



FINANCIAL INSTRUMENTS FOR ENERGY EFFICIENCY IN



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ENERGY EFFICIENCY GOALS IN EU AND LITHUANIA



	<p>EU-28 2014-2020</p>	<ul style="list-style-type: none">• Strategic EU goal• 18 billion EUR
	<p>LT 2014-2020</p>	<ul style="list-style-type: none">• Strategic LT goal• 847 million EUR
	<p>EU-? 2021-2030</p>	<ul style="list-style-type: none">• 177 billion /YEAR FOR EU ENERGY AND CLIMATE CHANGE GOALS

ENERGY EFFICIENCY SECTOR IN LITHUANIA

LONG-TERM STRATEGIC GOAL:

EFFICIENT USE OF ENERGY RESOURCES AND ENERGY

- to increase energy supply security
- To decrease greenhouse gas and other pollutant emissions
- Transition to a resource-efficient economy

ENERGY EFFICIENCY DIRECTIVE 2012/27/EU :

THE CUMULATIVE AMOUNT OF 11.67 TWH OF ENERGY WILL BE SAVED BY 2020



IMPLEMENTATION MEASURES OF EE DIRECTIVE



Public buildings

0,4 TWh



Transport

2,7 TWh



Multi-apartment buildings

2,67 TWh



Industry

1 TWh



Education for energy users

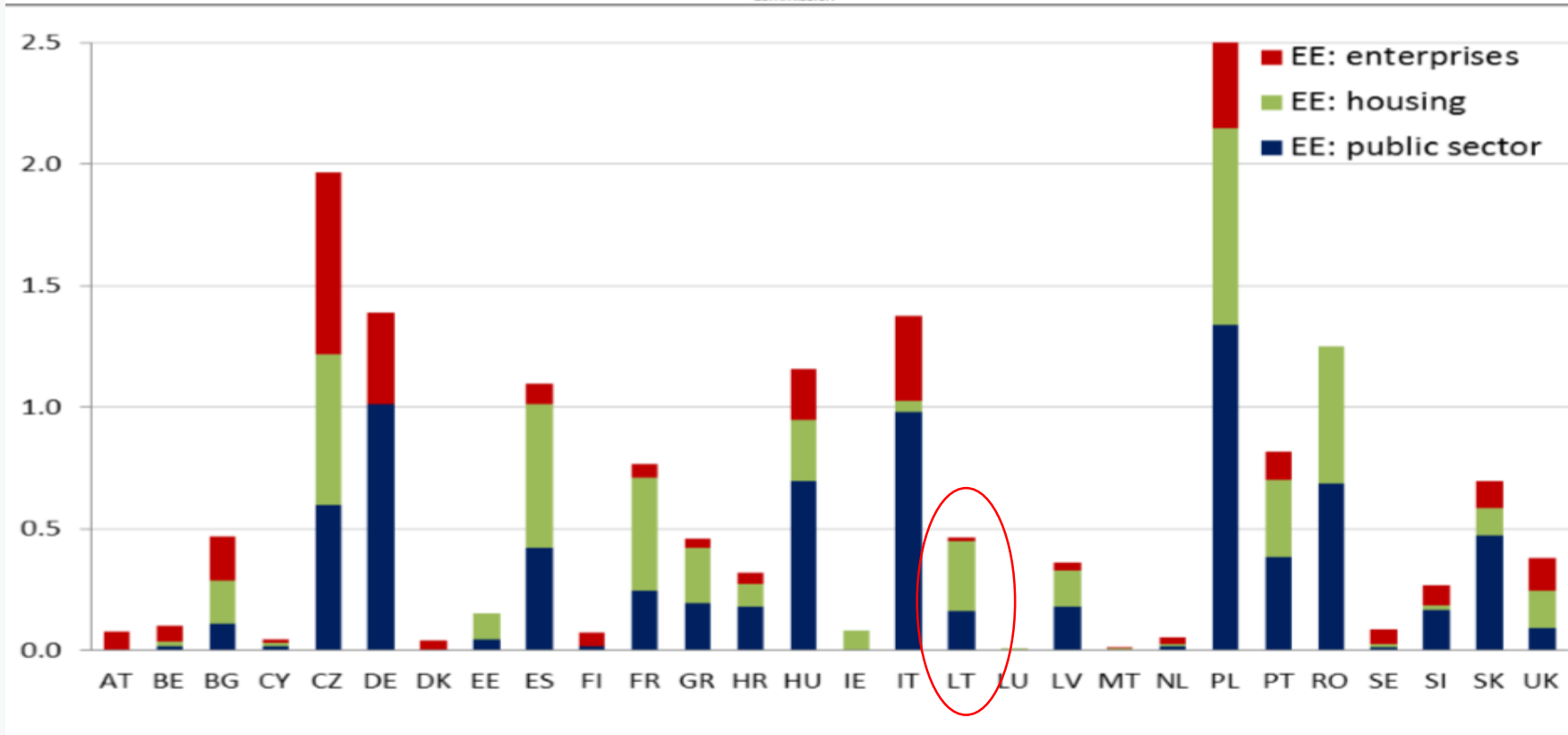
2,44 TWh



Agreements with energy companies

3 TWh

2014-2020 ESIF FUNDS INVESTMENTS IN EE IN EU-28



Total planned allocations per Member State from the ERDF and the CF as of January 2017

RESIDENTIAL BUILDING STOCK IN LT

Population - 3 million and declining

More than 38,000 multi-apartment blocks (24,000 needs to be refurbished)

More than 800,000 apartments

66 % of population lives in multi-apartment buildings built before 1993

97% privately owned, only 3% municipal rental stock

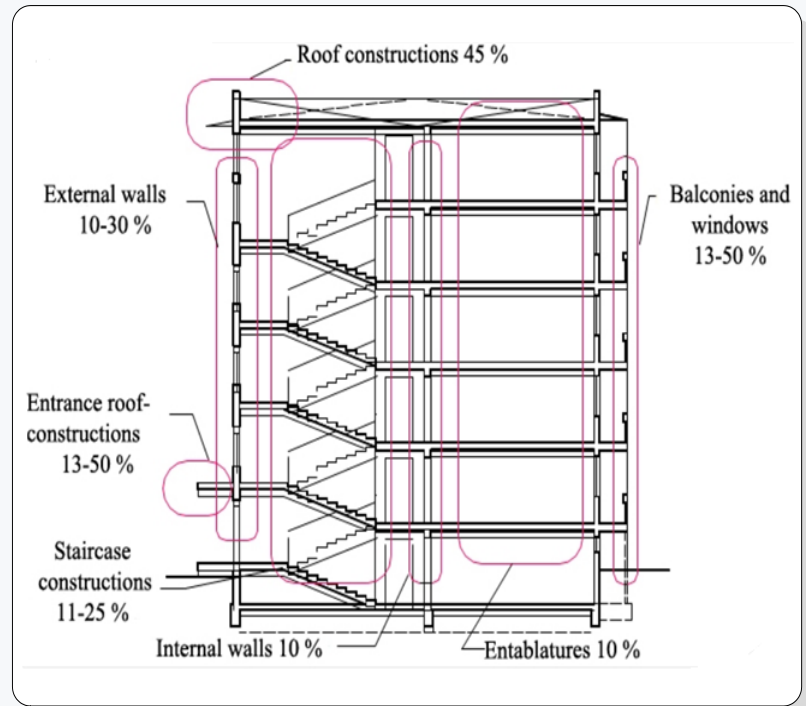
The age structure of buildings:

26 % built before 1960

65 % built between 1960 – 1990

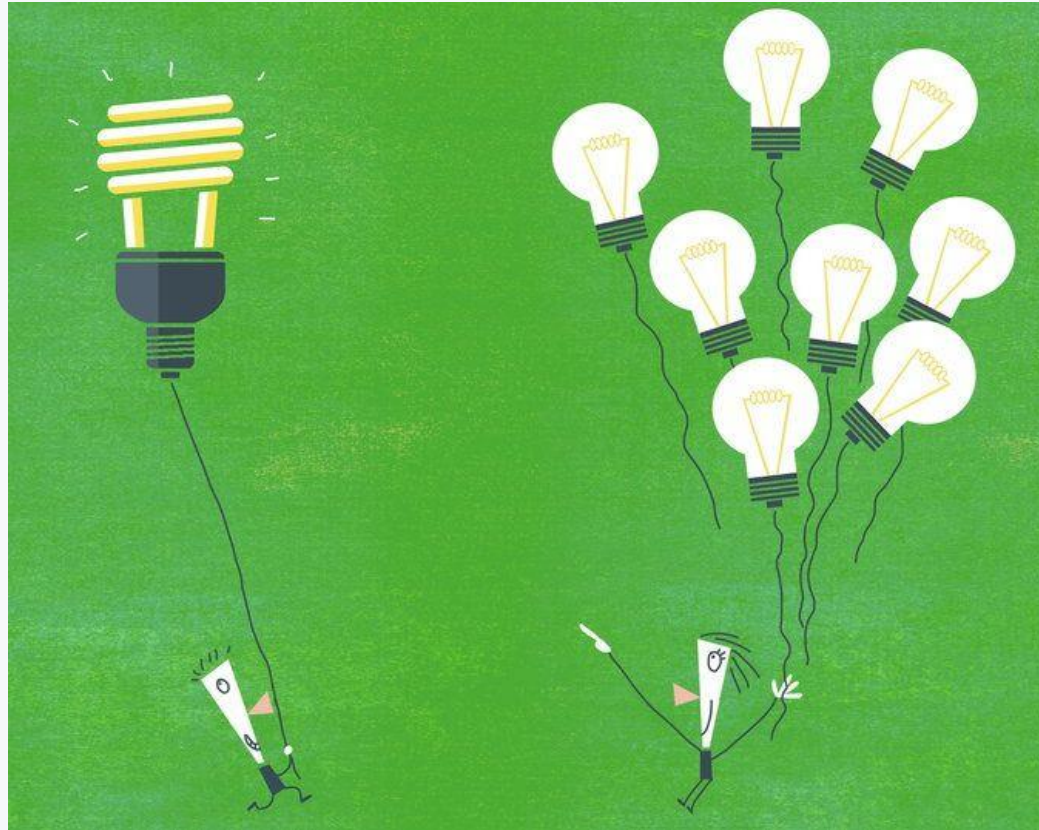
9 % built after 1990

•For Jessica - constructed before 1993



- 65 % of multi-apartment blocks are served by district heating systems
- Average energy savings for a single building are estimated to be circa 50-80%

HOW TO DO MORE WITH LESS?



HOW TO ACHIEVE MORE RESULTS WITH LIMITED RESOURCES?



POSITIVE SOLUTION – FINANCIAL INSTRUMENTS!

Continuity

Re-use

Attraction of
private
investments

Multiplication
of investments

FIRST STEPS TOWARDS FI – ALREADY IN 2008

2007-2013 – first experience setting up JESSICA for EE, JEREMIE for SMEs

7 % OF TOTAL OP RECOURSES INVESTED TO FI



ESIF financial period	ESI funds, MEUR	FI financing, MEUR	Private investments attracted, MEUR
2007–2013	6 777,5	280 (SMEs) 173 (EE)	430 (SMEs) 80 (EE)

RESULTS IN 2007-2013



Renovation of residential housing (EE):

- **1046** multi-apartment buildings renovated
- EE in buildings increased by **65 %**,

SME financing (ERDF):

- **3886** Loans/portfolio guarantees granted to SMEs
- **3089** individual guarantees granted to SMEs
- **100** venture capital investments made

SME financing (ESF):

- **1266** soft loans granted to micro and small enterprises, natural persons, business start-ups and social enterprises developing business

LEVERAGE achieved:

- more than **460 MEUR** of private resources into SMEs and **80 MEUR** into EE

CHALLENGES IN 2007-2013



- **Slow start of FIs** - raising public awareness, changing mentality, subsidies vs loans, challenge to shift thinking from “grants” to “revolving investments”;
- **Challenge to “go first”** – must be brave and optimistic
- **Assurance of on-going political support** – thorough work with politicians presenting
- **Lack of legal assurance** – complicated and detailed EC requirements -> complicated national procedures -> non-attractive and lengthy way for final recipient to feel the benefit – NEED TO SIMPLIFY THE RULES!
- **Demand outweighing supply** (for multi-apartments) – if you boost, you need to start coordinating
- **Reluctance of FIs to perform new administrative functions** related to ESIF
- **Low number of revenue-generating projects** in other sectors – hard to establish FIs in some sectors
- **Need for national reforms** – respective strategic changes need to be done before the potential FIs could practically work in other sectors

AIMS IN 2014-2020



- Continuation of FIs
- Expansion to **new sectors**
- Enhanced cooperation with national and international partners
- Promotion of NPBs and investment platforms by using EFSI

10 % OF TOTAL OP RECOURSES DEDICATED TO FI



FINANCIAL INSTRUMENTS FOR EE IN 2014-2020



SECTOR	FINANCIAL GAP (ex-ante), MEUR	ESI funds , MEUR		Leverage, MEUR	
		INVESTED	FORESEEN	ATTRACTED	FORESEEN
Residential housing	1.357	324	-	298	500
Public infrastructure (EE in public buildings+street lightening+other)	> 700	102	70	0	> 20
TOTAL	~ 2.057	426	70	298	>520

EE FINANCIAL INSTRUMENTS IN 2014-2020 – STATE OF PLAY



ENERGY EFFICIENCY IN MULTI APARTMENT BUILDINGS

1.357 MEUR (market gap for modernization of multi apartment buildings)

ESTABLISHED FUNDS

PLANNED FUNDS

Multi apartment modernization fund

74 + 50 MEUR (EBRD) +
68 MEUR GREEN BONDS (VIPA)

Loans for the modernization of multi apartment buildings to increase EE

- 292 loans signed (97 MEUR)
- EE increased in 7743 households

JESSICA II FoF

150 + 130 MEUR
Leverage Fund (LF)
90 + 10 + 500 MEUR
(EIB)

Loans and guarantees for the modernization of multi apartment buildings to increase EE

JESSICA II:

- 1015 loans signed (264 MEUR)
- EE increased in 18832 households

EE investment platform
100 MEUR (VIPA)

EFSI for LF
500 MEUR (EIB)

EE FINANCIAL INSTRUMENTS IN 2014-2020 – STATE OF PLAY



ENERGY EFFICIENCY IN PUBLIC BUILDINGS

167.9 + 95.1 MEUR (market gap for Central govern. and public buildings + street lightening)

ESTABLISHED FUNDS

Energy Efficiency Fund

79.6 + 19 MEUR (VIPA)

Loans (direct and ESCOs) for renovation of central government buildings and guarantees for loans granted by commercial banks for street lighting modernization projects

- 3 loans signed
- 4 guarantee confirmation letters issued
- Public procurement for ESCO projects – on-going

Municipality owned buildings Fund

17.3 + 20 MEUR (VIPA)

Loans for renovation of municipal buildings

- Selection of FIs completed on 18 May 2018

ACHIEVED RESULTS

Energy and CO2 savings

Multi-apartment buildings

Renovated till now – **2431** **595 GWh** and **138 000 t CO2**

Renovating – **530** **130 GWh** and **30 000 t CO2**

Planning to renovate – **1500** **367 GWh** and **85 000 t CO2**

Public buildings

Renovated till now – **942** **188 GWh** and **43 500 t CO2**

Planning to renovate – **300** **60 GWh** and **10 400 t CO2**



WHAT'S NEXT? **LESS**

*LESS IS
more*

Complexity

Focus in-house

Funds

Process-orientation

Regulation

MORE



Faster response to changes

Focus on global challenges

Efficiency

Result-orientation

Trust

THANK YOU!

