

THIRD INTERNATIONAL FORUM: ENERGY FOR SUSTAINABLE DEVELOPMENT, 12-14 SEPTEMBER 2012, ISSYK KUL LAKE, KYRGYZSTAN

Workshop 4: *Case studies on energy efficiency financing and promotion of advanced energy efficiency technologies*

Panel Discussion 1: *Case studies on energy efficiency financing (countries of South-Eastern Europe)*

Questions for Panel Discussions:

1. Existing legislation and policies in your country: are they helpful or harmful for promotion of EE investments?
2. National and local authorities, governmental institutions: what is their impact on EE market development?
3. What incentive mechanisms have been introduced recently to promote financing of EE projects in your country? Are they working?
4. What needs to be done to make large-scale EE investments a reality? Proposals for next steps.

Answers:

1. Republic of Macedonia has adopted following legislation and strategic policy documents relating to implementation of Energy Efficiency measures:

- a) Strategy for Energy Development for the period 2008-2020 with a vision to 2030 (adopted in 2010,
- b) Energy Law (adopted in 2011)
- c) Strategy for Energy Efficiency to 2020 (adopted in 2010)
- d) First National Action Plan for Energy Efficiency for the period 2009-2016 (adopted in 2010),
- e) National Program for Energy Efficiency in the Public Buildings (adopted 2011)
- f) Government decree for indicative targets for energy savings to 2018 (9% decrease to 2018)
- g) Guideline for eco-design (adopted in 2011)
- h) Guideline for labelling of energy consumption for appliance (adopted in 2011)
- i) Guideline for procurement of energy efficiency goods and services (adopted in 2011)
- j) Rule book for energy performance in buildings (to be adopted in 2012),
- k) Rule book for energy audit (to be adopted in 2012).
- l)

All accepted strategic and operative documents are fully compliant with European Directives in the field of energy efficiency and have a strong impact on increasing implementation of energy efficiency measures in the public and private sectors.

2. Above mentioned documents precisely define roles and responsibilities of all national and local authorities as well as institutions such as the Energy Agency with detailed dynamic plans to fulfill the governmental indicative targets for energy savings. Particularly emphasized is the role of municipalities in increasing energy efficiency which are obliged to prepare the 3 years energy efficiency programs and 1 year plans approved by the Energy Agency.

According to these documents Energy Agency is also responsible institution for organizing the training and certification of energy auditors and monitoring the overall process of energy audits.

After adoption of the Rulebooks of Energy performance of buildings and Energy Audits, it is expected energy efficiency market is expected to grow.

3. Despite the adoption of strategic documents, legislation and necessary guidance a significant mechanism for encouraging investment in energy efficiency has not yet developed. At the national level the Ministry of Economy annually subsidizes approximately 300 households for the introduction of solar collectors for hot water, but it does not contribute large to reduce energy consumption. In the National Program for Energy Efficiency in the Public Buildings adopted in 2011 establishment of the Energy Efficiency Fund to encourage investment in this area is planned but its formation is expected for 2015 or even 2016.

World Bank Institute present a document "Financing and implementation plan" with various financing mechanisms for implementing EE measures in public buildings in June 2012. According to this document energy efficiency fund will be most suitable for Republic of Macedonia and may soon be set up in 2015-2016 as was mention before

At present there are not many opportunities for municipalities to get loans to invest in energy efficiency. They do not qualify for the use of a number of credit lines offered by various creditors. Mainly households and private companies can apply for these so-called green or eco credits. For example, the main target group of the program WeBSEFF (EBRD) is companies that support sustainable uses of energy. Fund for green growth through Halkbank AD Skopje only offers loans to households and companies. Loans offered by the Macedonian Bank for Development Promotion Programme GEF (Global Environment instrument) mainly designed for enterprises that want to invest in energy efficiency or renewable energy sources. ProCredit Bank also offers eco credits for households and businesses who wish to invest in energy savings. This is most of the possibilities of getting loans for energy efficiency but still with very high interest rates a (about 7%).

4. Since the fiscal decentralization process has not been completed, a number of municipalities have jurisdiction over primary schools, but still are not responsible for their financial obligations. Ministry of Finance transferred the money to the Ministry of Education, which is then transferred to the municipalities to cover the expenditure for

heating, cooling water etc. Now, if you need to make investments in energy efficiency in schools, municipalities should ensure that such investments. The question is why a municipality to invest in energy efficiency of a school when they are not the ones who pay the bills? With the completion of the fiscal decentralization process, the reasons for investing in energy efficiency of municipalities will become very clear. However, at present, due to the short-term planning, they do not have sufficient interest to invest in such energy efficiency projects.

National and local governments should consider introducing more incentives for companies to invest in energy efficiency, such as tax release, carbon trading, lower taxes, etc. Moreover, to introduce the concept of so-called ESCO companies and establishing of Fund for Energy Efficiency should be done as soon as possible. ESCO companies develop, install and arrange financing projects designed to improve energy efficiency and upkeep of facilities for periods of seven to twenty years. When ESCO will be hired for a particular project, compensation and financing of such projects often directly related to the realized energy savings.

Only in conditions of completed decentralization process, operational of the ESCO companies and existence of sustainable Energy Efficiency Fund, we can expect more interest in investing in energy efficiency projects. .