

Western Balkans Regional Energy Efficiency Programme (REEP / REEP +)

WBIF Steering Committee
London, UK
15 December 2016



This project is funded by
the European Union

The Programme is funded by EU IPA, the European Western Balkans Joint Fund and EBRD Shareholders Special Fund, and implemented by EBRD in cooperation with the Energy Community Secretariat



European Bank
for Reconstruction and Development





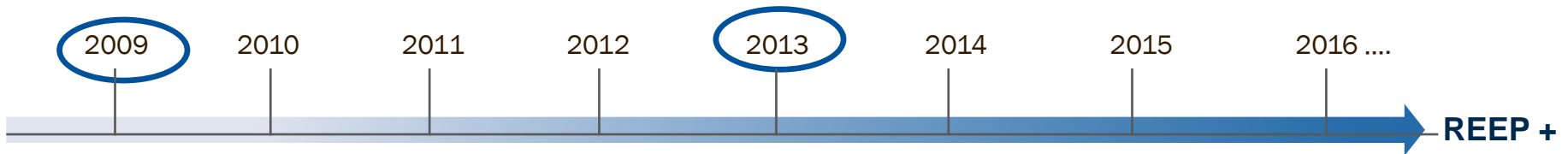
Contents

1. REEP Overview

2. Update on REEP Results

3. REEP+ structure and aims

Emergence of REEP in the Western Balkans



Since 2009, the EBRD has provided dedicated regulatory assistance and financing to energy efficiency (EE) and renewable energy (RE) projects in the Western Balkans.



The Western Balkans Sustainable Energy Financing Facility (WeBSEFF) for small-scale EE/RE projects in commercial sector



The Western Balkans Sustainable Energy Direct Financing Facility (WeBSEDFF) for medium-sized EE/RE projects in commercial and municipal sector

Regional Energy Efficiency Programme in the Western Balkans with **€23.35m** support of the EU, WBJF and SIDA

Building on success of WeBSEFF and WeBSEDFF, the REEP was launched to support the sustainable energy transformation of the whole region in a comprehensive manner.

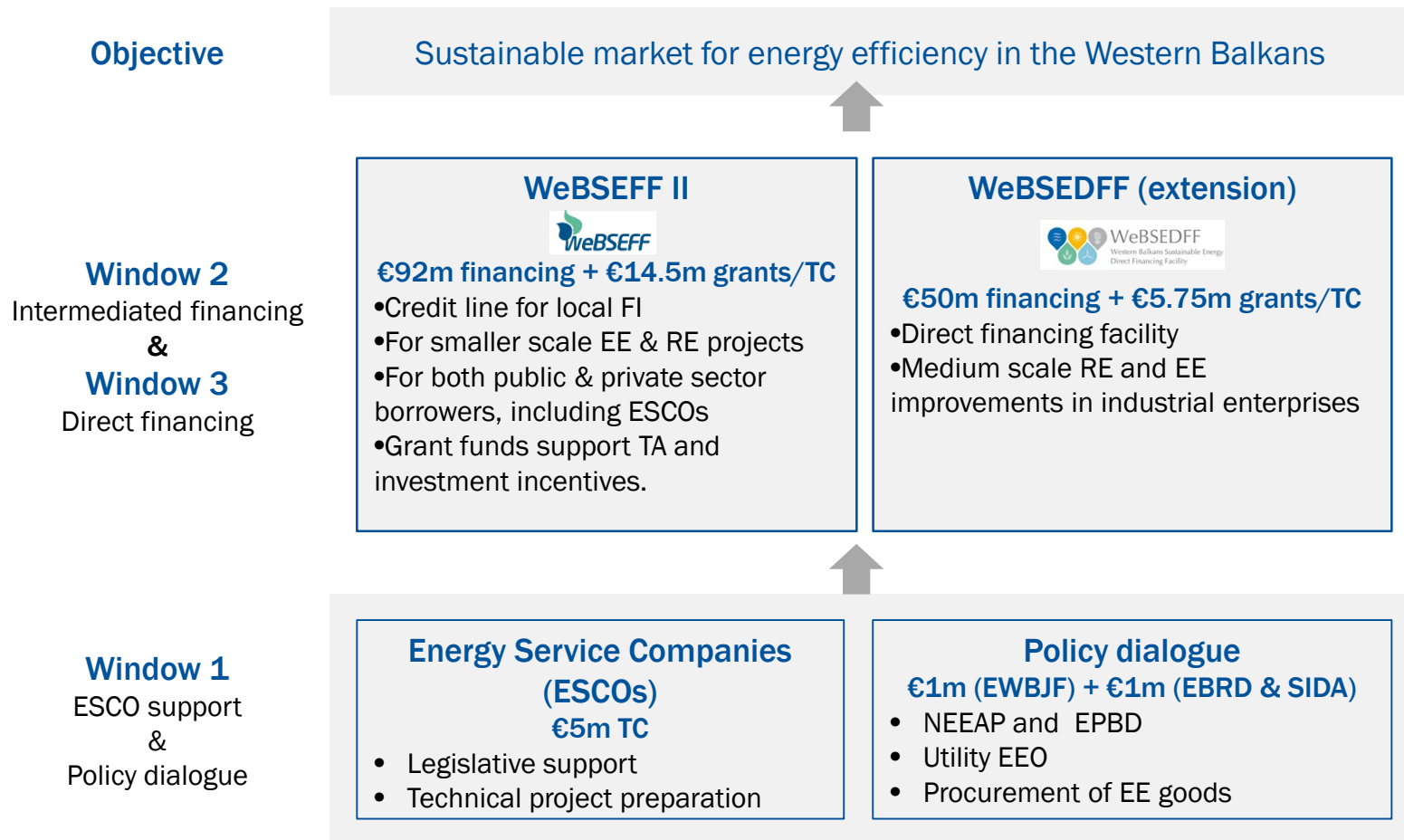
EBRD and Energy Community Secretariat:

- Prepared the concept jointly
- Implementing REEP in partnership

REEP proving to be **successful model of regional cooperation** between the EU, the EBRD, the ECS and BENEFICIARIES: deeply engaged through Technical Working Groups, and the Energy Efficiency Coordination Group.

REEP Overview

REEP is an **integrated package** of **finance, technical assistance** and **policy dialogue**, implemented jointly with the **Energy Community Secretariat**







Window 1: EE policy dialogue

EPBD implementation support

Procurement of EE goods

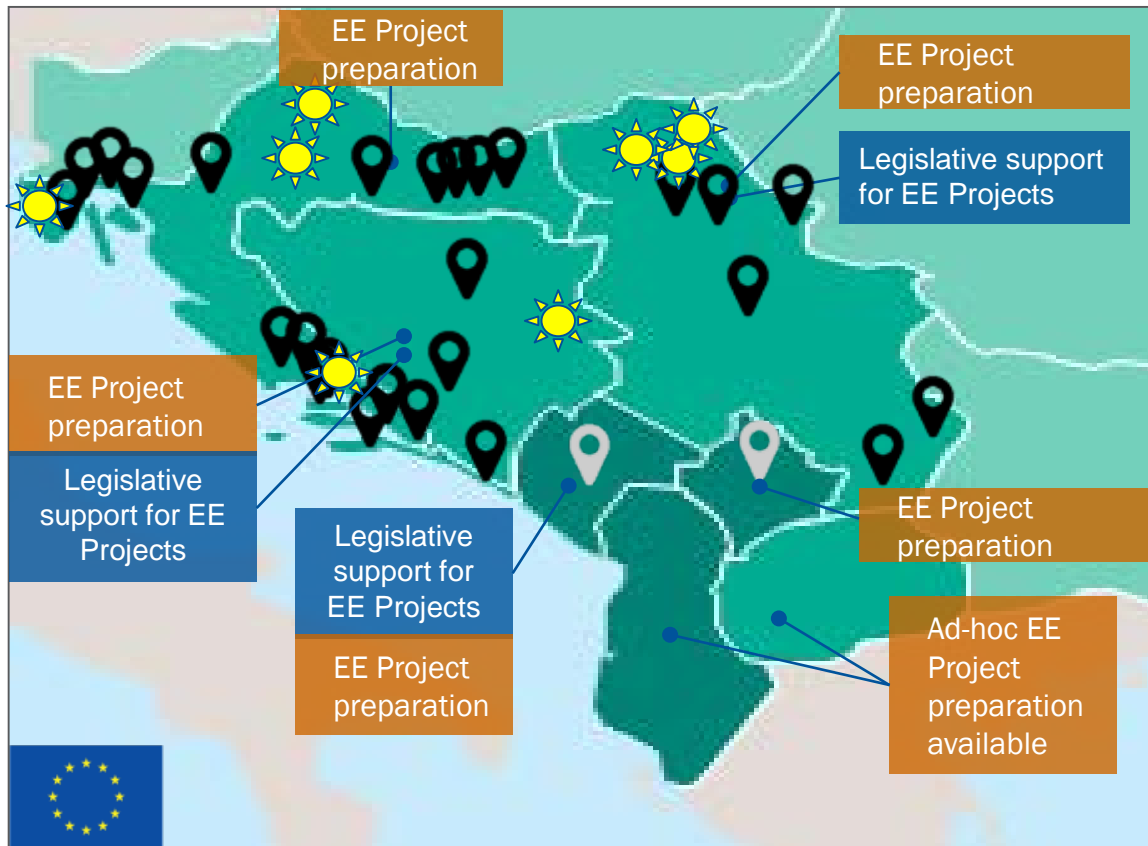
Utility scheme (EEO) and tariff design

NEEAP development support

-  TA assignments ongoing
-  TA assignments completed
-  TA assignments needing adoption by Government
-  Adopted by Government



Window 1: ESCO projects preparation



- 5 street lighting projects tendered/implemented
- 6 projects to be tendered and implemented in Q1/2017
- 23 projects under preparation for tendering, including street lighting in Belgrade and Novi Sad
- Total potential capex of ca. €53m arising from REEP support

Policy dialogue

Legislative support for EE Projects

TC assignments

Energy efficiency (EE) Project preparation



Tenders published, contracted or implemented



ESCO tenders under preparation



Feasibility studies prepared

Window 1 case study: street lighting in Novigrad, Croatia

- **Project:** Replacing more than half of the approx. 1,700 lights in the town of Novigrad (population 2,600) in Istria with LED lights
- **Model:** Energy performance contract, with payments linked to savings
- **Costs:** total capex of €411,000 with a 8 years payback based on energy and maintenance savings
- **Financing sources:** 35% grant-funded by Croatia's Environmental Protection and Energy Efficiency Fund and 65% financed by the ESCO company selected following competitive tender



- **Savings:** 54% of energy consumption and 45% of maintenance costs, annually
- **Environmental impact:** 112 tonnes of CO₂ estimated annual greenhouse gas emission reductions from electricity savings

Window 2: Western Balkans

Sustainable Energy Financing Facility II



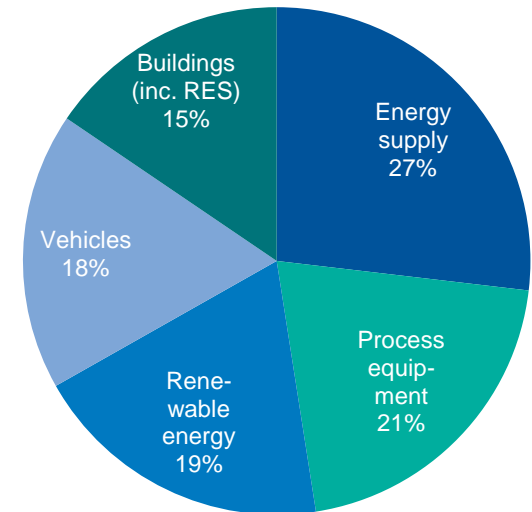
Financing Structure

- EBRD credit lines via 9 partner banks €92m
(BiH, Croatia, FYR Macedonia, Serbia)
- Investment incentives €11.2m
- Technical cooperation €3.3m

Results

- **259** sub-loans signed for a total of **€67m**
(€25m on-lent in 2016)
- €5.7m (**8.5%**) sub-projects in the public sector
- **462 GWh p.a.** of primary energy savings – equivalent to half of residential and transport-related primary energy consumption of the residents of Podgorica in Montenegro
- **2.2%** contribution to WB NEEAP 2018 targets to date
(incl. Croatia)

WeBSEFF II Portfolio Composition



Window 3: Western Balkans Sustainable Energy Direct Financing Facility



Facility structure

- Direct EBRD finance €50m
- Incentives €5.75m
- Technical cooperation €1.3m
- Facility benefitted from a parallel RES policy support programme implemented with funding of EBRD SSF, Norwegian Trust Fund

Results

- **€22.1m** financing for **5 RES projects** (SHPP, biomass and biogas)
- **€6m** approved for 1 additional project pending signing
- **19.6 MW** installed, equivalent to annual electricity needed by the street lighting systems of cities the size of BiH Sarajevo, Tuzla and Mostar combined

REEP Awareness raising



Two WeBSEFF sub-projects received “**TOP ENERGY AWARD**” as part of The 10th International Fair on Clean Energy Technologies (Serbian Energy Horizon 2020) held on September 27 – 28, 2016 in Novi Sad

Launch of “REEP +” in 2017

Grants

€30m EU IPA, €1.8m WBIF, €2.7m Austrian Federal Ministry of Finance, €5m to be mobilised from other donors

Objective

Sustainable market for energy efficiency in the Western Balkans

Window 4

Direct Lending to Municipalities

€20m direct EBRD financing
€4.5m grants (EU IPA + Other Donors)

- Direct loans to the State, cities or municipal companies
- Focus on public buildings EE
- Capital expenditure grant co-financing and TA

Window 2

Intermediated financing &

Window 3

Direct financing

€108m EBRD & KfW financing via FI
€27.05m grants (EU IPA + Other Donors)

- SME and public sector lending (KfW)
- Residential sector lending across all 6 WB countries (EBRD). **€1.8m WBIF, €2.7m Austrian Federal Ministry of Finance for TC**

€30m direct EBRD financing
€1m grants (EU IPA + Other Donors)

- Direct lending for Medium scale RE, EE
- Target financing of ESCOs
- TA for project preparation



Window 1

ESCO support & Policy dialogue

ESCO development
€3m grants (EU IPA + Other Donors)

- TA for ESCO projects and tenders preparation

Policy dialogue
€2.5m grants (EU IPA)

- Key focus on residential sector regulations

“REEP +” aims

- > **€158m** of funding channelled via all REEP+ “Windows”
- All **6 WB countries** covered by “green” lending, TA and awareness campaigns
- REEP+ investments to contribute ca. **4%** towards regional cumulative annual NEEAP targets; additional contribution from **policy reform** (e.g. policy contribution under REEP of ca. **9%**)
- Financing extended to at least **20,000 households**
- **Build capacity** of PFIs and sub-borrowers on “green” investments
- **Develop the market** for residential EE technologies and materials, incl. by supporting producers, suppliers and service providers

Thank you from...



Ivan Stojakovic
Manager, Woodmaster