELENA) boosts the investment in energy efficiency&renewables and the facilitating capacity by inserting ELENA Leverage Factors

## Pre- ELENA

**Bottle- neck:**  
**Limited number of facilitators** limits the number of projects

**Limited number of projects in the public sector** 6- 8 EPC /yr

Lack of support on politics and public admin level for energy services

## ELENA Leverage Factor

### EIB- ELENA tool set:

**Investment target >30 M€**

**Financial support for facilitation up to 90% (LF 20)**

**Financial support performance based- signed contracts only**

**Capacity building at KEA**

**Marketing concept**

**Cost free feasibility studies**

## Impact

**22 new facilitators** in the market, promoting and generating new projects

**Factor 3 in 2018:** 18 projects initiated and finalized (signed contracts)

Success pays off:  
Acceptance increased →  
Regional subsidy program initiated

# More than 60% of the InEECo Project workloads focuses the acquisition and facilitation of projects and the training of facilitators

Topics	Work efforts	% of Workload
<b>Project Management, EIB Communication</b>	<ul style="list-style-type: none"> <li>• <b>Reporting to EIB</b> (bi- annual and final report)</li> <li>• <b>Training</b> of new project managers</li> <li>• <b>Supervision</b>, steering and funds management, final project balance sheet</li> </ul>	<b>11 %</b>
<b>Communication Marketing, Acquisition</b>	<ul style="list-style-type: none"> <li>• <b>Intensive marketing campaign</b> in 2016/2017 for public sector</li> <li>• <b>User Centric information</b> material (schools, street lighting)</li> <li>• <b>109 feasibility studies</b> (2 d/ study) cost free</li> </ul>	<b>32 %</b>
<b>Project Facilitation</b>	<p>12 projects facilitated by KEA            32 projects facilitated by external facilitators (sub- contracts)            = <b>44 projects facilitated in 39 months</b></p>	<b>29 %</b>
<b>Training of Facilitators</b>	<ul style="list-style-type: none"> <li>• <b>Initial tendering</b> „we are looking for new pro- active facilitators“</li> <li>• <b>6 trainings</b> for 22 energy consultants, auditors and energy managers</li> <li>• <b>Mentoring-</b> programs // Coaching on the case</li> </ul>	<b>19%</b>
<b>Stakeholder-management</b>	<ul style="list-style-type: none"> <li>• 21 stakeholders from public, R&amp;D, ESCo, energy consultants, department of energy in 6 meetings discuss strategy and provide support in concrete action plan</li> </ul>	<b>9%</b>

# InEECO provides a significant regional contribution to reduce the carbon footprint of the public sector cost-effectively and improved the perception of ES on national and regional level (LF indicates the leverage factor in comparison to BAU-mode)

## Environmental Impact (LF: 2.1)

- Final energy saved: 15 GWh/yr
- Additional CHP: 12 GWh/yr
- Additional Renewables: 14 GWh/yr
- CO<sub>2</sub>- Reduction: 9.400 t/yr

## Initiated Investment (signed contracts)

- First investment: 37 M€
- Total investment: 48 M€

## Leverage Factor

(Facilitation/Total Investment): 1: 45

## Improved Perception leads to new support programs

- National Lighthouse Program EPC
- Regional InEECo II

## Employment Impacts (Staff Years SY)

- Facilitators + 6.8 SY
- KEA + 6.0 SY
- ESCOS + 4.8 SY
- Handcraft + 10.5 SY

# ELENA in practice: Initiative Energy Efficiency Contracting- InEECo

- 1 KEA and the regional Energy Service market
- 2 Our ELENA project-targets and challenges
- 3 Action, scale, impacts
- 4 **Lessons learnt**

# ELENA is very recommendable for emerging markets to improve market performance, to create visibility and awareness for energy services on regional level and beyond

- **Not a no-brainer: subsidy programs for Energy Services:** the funding does not stand for itself and needs active promotion to be successful (if not promoted the program will fail!)
- **Necessary Pre- Requisites:** market facilitation should already be in place, strong stakeholders for active support in dire straits and political support
- **Challenges:** loan guarantee required by EIB is a new experience for many market participants
- **Our key success factor:** the capacity building of additional facilitators resolves a key bottle neck of our market
- **Market boost:** ELENA provides valuable performance focused support for a demand- side boost in regional market



*NEW in 2020*



DENEFF  
EDL\_HUB

- German Initiative for Energy Efficiency (DENEFF) founded the new Energy Service Hub in Berlin
- The new strong voice for energy services in Germany
- Started January 2020
- 13 of the largest German Energy Service companies are members

### 3 Pillar Activities:

- Political Work
- Networking
- Pre- Market Development

Contact

[Ruediger.Lohse@edlhub.org](mailto:Ruediger.Lohse@edlhub.org)