

CA ESD Plenary Meeting

Examples for EE PPP Projects

Dr Goetz von Thadden

European PPP Expertise Centre, European Investment Bank

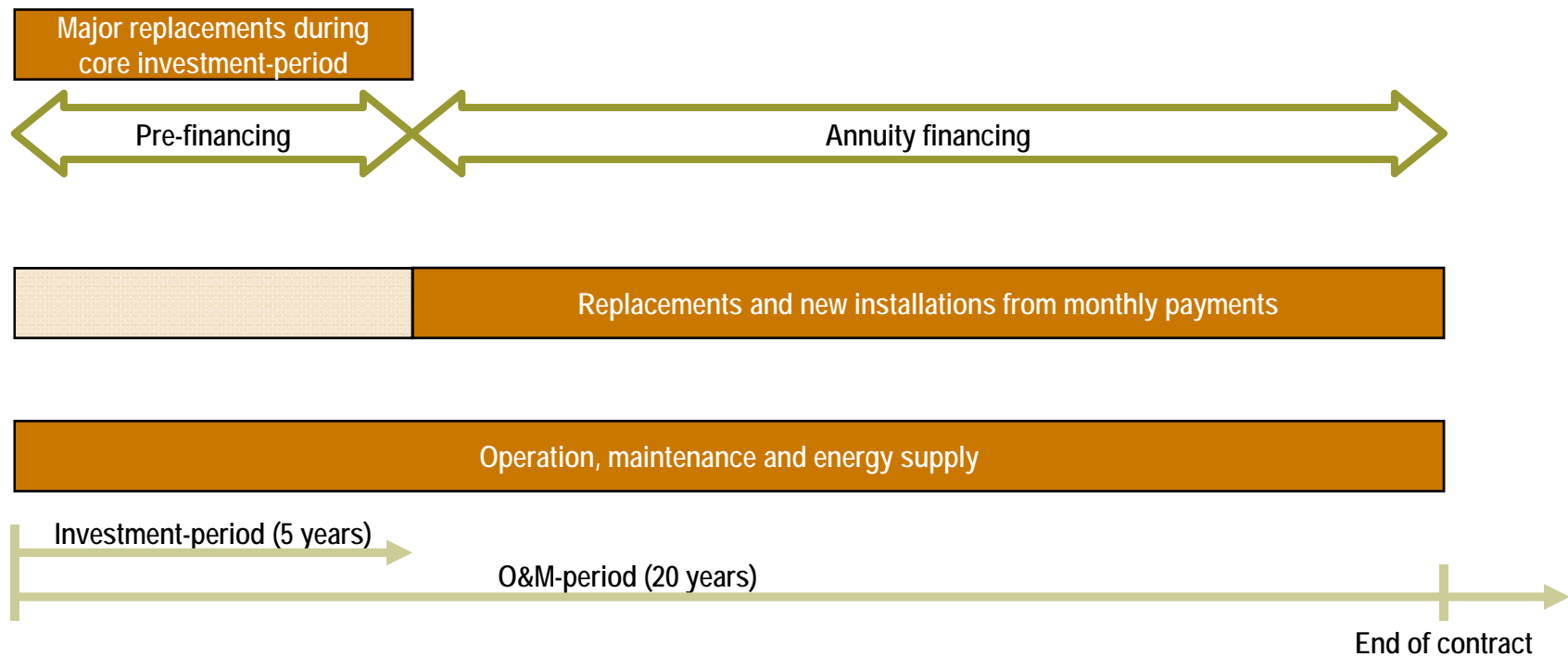
Copenhagen, 27 March 2012

Street lighting in Germany

Standardised PPP-model for street-lighting in Germany

- ❖ Contract period of 20 years
- ❖ 5 years core investment-period, further investments with annual budget
- ❖ Operation and maintenance of facilities
- ❖ Energy supply
- ❖ Ownership of existing facilities remain with the municipality
- ❖ Transfer of ownership of new assets to municipality once they are operational
- ❖ Need for documentation of existing facilities, technologies, age and their status
- ❖ Output-based specification

Structuring street-lighting projects as PPP



Risk transfer to the private sector

Municipality

- Price risks of energy, personal, material
- Changes in tax-regulation
- Change of legal and technical standards
- Costs in consequence of accidents and vandalism

Private Partner

- Energy consumption-risks
- Planning risks
- Effects of delay and cost overruns
- Financial risks
- Availability of facilities
- Operation and maintenance risks



Lessons learned from PPP street-lighting projects

- ❖ PPP and partnering contracts offer fast replacement of old facilities to improve traffic safety and security
- ❖ Prior to tender an inventory of existing facilities must be prepared by the authority
- ❖ Case studies proof major energy-saving potentials, major cost-savings for municipalities and possible risk-transfer to private sector partners
- ❖ Further LED-developments will increase the saving-potentials
- ❖ In Germany about 15 EU tenders were closed for PPP street-lighting projects
- ❖ In the UK more than 20 EU tenders were closed for PPP street-lighting projects
- ❖ During the next couple of years many tenders will be published (more than 300 concessions will be terminated in Germany)
- ❖ There are interesting funding schemes available for PPP and other partnering contracts

ELENA in Italy

Key facts on ELENA (1/2)

Structure:

- Grant facility managed by the EIB and funded by the EU budget under the Intelligent Energy Europe Programme

Role:

- To assist in the transition from preparing action plans to making investments
- To support local and regional authorities to reach the EU 20-20-20 targets through technical assistance (TA)

Budget:

- Budget 2009 - 2011: € 49m (allocations can be made until end 2013)
- Envisaged budget in 2012: € 22m

Key facts on ELENA (2/2)

Conditions:

- Investment programmes normally above € 50m (smaller projects eligible when integrated into larger investment programmes)
- Investment programme must be implemented within a 3-year timeframe
- Minimum investment leverage factor of 20
- 4% of the investment volume as cap for technical assistance (TA)

Relevance for PPPs

- ELENA does not focus on PPP specifically, but it **recognises public-private partnerships (PPP) as a possible procurement method.**

Funded projects – an example

Energy Efficiency in the Province of Milan

Context:

- The Province of Milan is a supporting structure under the Covenant of mayors

Objective:

- Assistance for small or medium-sized municipalities in the refurbishment of public buildings

Investment scale:

- ELENA contribution: EUR 1,94 m
- Expected investment: EUR 90 m

Support provided under ELENA

- Setting up a support unit
- Selection of procedure for implementation of investments, via ESCO's, building lots
- Preparation of calls for tender and negotiations with bidders

State of advancement:

- Tender under energy performance contract for ESCO's published for 100 schools



Dr Goetz von Thadden
European Investment Bank
thadden@eib.org

Telephone: +352 4379 87613

European PPP Expertise Centre
epec@eib.org

Telephone: +352 4379 85434

www.eib.org/epec

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