

# RENOWATT

Energy Summit

June 22, 2017



With the support of:





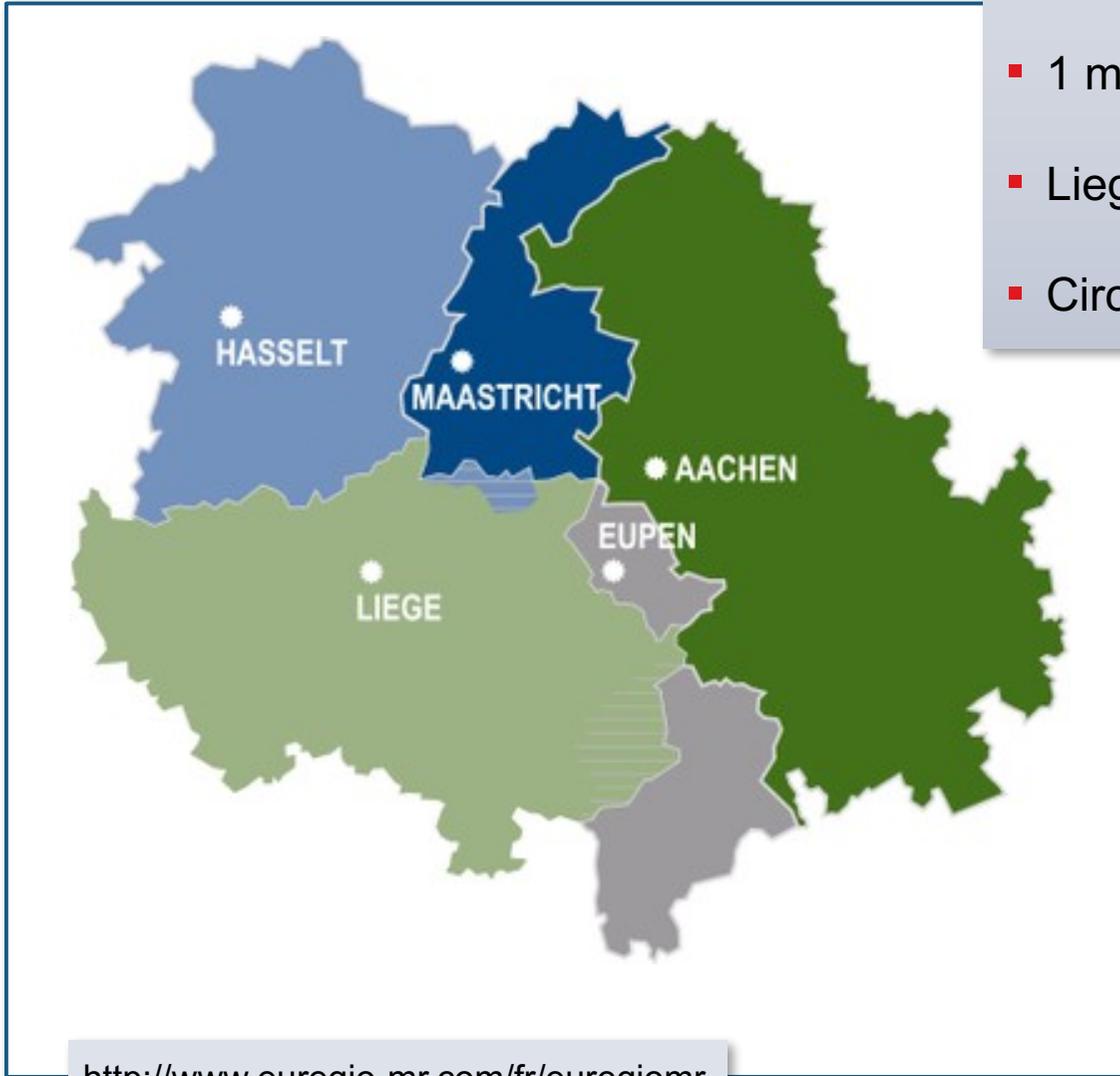
## Ordre du jour

- **Introduction**
- RenoWatt: presentation
- RenoWatt+: Next steps



## The province of Liege

- Located in Wallonia (one of the 3 Belgian Region)
- 1 million inhabitants
- Liege province: 84 municipalities
- Circuit de Spa Francorchamps (F1)



<http://www.euregio-mr.com/fr/euregiomr>



## GRE Liege – Reconversion economic agency of Liege province

**G**roupement  
**R**edéploiement  
**E**conomique



- Develop conditions to create sustainable jobs for the future generations
- Created in 2004, following the announce of Arcelor Mittal closure





## Energy renewal offers real potential for jobs creation and businesses in Wallonia

- If 60% of the buildings in Wallonia are renewed, there is a potential for
  - 30 billion euro
  - Maintenance / creation of 500,000 jobs (if everything is done at once), or 16,000 jobs if the investments are spread over the next 30 years<sup>1</sup>
  - For Liège, maintenance / creation of more than 4000 jobs
- 93% of the energy consumption in Wallonia is imported



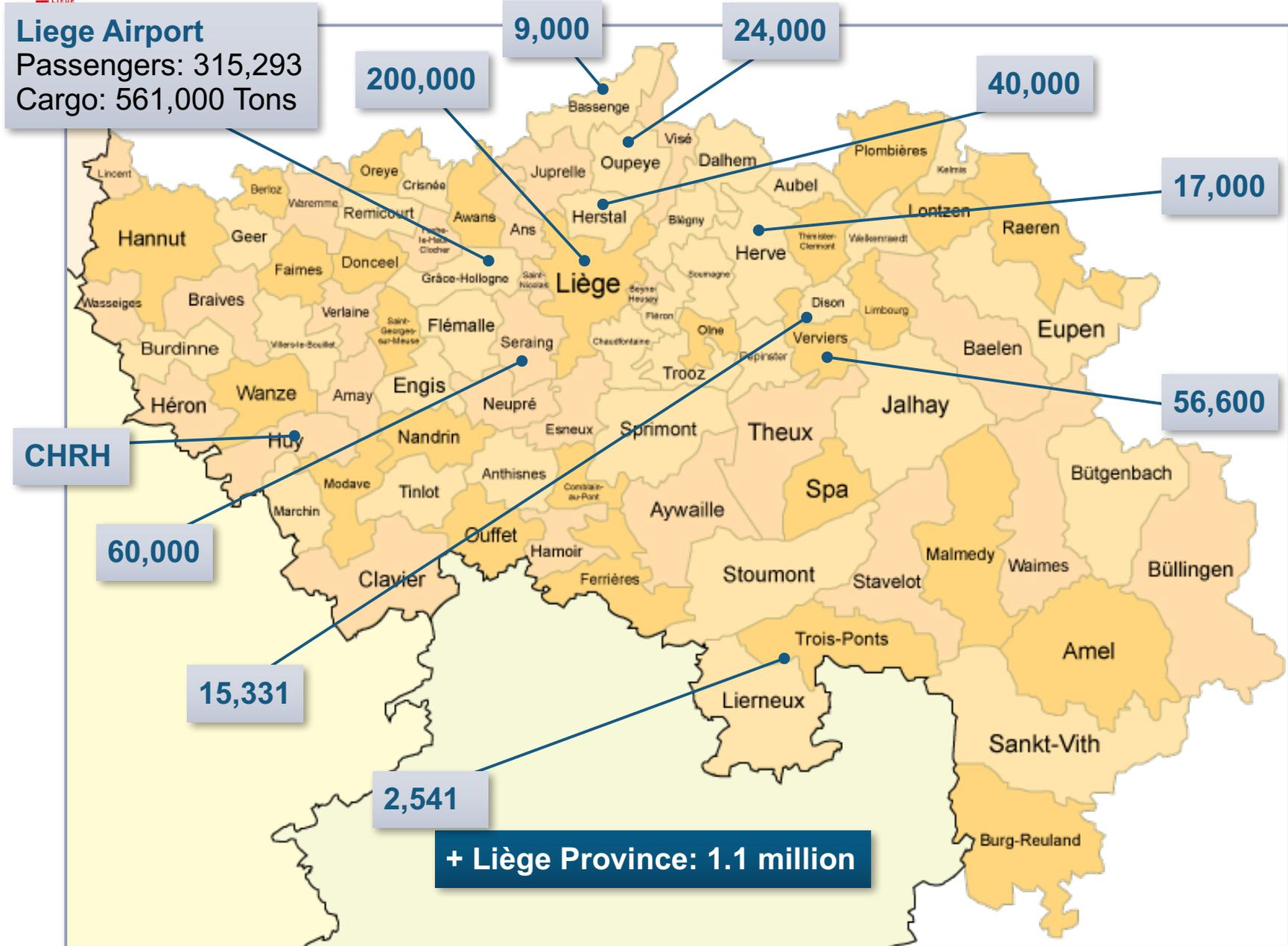
Idea to set up a structure to support beneficiaries (local authorities, hospitals, industrials...) in their urban energetic retrofitting projects





So far, 11 entities have joined the project (3 are paying entities) as well as one hospital

Inhabitants





# A subsidy of 2.2 million euro has been obtained from the European Energy Efficiency Fund (EEEF)



## Subsidy obtained

- Subsidy of 2,200,000 euro (including 200,000 euro financed by GRE and 2,000,000 by the European Union), which means 90% financing of costs, intended for financing of preliminary studies

## Commitments

- Minimum amount of investment: 40 million euro (1 euro subsidised by Europe has to result in 20 euros in investment in energy renewal)
- If the factor of 20 is not achieved, there is an obligation to refund the money
- Signature of public contracts by 28 February 2017

## Types of renewal

- Energy renewal in buildings (at least 20% of energy savings)
- Renewal of road and car park lighting at the airport

## EEEF

- Public Private Partnership between



Other funds: Elena, EE2020....





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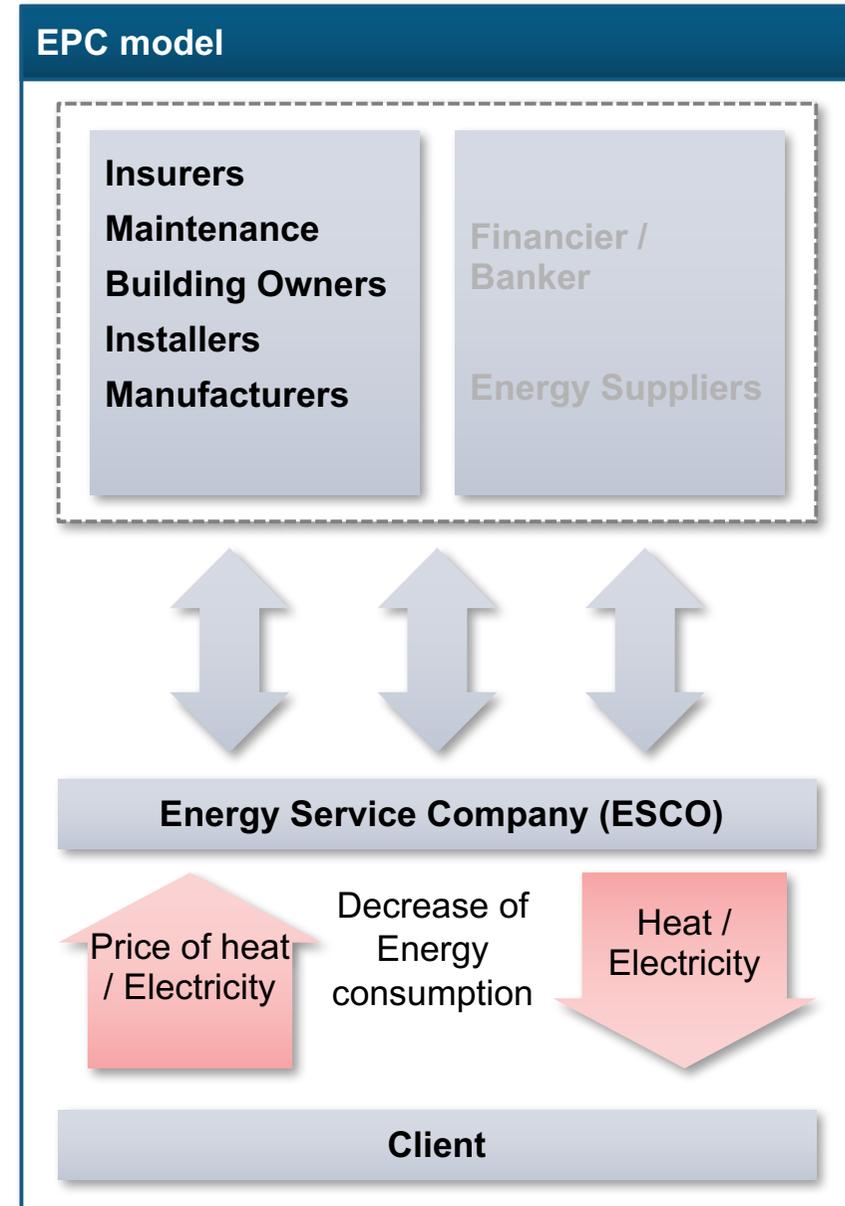
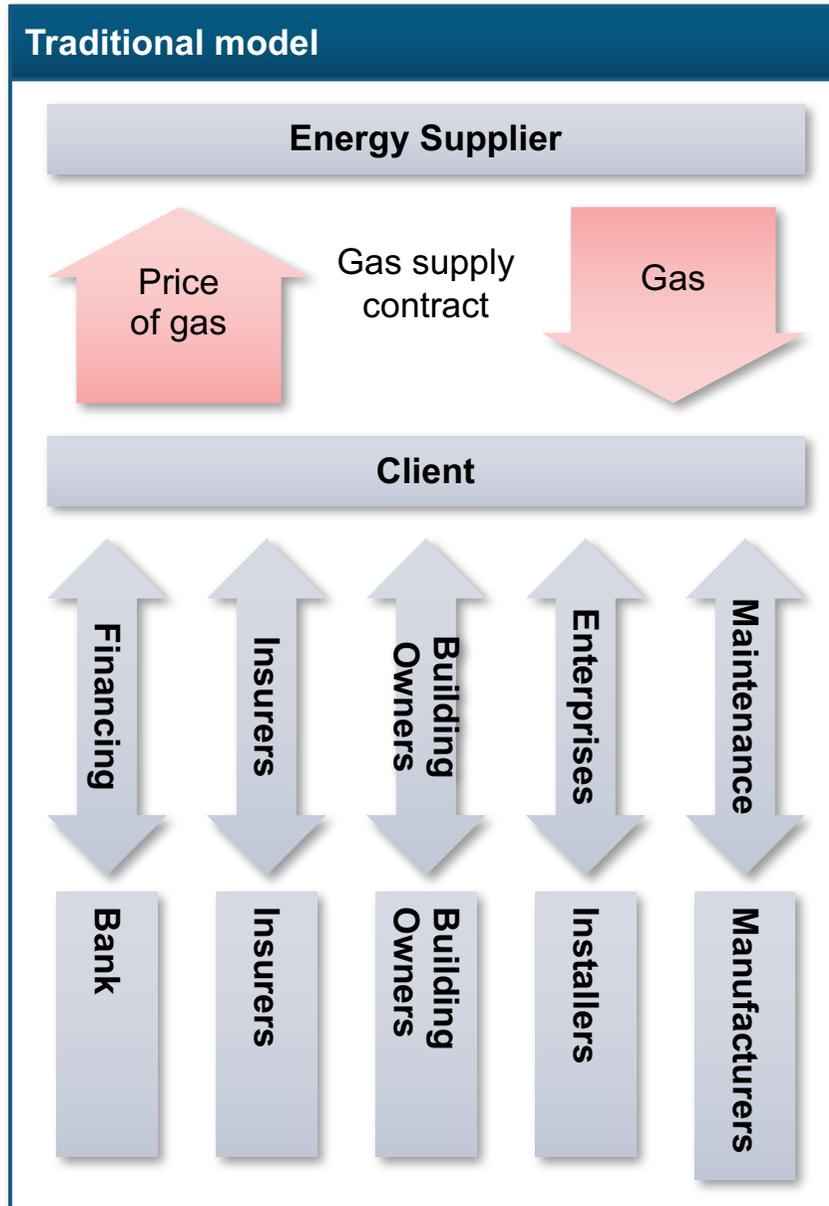
## Three basic principles to which the public authorities have subscribed

- 1 Work according to Energy Performance Contracts (EPCs)
- 2 Grouping the buildings into batches / pools of buildings
- 3 Tendering agency adhesion



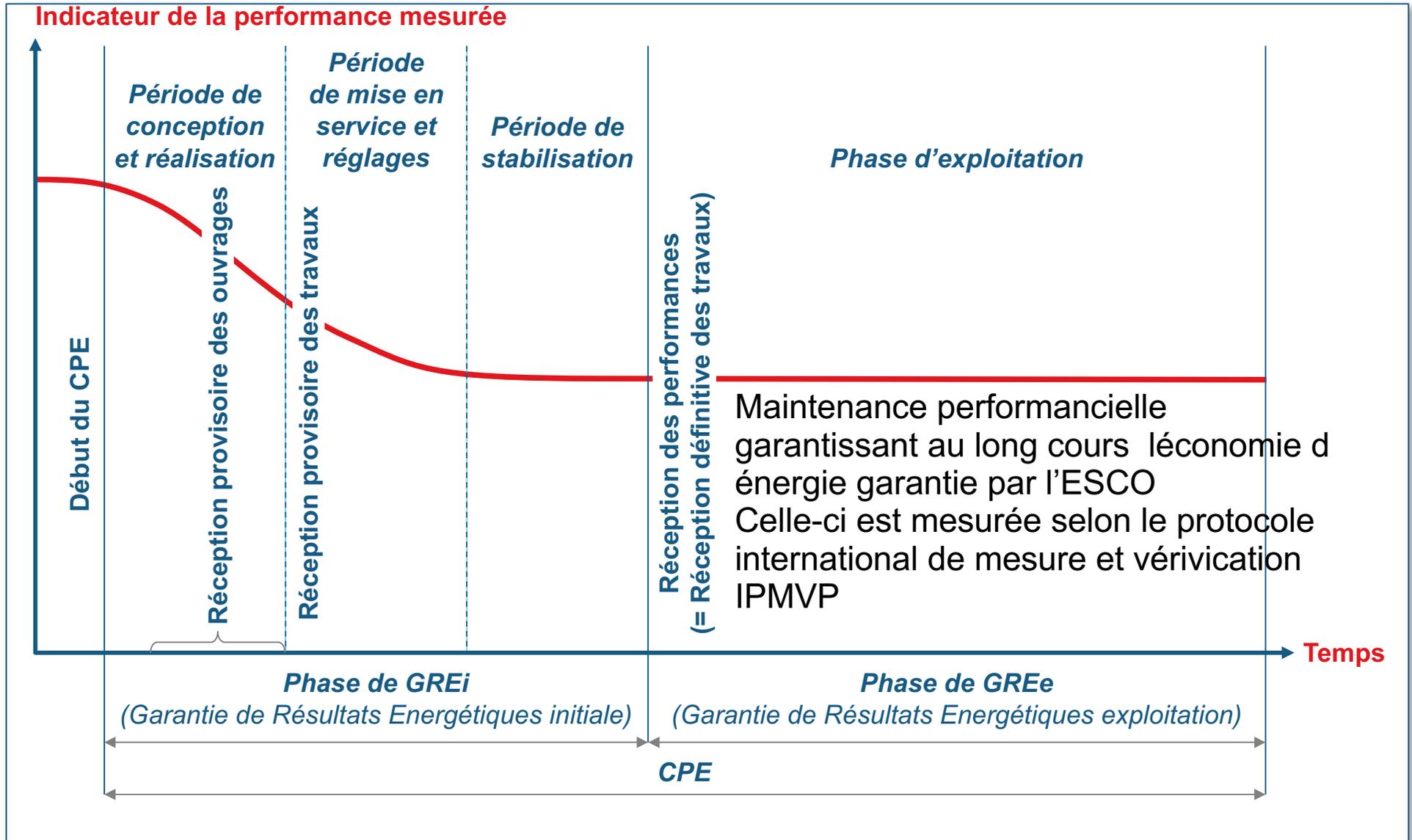
by GRE LIFE

# 1 Giving priority to the EPCs





# 1 Une approche du CPE en différentes phases selon les périodes de travaux et de simple exploitation





## 2 Grouping buildings into different pools / lots comprising multiple buildings

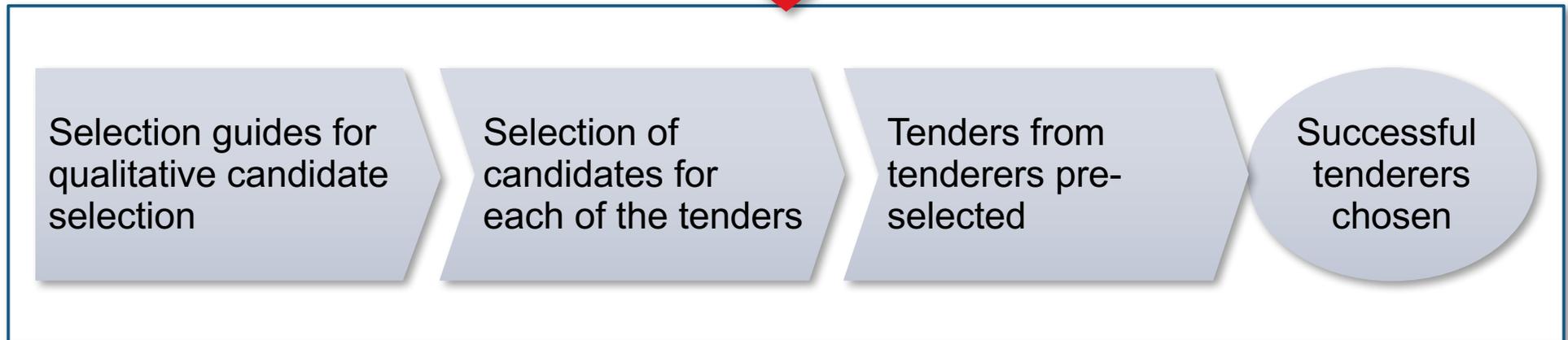
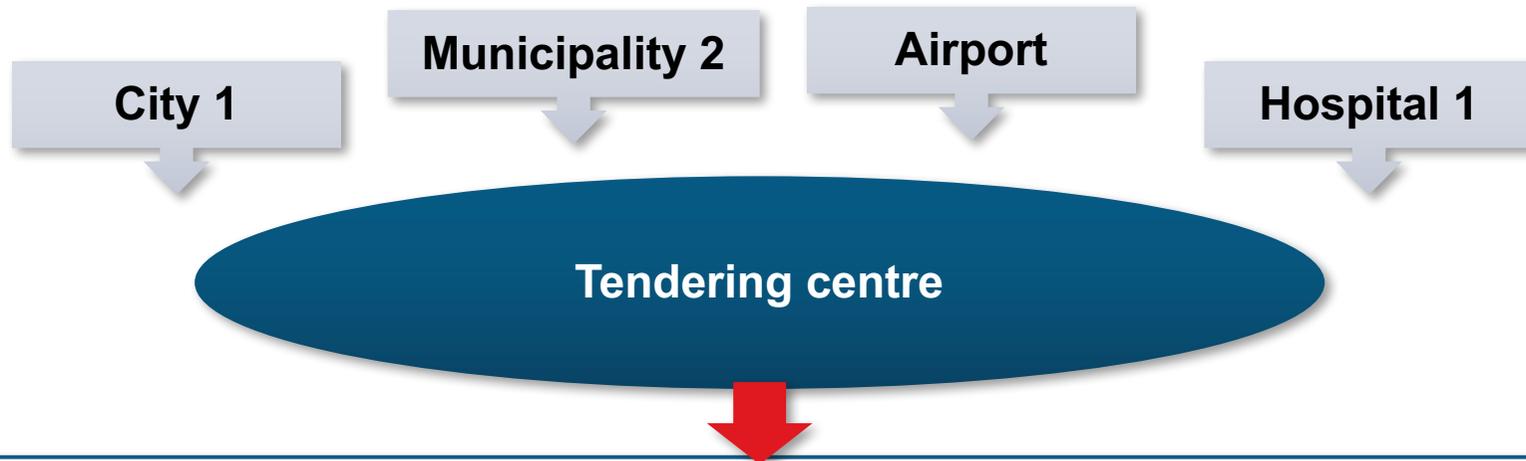
- Grouping multiple buildings, depending on the potential energy savings within a single project
- The buildings may belong to a single public body or to multiple public bodies



- Achieving an **adequate size for the EPC**
- **Diversifying the risk** for financiers (and obtaining more attractive financing conditions)
- Reducing the number of contracts (and transaction costs) **economie d echelle**



### 3 Launching a tendering agency: implementation of the pilot project





## RenoWatt in figures

- **Amount of the tenders** Minimum de 58,5 millions TVAC
- **Investissements (CAPEX)** 36,6 millions TVAC
- **Number of buildings** 64 sites et 136 bâtiments
- **Energy savings** 33% (hors CHRH) et 30 % avec CHRH
- **ROI**
- **CO2 decrease** 7,545 tonnes de CO<sub>2</sub>
- **Jobs** 322 direct and 780 indirects
- **Training** A minimum of 16,500 hours of training



## RenoWatt EPC – a leverage factor of 29,2 was achieved in 5 different tendering procedures

Tender	Amount, EUR VAT Incl.	Energy Savings (final)
CHRH	7.930.181	17%
Administrative	4.348.544	34%
ECOLE 1	15.610.816	30%
ECOLE 2	16.341.948	
Sport	14.265.860	41%
<b>Total</b>	<b>58.497.349</b>	<b>30%</b>



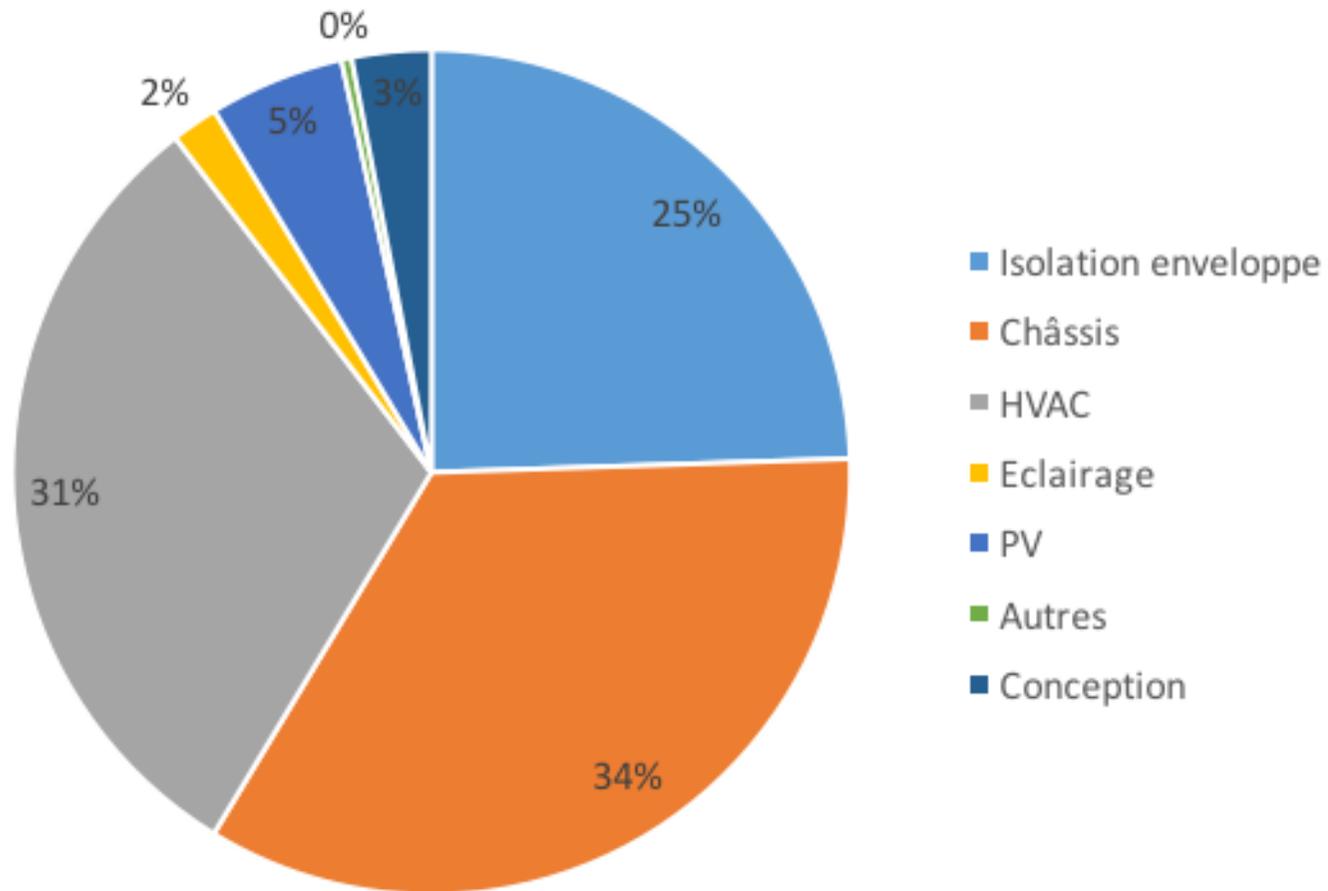
**Effet multiplicateur 29,2**



# Global overview of the retrofitting works in the 5 tendering procedures

## CAPEX split by type of work

100% = 36,8 millions € VAT incl



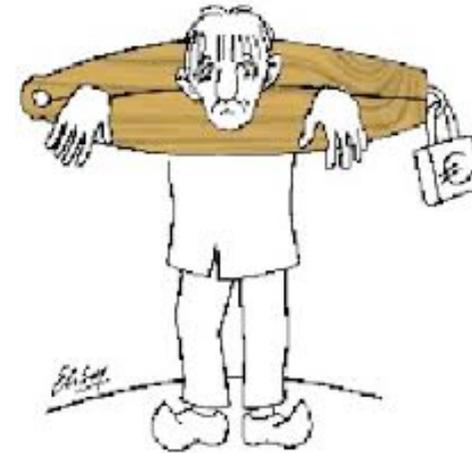


## European negotiated procedure with publication

- **Nature of services and pitfalls**
  - Does not allow prior determination of an overall price
  - Market specifications cannot be established precisely enough to make it possible to award contracts through an invitation to tender process
  
- **New and complex tendering process** (long-term collaboration, large number of buildings and BAPs, overall package of supplies and services from a private partner, energy savings guaranteed for the duration of the contract by the private provider)
  
- Offers from tenderers will depend on preliminary **audits and studies carried out by the tenderers** themselves. Renowatt is currently only carrying out estimates of potential
  
- **Negotiations** with tenderers on payment terms, work done, technical aspects of the tender etc.
  
- **No competitive dialogue** because the negotiations are about the tenders, not the solutions, even if these are identifiable



To promote local employment  
and combat social dumping



**Strict compliance with the  
framework of European law  
and current Belgian legislation**



Creation of a working group to reflect on the social and ethical clauses that need to be included in the contract documents





## Financing of the project

- 1** Deconsolidation
- 2** Debt or third party investment
- 3** Cost of the project



# Advantage for a public authority to join the tendering central

## **Subsidies**

- Subsidy negotiation on behalf of the municipalities

## **Out of the budget boundary for municipalities**

## **Tendering procedure**

- Set up of all the tendering procedure
- Negotiation with the ESCOs
- Dedicated budget for legal advisors
- Permanent contact with municipalities

## **Financing reflection**

- Accession of financing opportunities that one public authorities could not access
- ROI analysis of the project
- Tendering procedure for the project financing

## **Technical analysis**

- All technical feasibility studies outsourced to RenoWatt

## **Neutral and public facilitator**

- RenoWatt is public, neutral and non for profit, working for the benefit of municipalities and not the private sector
- Knowledge of the way of working and constraints of the municipalities
- No need for municipalities to go through public tendering procedure to work with RenoWatt



## Lessons learned by GRE-Liege

- Challenges to convince public authorities to change their way of working and go with EPC
- Public body is needed to gather the different public authorities
- Preparing such type of tender procedures is expensive...technical assistance is a great help - Local authorities (average size) do not have the size to conceive such project and need to be guided by a non-for-profit facilitator (get a subsidy)
- Local authorities need to have time to dedicate to the project
- Key to work with professional who knows the ESCO market to guide in the full process
- Think about the execution – EPC are difficult to manage
- EPC is not the unique solution – check the type of retrofit
- Political commitment
- Prepare the ground for the decision - Take into consideration in your planning the decision process of municipalities
- Technical assistance helps to keep the timing
- Communication, communication and communication, at all level of the municipalities



## EEESA Price

On May 31 Renowatt has received the award of « Best European Energy Project 2017 »

### European Energy Service Award (EESA)

Since 2006, the Berlin Energy Agency and the European Commission honour companies and projects for outstanding efforts and achievements in energy services with the [European Energy Service Award](#) (EESA).



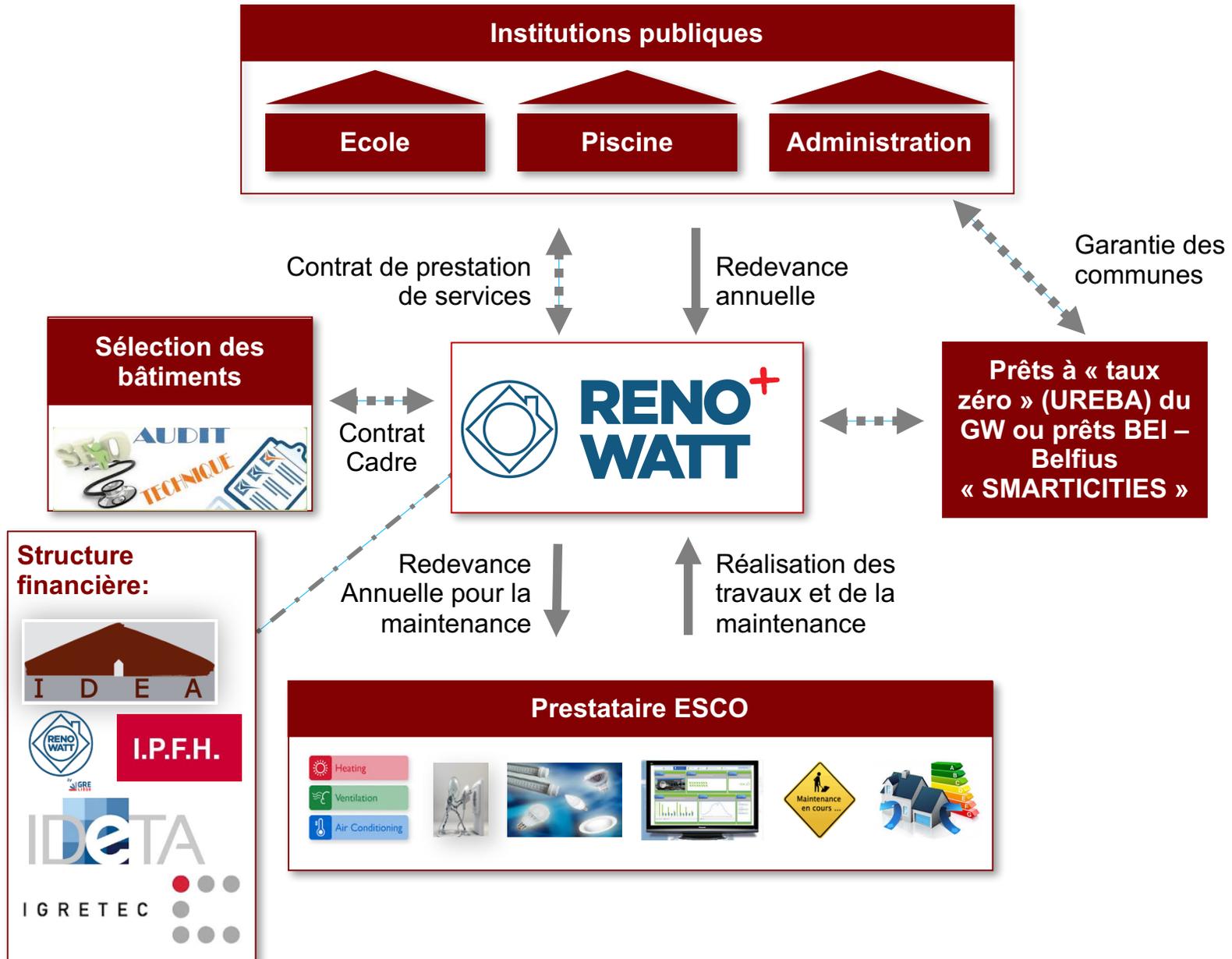


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# RenoWatt+, Walloon energy service company (public ESCO)



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