



State Aid in Energy Efficiency (Financial Instruments)

19 March 2019
Seville

Development

Finance

Innovation

Public
Investment
Development
Agency



About VIPA

VIPA

Established in 2012

Owned by Ministry of Finance

Not state guarantee institution

Acting as National Promotional Institution (NPI)

Addressing market failures

Implementing ESIF and non-ESIF financial instruments



Financial instruments managed by VIPA

10 mEUR

ESO investment into energy efficiency platform

5 mEUR

Cultural heritage fund

80 mEUR

Energy efficiency fund

74 mEUR

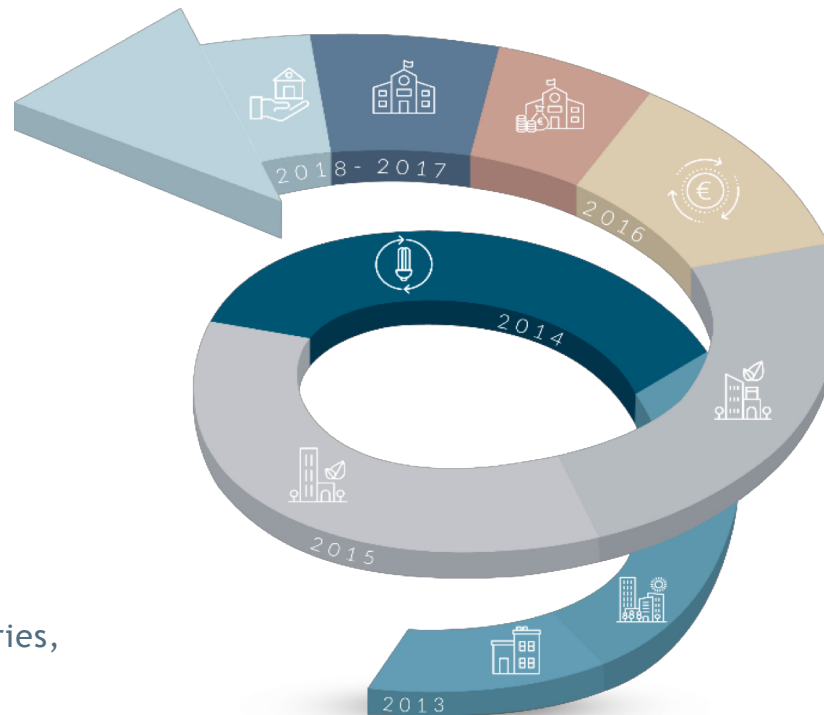
Multi-apartment building modernisation fund

15 mEUR

Modernisation of dormitories, (JESSICA (EIB))

30 mEUR

Modernisation of multi-apartment buildings, (JESSICA (EIB))



17+20 mEUR

Municipal buildings renovation

12 mEUR

Special grant instrument

28 mEUR

Repayable assistance instrument for renovation of central government buildings

68+100 mEUR

Multi-apartment building modernisation fund (incl. green bond issue proceeds)

50 mEUR

Multi-apartment building modernisation fund (EBRD loan)



Multi-apartment building modernization financial instrument

Financing conditions

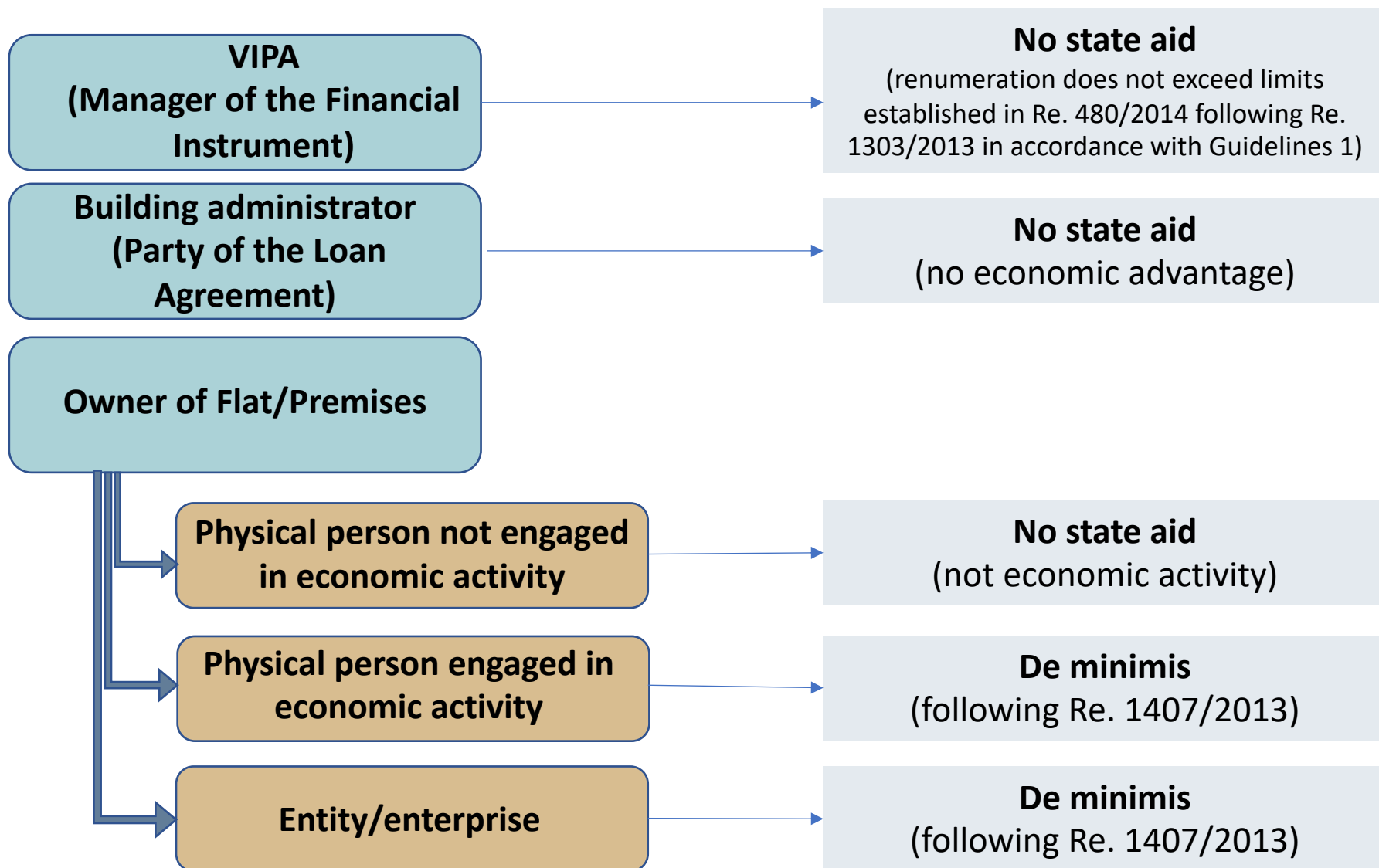
VIPA loan conditions

- Loan up to 20 years
- Fixed 3 percent interest rate
- No collateral required
- **Loan is associated with apartment** (asset), not the specific individual. Owner of the apartment has obligation to repay the loan
- Up to 100 percent of investments financed (up to 20% of non EE measures)
- at least 40% energy savings envisaged in the project
- Grace period up to 24 month (construction period)
- No advance payments (payments for actual works completed)
- Less than 10% of apartment owners which debt for utility payments exceeds 300 euro

Some statistics and facts

- Average project size – 312 thousand EUR
- Project duration (average) – 18 month
- Investment per apartment (average)~ 6 500 EUR
- Number of contractors – 136
- 1 contractor has on average 2-3 projects
- Projects finished – 357
- Amounts disbursed – over 120 mEUR
- Projects in the pipeline – over 200 mEUR
- Energy efficiency savings average to 62%
- Building lifetime is increased by additional 20-25 years
- The renovated apartment value increases by 15%-20% (according to *post ante* report)
- Increase in living quality and comfort of renovated apartment owners
- Recognized by EBRD – awarded golden medal in Environmental and Social Innovation category in 2018 at EBRD annual meeting
- Program widely known and recognized by Lithuanian population

State aid at different levels



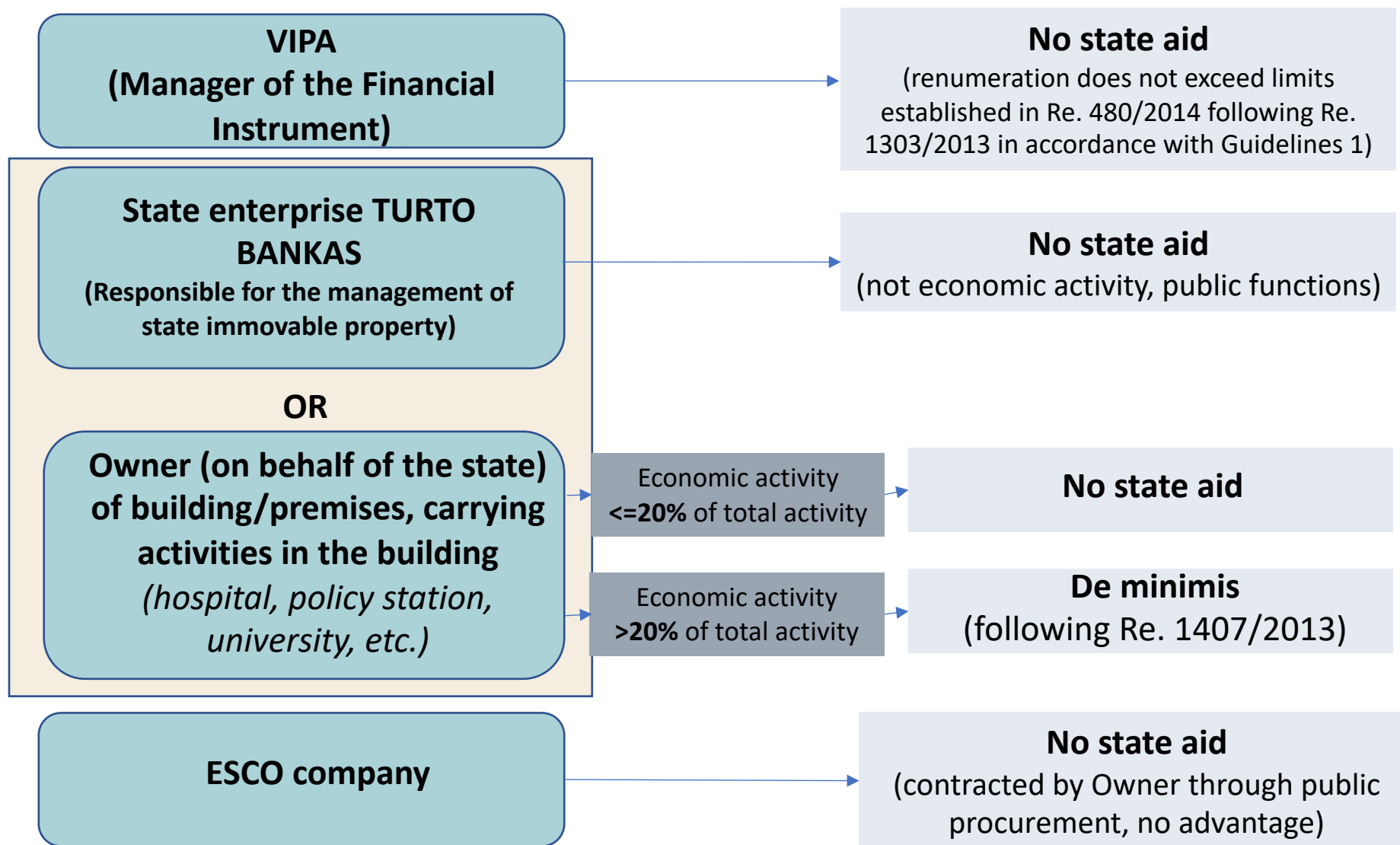
De minimis calculation and registration

1. Calculation of the **gross grant equivalent** of the loan in accordance with Regulation 1407/2013 (*De minimis* regulation) taking into account:
 - **IBOR reference rate**
http://ec.europa.eu/competition/state_aid/legislation/reference_rates.html;
 - **Loan margin (risk margin)** calculated following *Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C 14/02)*;
2. Checking of previously received state aid in the National State Aid Register
3. Registration of new *de minimis* aid in the National State Aid Register (upon decision to issue the loan)

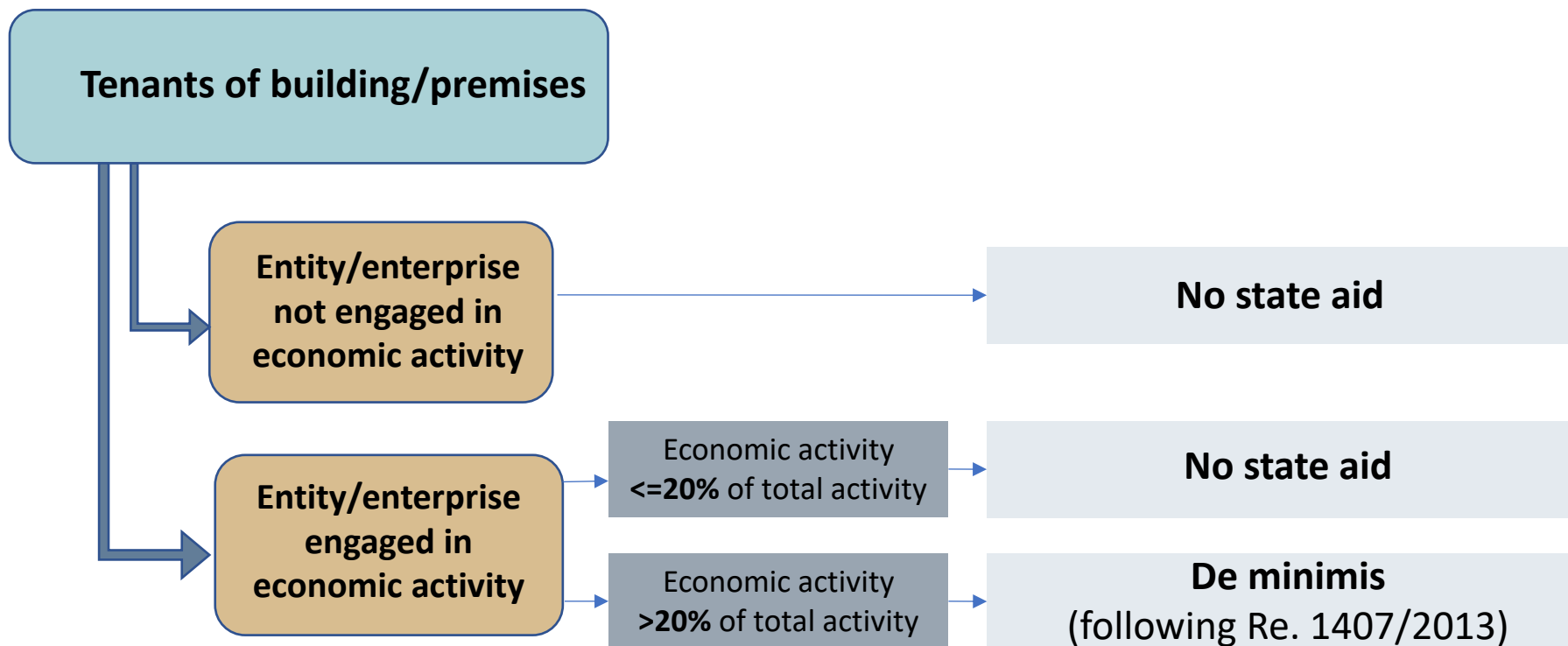


Renovation of Central Government Buildings (Energy Efficiency Fund)

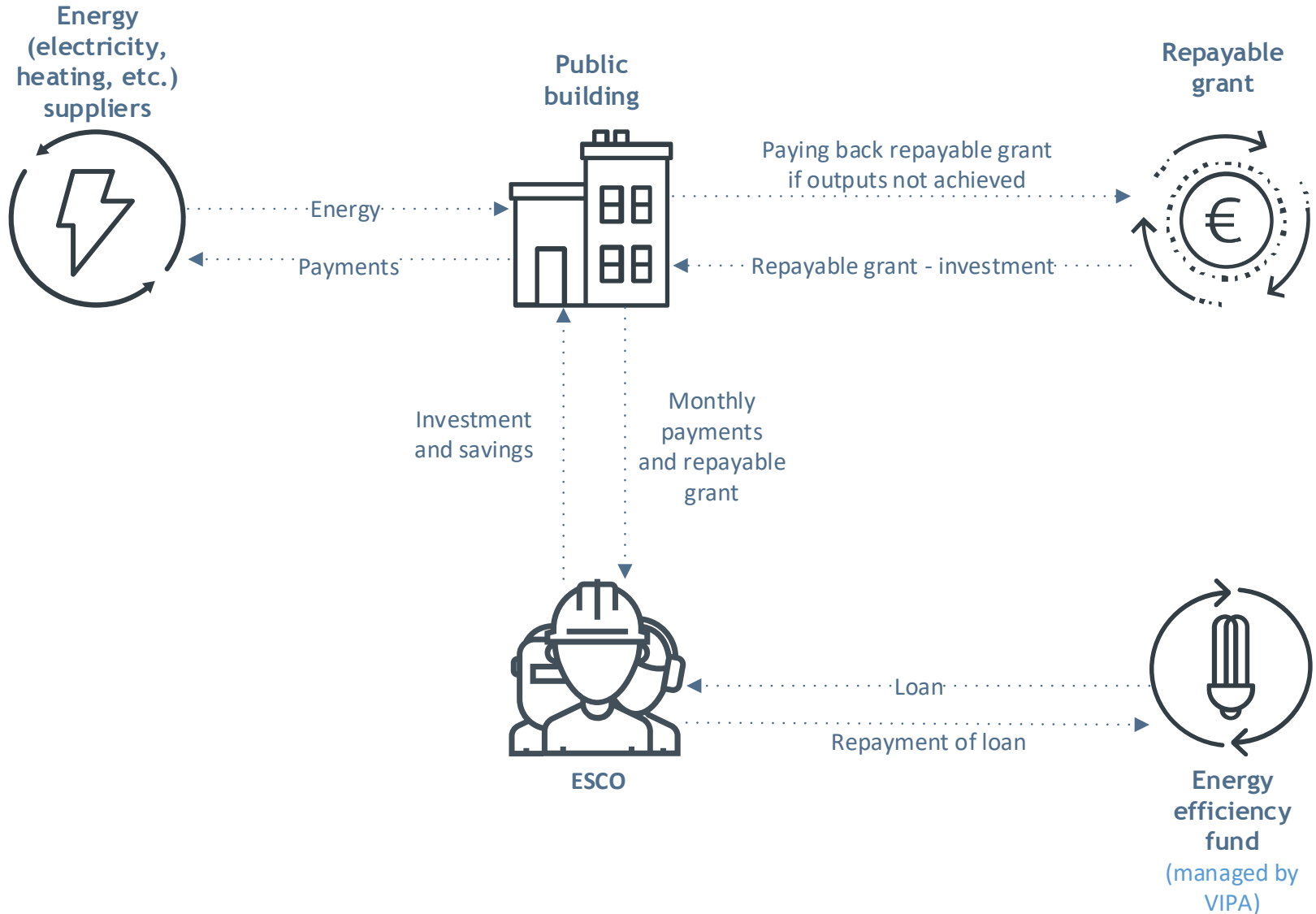
Central Government Building Renovation



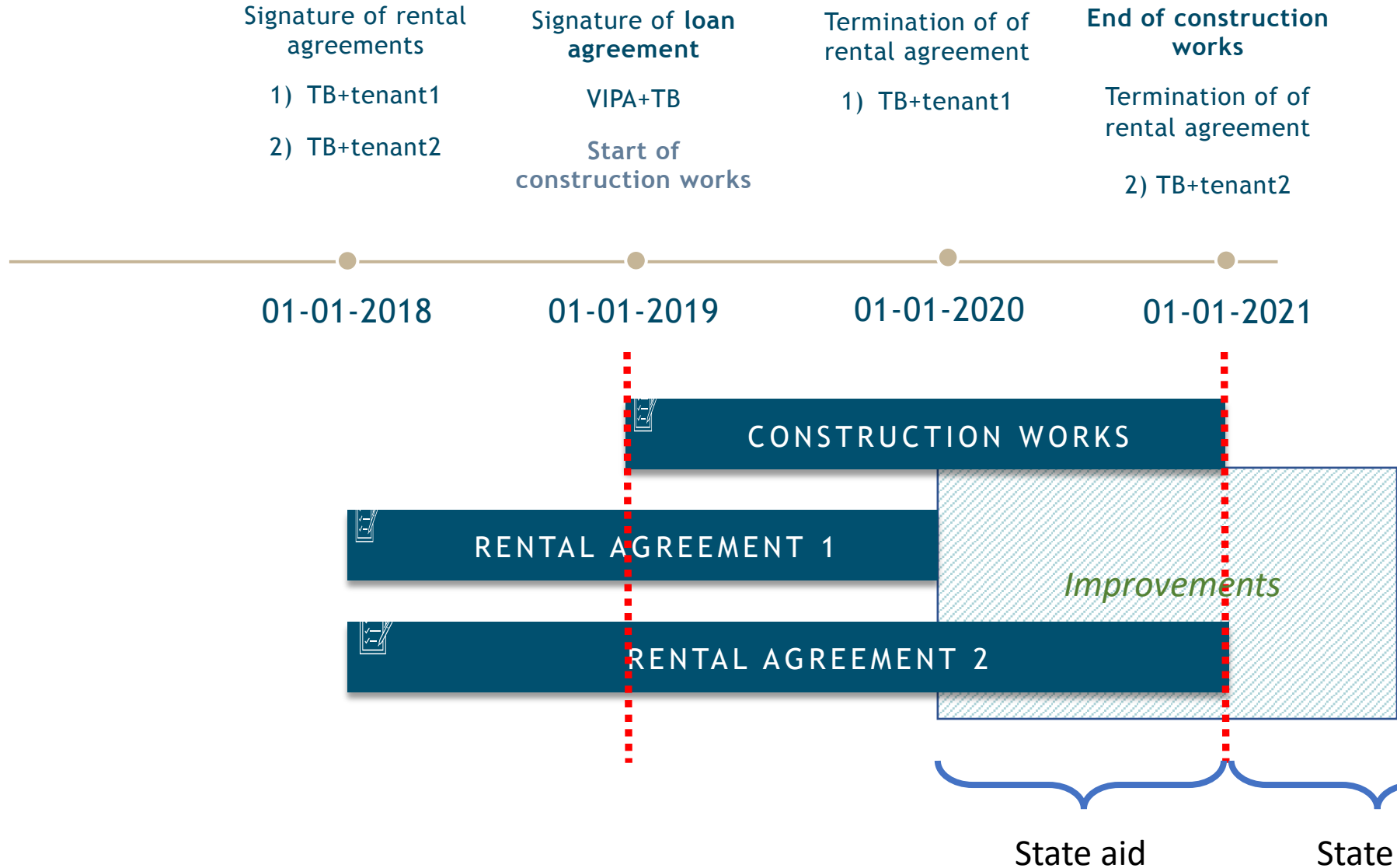
Central Government Building Renovation



ESCO process



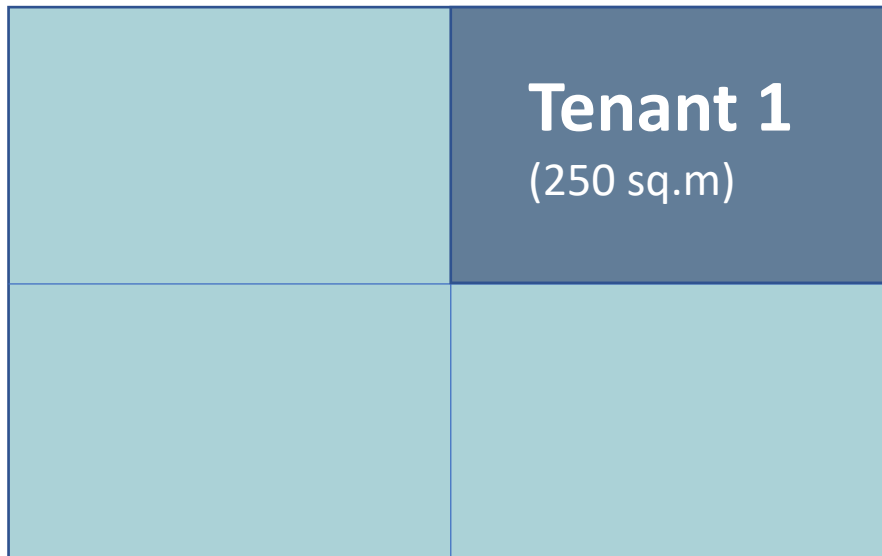
With tenants timing is important!



Calculation of *de minimis* for tenants

- De minimis calculations are based on energy savings
- Calculated *pro rata* (area occupied by tenant/total area*100) for the remaining rental period

Total surface area: 1000 sq. m



Example (simplified) calculation:

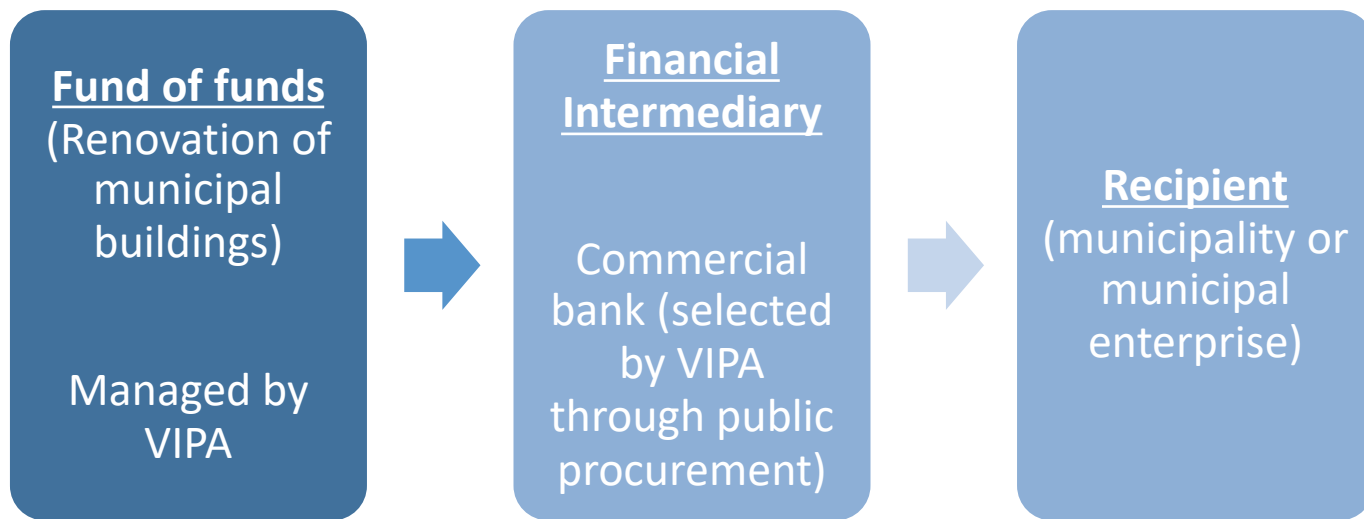
Remaining rental period: 1 year
Total savings in the building: 500 MWh/year
1 MWh = 2,50 EUR
Savings for Tenant1: $500 \times 0,25 = 125$ MWh
De minimis amount:
 $125 \times 2,5 = 312,5$ EUR



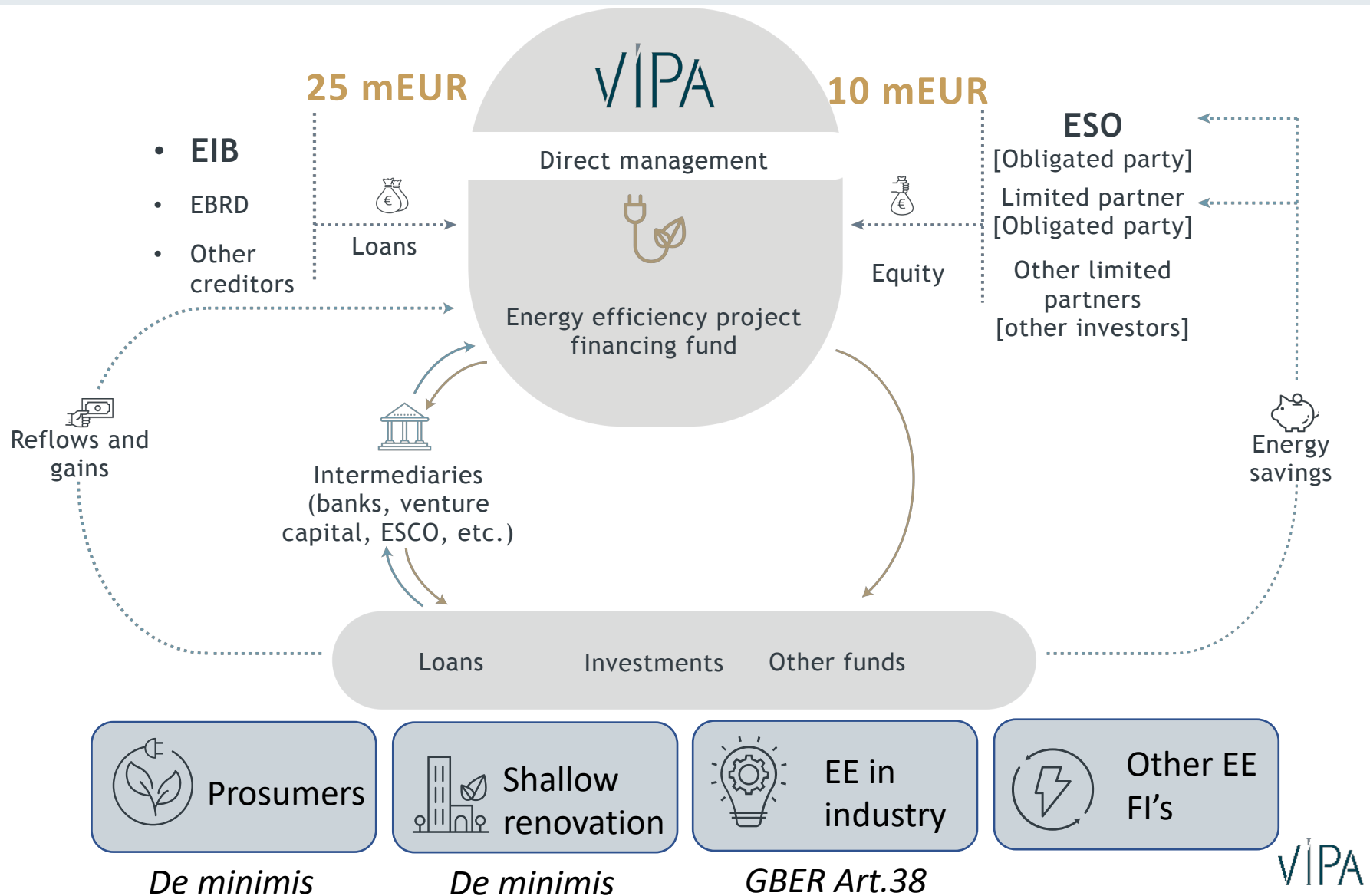
Renovation of Municipal Buildings

Renovation of municipal buildings (ESIF FI)

- Loans to owners of municipal buildings through financial intermediaries, selected via public procurement
- Preferential remuneration of financial intermediaries
- **State aid: GBER Article 39**



(Future) Energy Efficiency Project Financing Fund



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LinkedIn /Viešųjų investicijų plėtros agentūra (VIPA)

Two thick, stylized lines originate from the bottom left. One is orange and extends diagonally upwards to the right, then turns 90 degrees downwards. The other is dark blue and extends diagonally upwards to the right, then turns 90 degrees downwards. They are positioned in the lower half of the slide.

VIPA