**BUILD2LC Project**

**Boosting Low Carbon Innovative Building Rehabilitation in European Regions**

Bi-lateral Meeting Fiche

Template

15th March 2018, 9:00-15:00, Local Energy Agency of Gorenjska (LEAG), Slovenia

Donor or exporting Region: Slovenia

Reception or importing Region: Lithuania

| **BI-LATERAL MEETING FICHE** |
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| *During the bilateral meetings, all necessary information to define the adaptation of the best practices by a region will be compiled, depending on the particular local conditions in each region, as well as the more appropriate methods and monitoring indicators. Each partner will develop at least one bilateral meeting on the themes of interest to make sure that all partners participate in this exercise in a balanced way.**The bilateral meetings will be developed in situ (max. 2 per region) and/or electronically (skype conferences, video conferences, or telephone interviews, etc.). The results of the bilateral meetings will be* ***documented by the host region (receptor region)*** *and will be useful to further develop the final version of the action plan in each region.* *Each partner region may host several partners in a multilateral meeting in case they are interested in pursuing and adapting the same working issues.* |
| **Basic information of the Good Practice(s) to be adopted:** | Pay attention to the benchmarking fiches and take basic information from it. |
| Good practice to adopt: Complete renovation of apartment buildings - System DominumTopic of practice: Activation of demand and combating energy poverty, Professionalization of the construction sector, Innovation, New financial instrumentsDescription of practice:The idea is to solve problems with of apartment buildings from the 50s and 60s of last century: 1. undersized housing,
2. nonperforming housing,
3. seismic (in)security,
4. energy (in)efficient.

250,000 people in Slovenia live in apartment blocks built before 1963, when there were no rules to ensure seismic safety of buildings. A little stronger ground tremors would cause social bomb (according to a study in 2009 only in Ljubljana would be damaged about 28,000 buildings), a serious earthquake could cause even a humanitarian disaster. Solution of these problems could be: 1. extending the block: an increase in existing housing,
2. increasing the block: the addition of new dwellings.

Multi apartment building before renovation: * small housing,
* without elevator,
* earthquake unsecured,
* non-insulated facade.

Multi apartment building after complete renovation: * housings are increased,
* flexibility in housing,
* elevator,
* new installations,
* earthquake rehabilitation,
* energy rehabilitation.

Good practice to adopt: Eco Fund, Slovenian Environmental Public FundTopic of practice: Activation of demand and combating energy poverty, New financial instrumentsDescription of practice:Eco Fund is a public fund (owned by the state) specialized in providing financial incentives for environmental investments. Established in 1993, following the example of EU member states leading in sustainable development and green technologies, as one of public mechanisms for environmental policy enforcement. Employing ca. 35 people (public employees). Sources of funding: * for Eco Fund‘s administrative costs and Eco Fund‘s loans:
	+ Eco Fund’s own funds (some funds provided by the state at the time of establishment and later funds as recapitalization; repayments from loans also become own funds of Eco Fund),
	+ loans from domestic and international financial institutions.
* for Eco Fund‘s grants:
	+ the Decree on energy savings requirements (providing funds from energy efficiency contributions paid by end users of energy as part of bills),
	+ contract providing budgetary sources from the Climate Change Fund administered by Ministry of Environment and Spatial Planning (funds from emission coupons) .
* Earmarked assets fund: 111.8 million €
* Reserve fund: 17.2 million €
* Total Balance Sheet Assets on December 31, 2015: 246.2 million €

Key financial mechanisms * Soft loans with favourable interest rates (since 1994)
* Non-repayable subsidies (grants) (since 2008)
* Financing and coordination of Energy Advisory Network (ENSVET) free for households (offices all over Slovenia),
* Financing of awareness-raising activities in the field of environmental protection (conferences, meetings, publications, projects of NGOs etc.

Focus on: the building sector which has the biggest potential for delivering significant and cost-effective GHG emissions reductions (proven policies, technologies and knowledge already exist on the market); therefore, countries should prioritize the building sector as key to meet their national targets on energy efficiency. SOFT LOANS WITH FAVOURABLE INTEREST RATE (3m euribor + 0-1.3 %) To households, legal entities and municipalities for various environmental investments: * air pollution reduction,
* efficient use of energy,
* use of renewable energy sources,
* waste management,
* waste water treatment,
* water supply.

NON-REPAYABLE SUBSIDIES (GRANTS) * to households for energy efficiency and use of renewable sources of energy in residential buildings:
	+ solar heating systems,
	+ biomass boilers,
	+ heat pumps,
	+ connection to district heating on renewable energy sources,
	+ energy efficient wooden windows,
	+ facade insulations,
	+ roof insulations,
	+ heat recovery ventilations,
	+ new nearly-zero-energy buildings (nZEBs),
	+ full retrofits,
	+ purchases of apartments in nZE multi-residential buildings (full retrofits),
* to households, legal entities and municipalities for electric cars and public transport (energy efficient buses),
* to municipalities for nearly-zero energy public buildings.

| **Reception region status** | Pay attention to the benchmarking fiches and take basic information from it |
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VIPA is already for few years engaged in financing building energy efficiency projects in Lithuania by signing few contracts establishing fund of funds and financial instruments.Public building energy efficiency programme is the strategic document directly linked with the implementation of the Lithuanian Operational Programme for the European Union funds’ investments in 2014-2020. In order to achieve higher energy efficiency in public buildings and to implement the Energy efficiency directive in Lithuania. The Public building energy efficiency programme was adopted on 26th of November, 2014. This program provides the basic building energy efficiency measures (building insulation, windows, doors, heating, ventilation and lighting system). The program aims to renovate public buildings (total area of 700 000 m2) and to achieve 60 GWh savings of final energy. Public Building Energy Efficiency Programme is being implemented by the Ministry of Energy.Loans can be issued directly to final beneficiaries and to the energy service companies (hereinafter - ESCO) which are implementing projects. The implementation of financial instruments promotes ESCO market in Lithuania. Commercial banks are also encouraged to participate in energy efficiency projects as financing bodies. Nevertheless, VIPA has still some outstanding challenges:* No track record - time needed to start appreciating ESCO model, develop it and learn how to apply it;
* Credit institution regulator struggling with opinion on the guarantee treatment;
* PPP related issues and not developed ESCO market in Lithuania;
* Challenges to achieve real savings (economic viability) because of current insufficient service capacity and need to change whole infrastructure which shows need for additional subsidies in some modernization projects;

For the implementation of rehabilitation of multi-apartment buildings the Government of the Republic of Lithuania approved multi-apartment buildings renovation (modernization) Programme. The Programme aimed to: - increase energy efficiency in multiapartment buildings - ensure that cumulative annual heating costs and return on investment cost after the renovation do not exceed the heating costs which was before renovation. Multi-apartment buildings modernisation programme is being coordinated by the Ministry of Environment with the support from Housing Energy Efficiency Agency.* Program run out of funds;
* The subsidy element turned out to be too much of a burden on (needed to find solutions on the other incentives):
* Over-subsidized heating sector chain (low energy prices) discourages modernization process;

New challenges raised by the implementation of these programmes requires to seek for alternative measures and solutions. The GP’s indicated above may lead to new solutions of financing building renovation program. In order to proceed with the adaptation of the Slovenia GP’s VIPA needs to understand in more details, how these GP’s are implemented, in particular:* how Slovenian stakeholders are dealing with ownership issues
* what is the relation between develop public and private stakeholders;
* how quality projects is assured;
* what are the sources of financing;
* are there any technical assistance instruments applied (and how);
* what legal acts needed to be amended (and how) in order to implement GP’s;
* lessons learned and detailed information of pitfalls;
* state aid issues and solutions;
* what are the major activities which influenced successful implementation of the GP’s;
* publicity program and communication with apartment owners;
* what is the private sector approach to the GP’s;
* detailed information on the conditions (including schemes);
* fund blending schemes;
* etc.

| **Attending partners and stakeholders** | Mention persons, charges and stakeholders involved in this bi-lateral meeting |
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Gvidas Dargužas (VIPA)Justinas Bučys (VIPA)Inga Kaliakinaitė (VIPA)Renata Adomavičienė (VIPA)LEAG representativeLEAG representative |
| **Description and outputs of the bi-lateral meeting**1 Complete renovation of apartment buildings - System Dominum 1.1 What strategic documents (and related decisions) are related to the GP?1.2 Apartment owners approach and communication1.3 Main lessons learned1.4 Success story of the Programme2 Eco Fund, Slovenian Environmental Public Fund2.1 What is the government involvement and contribution in this Programme2.2. What is the source of financing for Programme and sustainability of the program?2.3. What is the relation between develop public and private stakeholders? 2.4. State aid issues and solutions. |
| **Conclusions** | Please indicate if you may adopt this (these) good practice(s) to include in your action plan. If not, say why. |
| **Complete renovation of apartment buildings - System Dominum** **Eco Fund, Slovenian Environmental Public Fund**

| **Additional information** | Please, mention relevant information attached as annexes as presentations, reports, etc. |
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* Good practice (s) fiche: Complete renovation of apartment buildings - System Dominum, Eco Fund, Slovenian Environmental Public Fund
* Benchmarking fiche: Lithuania
* Meeting Agenda
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| **Contact details to obtain further information on the bi-lateral meeting (receiving region)** |
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| **Contact name** | Inga Kaliakinaitė |
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| **Organization** | Public Investment Development Agency |
| **Type of Organisation** | Agency  |
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| **Fiche completed on date:** | 2018-02- |