

SISMA – Supporting innovative schemes in the MED area

FINAL CONFERENCE
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**Building energy requalification:
technical feasibility of investment**

Public funding through subsidies

Sound energy renovations of public buildings are not taking place due to:

Limited public funding and **budget constraints**
(on/off balance requirements)

Long payback periods and **low IRRs (Internal Rates of Return)**

Public funding through subsidies

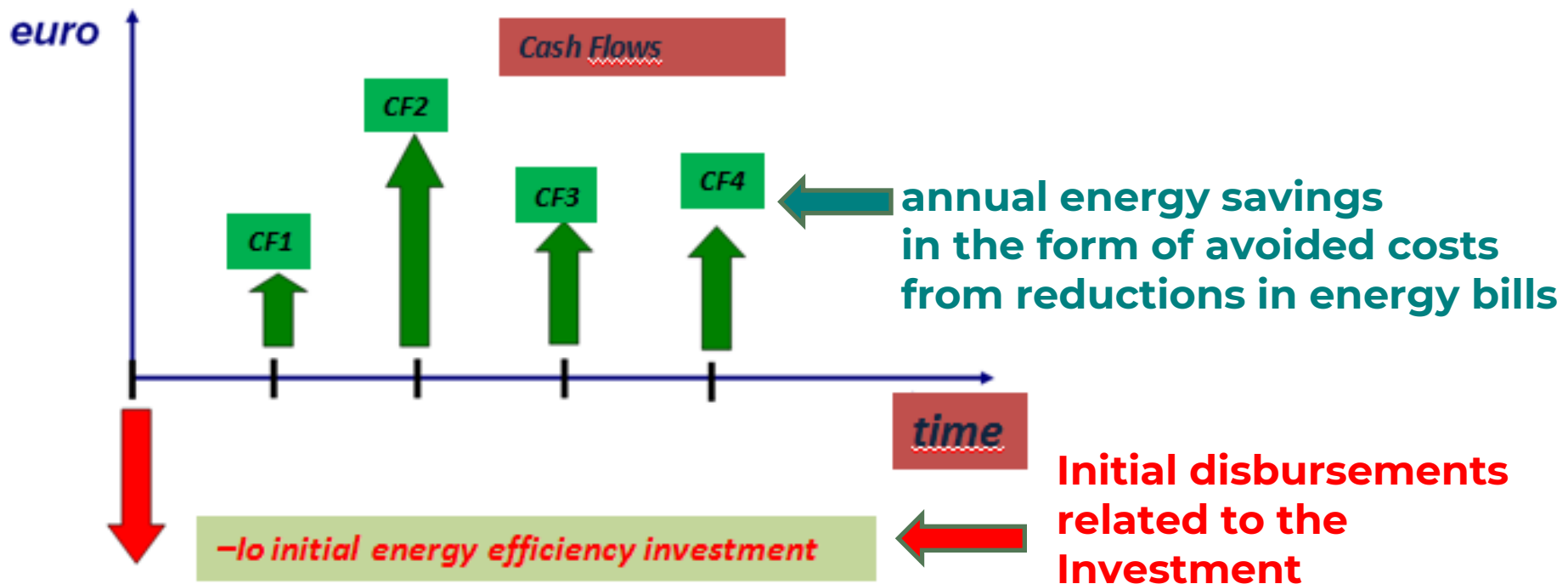
Project feasibility revolves around bankability and profitability

When a specific project does not yield a sufficient **IRR** (Internal rate of Return), **calibrated public funding** shall be needed in the form of a **subsidy**

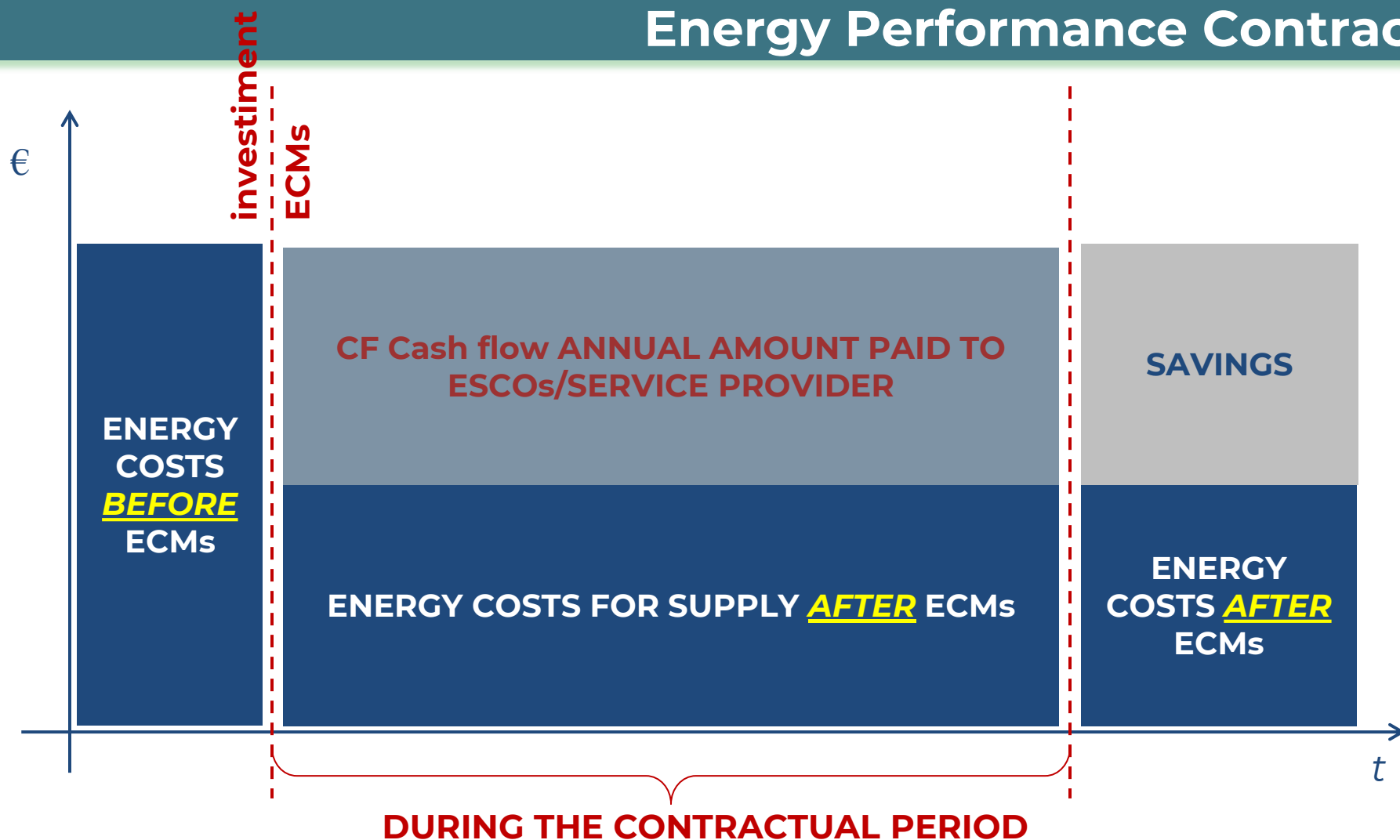
The **subsidy** enables the project to reach the **market threshold** in terms of the IRR which needs to be met to make a project bankable

Public funding through subsidies

Energy projects generate different types of cash flows

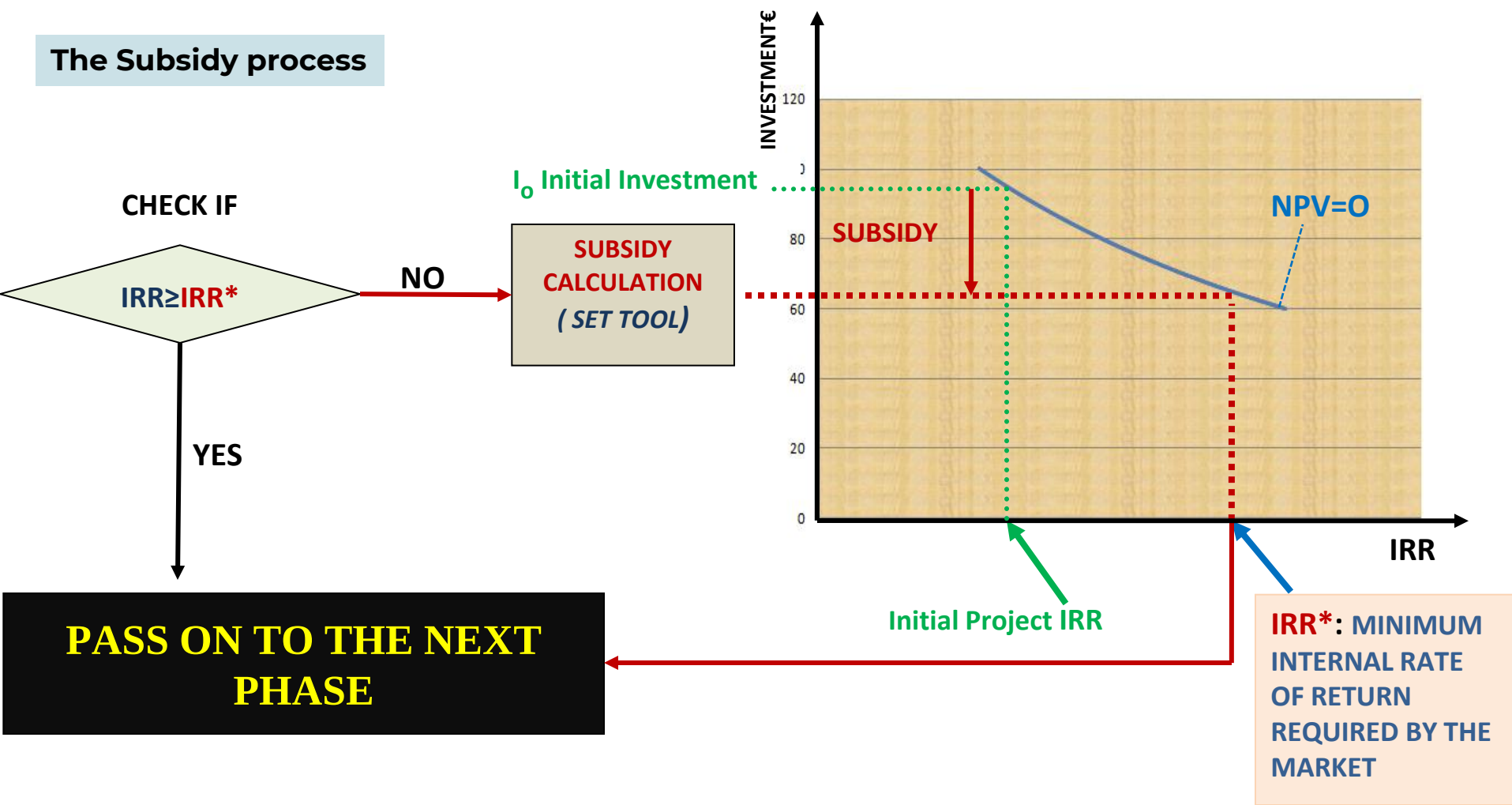


Energy Performance Contract



Critical aspects of intervention and importance of the public subsidy

The Subsidy process



Public funding through subsidies

NOW THAT THE PROJECT IS BANKABLE

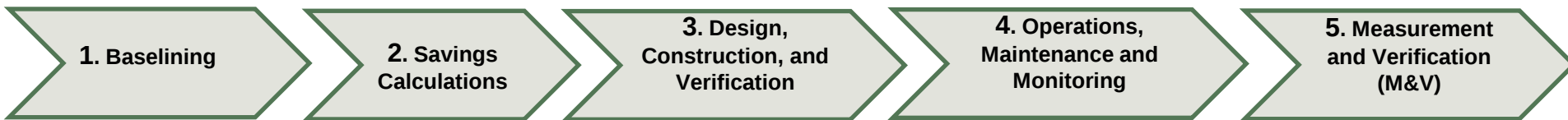
We need to **standardize** the whole **process** regarding all **ECMs Energy Conservation Measures**

How? **ICP (Investor Confidence Project)** protocols

Why? Because all players (public bodies, investors,) need **guarantees** on savings that stem from **ECMs carried out** properly

Managing EE projects

Process phases



Only a correct overall management of the project can make the **savings projections happen**, which is what the investors want to be assured of hence the need for ICP protocols addressing all the major project issues over its **entire life cycle**.

SUBSIDY -> calculated with **SET (Subsidy Evaluation Tool)**
excel



TENDER N.1 -> **ICP protocols (ICP developer appointment)**

OUTPUT: Technical-financial feasibility documentation



TENDER N.2 -> **ECM (energy conservation measures) realisation** based on the technical-financial feasibility documentation prepared by the ICP developer appointed through Tender N.1

OUTPUT: ALL project development activities are performed

Process
milestones

Five requirements that define a good EE-Energy Efficiency project

REQUIREMENTS	COMPLIANCE
Requirement n.1: bankability	Very high - as stated previously, a project is really bankable only if it is yielding an interest rate equal to the minimum interest rate required for projects with similar risk reward profiles. That is what the subsidy is for.
Requirement n.2: public funding optimisation	Very high - Subsidies are minimised when their amount, given the total investment needed and all savings calculated over the considered period, enable the project to yield an IRR equal to the market threshold (IRR* minimum interest rate "required by the market").
Requirement n.3: sound technical framework covering its entire project lifecycle for a complete project control through all its phases	Very high - a well conceived and well executed energy efficiency project requires a framework structured on five steps covering its entire lifecycle as assured by ICP Investor Confidence Protocols
Requirement n.4: fostering tender participation	Very high -ESCOs/Providers can easily participate to the tenders because all the technical documentation is predefined
Requirement n.5: facilitate the awarding process	Very high - through the SET (Subsidy Evaluation Tool) a standard process for the financial assessment of tender participants and for the awarding system is assured.

Thanks for your attention!



SISMA

Supporting Innovative Schemes in the MED Area

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APE FVG

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