



Task 4.1 Regional and national funding sources

D4.1.1 Report on regional/national funding sources

Partner name: BAPE (Pomerania, Poland)

Summarise the main existing grants/subsidies/incentives for streetlight projects and ESCO companies.

BOS Bank (Bank for Environmental Protection)

BOS Bank supports projects undertaken as a third party formula. The loan may be granted to environmental projects aiming at electricity, heat and/or water saving. Environmental effects of action undertaken (in financial terms) have to provide repayment of the loan. The loan may amount up to 80% of investment costs and the maximum repayment period is 10 years. However, the current interest in such scheme is negligible.

Existing insurance schemes for ESCOs?

No insurance scheme has been identified.

- **Summarise available EU funding sources for streetlight projects.**

Regional Operational Programme for Pomeranian Region

Street lighting is one of the type of projects that can apply for funding in the framework of the Regional Operational Programme for Pomeranian Region for years 2014-2020. Support will be given to projects aiming at reducing power consumption of outdoor lighting systems. Projects should focus on modernization of outdoor lighting into energy saving devices and implementation of energy management systems.

Innovative financing schemes are in place?

a) PoISEFF2 - is the second edition of the successful Polish Sustainable Energy Financing Facility programme developed by the European Bank for Reconstruction and Development. It is implemented as a part of the NF Programme (Energy Saving Investments in SMEs), which is operated by the National Fund for Environmental Protection and Water Management.

PoISEFF2 is a €200 million credit line made available to participating banks. The banks then offer loans to SMEs for financing energy efficiency investments.

Program supports investments in equipment, systems and processes that enable the beneficiaries to reduce primary and/or end use of electricity, fuels or other types of energy. These investments must result in energy savings of at least 20%.

General financing rules for the PoLSEFF2 Programme:

Financing is available only in the form of credit.

Loans may be up to 100% of the project costs.

Loans for materials and equipment from the LEME (List of Eligible Materials and Equipment) may be up to EUR 250,000.

Loans for assisted projects may be up to EUR 1 million.

Financing is available only through the participating banks, in compliance with their policies and procedures.

Each project may benefit from only one EU grant.

10% grant to investment costs can be obtained when equipment is modernized.

b) ELENA project – only one of this type in Poland is under implementation. The project is led by the Municipality of Namyslow who acts as project leader and coordinator¹. The municipality brought together 32 other municipalities and cities in a common effort of implementing the project of lighting modernisation. The cooperation between the municipalities under the investment programme is governed by the participation agreement. The municipality of Namyslow has created a dedicated municipal limited liability company (LED PACK) that is responsible for the implementation of the project.

The project will use an Energy Performance Contracting approach for implementation, where a consortium of municipalities will enter into a PPP agreement with a private partner, an ESCO company. However, after last election at communities' level political changes have slowed down the process of the project development.

Are there specific bottlenecks in public lighting projects realized by EPC financial model (ESCO companies) in your country and what are potential solutions? (max 1 page)

Poland still lacks widely promoted and available best practices, including practices and standards of projects development on energy effect (Energy Performance Contracting - EPC). Some respondents insist on energy performance contracting to be implemented in a single procedure for the construction and technology.

Introduction EPC ESCO formula needs changes in legal regulations as well as changes in the perception of such solutions, as trustworthy. The slow growth of interest in the implementation of the EPC results also from the possibility of obtaining a relatively easy access to EU funds. Lack of dedicated legal solutions and a system incentive make that this type of companies on the domestic market is still very little.

To overcome these bottlenecks several aspects should be taken into consideration:

- clear political support for ESCO and EPC
- educational and promotional activities on principles of the ESCO

¹ EIB – ELENA Project Factsheet

- improved access to capital, especially for small and medium businesses (purchase of receivables, loan guarantees)
- implementation of ability to sell the environmental effects of projects implemented
- how to solve the problem of public debt (such projects should not result in an increase in public debt)
- how to solve the problems of ownership of the infrastructure (access to infrastructure - poles for lighting, heat exchangers...)
- to give preference to projects within new EU budget perspective if implemented on EPC mechanism
- to avoid as only rule for selection of bidders the lowest price of the investment - an important element of the assessment should be the total cost of the life of the lighting system (LCCA - Life Cycle Cost Analysis).

- **Possibilities for establishing a regional/national fund to provide financing for smaller projects?**

Mid-size projects above 120 thousand Euro will be supported by Regional Operational Programme. However, there are no support schemes for smaller projects. Regional Fund for Environmental Protection in Pomerania supported some pilot installations in 2014. This activity will be not continued in next years.