

## Summary Minutes

### European Network of Energy Authorities and Managing Authorities of the Cohesion Policy 2014-2020

#### EMA NETWORK

#### 6th Meeting

Brussels 20-21 November 2017

#### Participants

About 85 participants in total, with 18 Member States<sup>1</sup> represented, including representatives of managing authorities and energy authorities, Regions, Cities, Financial Institutions, stakeholders and representatives from the European institutions.

<b>Opening remarks by Dominique Ristori, Director General for Energy</b>
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D. Ristori welcomed the participants and apologized for not being at the meeting in person and stressed in his video few important messages in the context of the energy transition.

Mr Ristori recalled that the clean energy transition is not only a political priority; it is also an increasing priority for the investors. He also stressed that in addition to the important contribution from the Cohesion Policy (e.g. 45 billion EUR from European Structural and Investment Funds (ESIF) for low carbon economy 2014-2020), the necessary private investments still need to be further triggered in clean and sustainable solutions.

In this context, the Smart Finance for Smart Buildings initiative has a key role to play for energy efficiency as its aim is to unlock additional private financing by supporting a more effective use of public funds, aggregation and assistance for project development and a change in the risk perception of financiers and investors.

Furthermore, Mr Ristori recalled the importance of regional cooperation in the context of the Energy Union and the other specific initiatives from the Clean Energy for All Europeans Package, such as the EU Coal Regions in transition and EU Clean Energy for Islands Initiative.

These ambitious actions and proposals will contribute to make the EU's energy system fit for the transition to a clean and sustainable energy system; and the continued involvement of local, regional and national authorities is crucial in this process.

Full speech is available on the [EMA webpage](#).

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<sup>1</sup> No representatives from AT, BG, CY, DE, EL, HR, IE, IT, LT, SI).

<p style="text-align: center;"><b>Session 1: Multilevel governance to deliver the energy transition</b> <b>Moderator: Tudor Constantinescu, DG ENER</b></p>
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T. Constantinescu also welcomed all the participants to the meeting and introduced the programme over the two days.

T. Constantinescu also recalled the key principles of the Clean Energy Package of November 2016 (available [here](#)) that are in particular relevant in the EMA context:

- a more citizens-centered approach to enable all local actors and regions to take active part (for energy efficiency and renewables, including on islands and in regions transitioning from coal);
- the energy-efficiency first principle, meaning also more local jobs and growth.

### **1) Communication on Strengthening Innovation in Europe's Regions and Cohesion Policy update – Rudolf Niessler, DG REGIO**

R. Niessler presented the *Communication on Strengthening Innovation in Europe's regions* (adopted on 18/07/2017) (the full document is available [here](#), with accompanying document [here](#)).

Smart specialisation represents a new way of working together, which ensures stronger local and regional participation in decision-making, and whose potential can be scaled-up for the benefit of the EU as a whole.

This approach may be replicated and used in a broader context as a useful tool to implement the future EU budget.

R. Niessler also presented the *Seventh report on economic, social and territorial cohesion* (adopted on 9/10/2017). ([COM \(2017\)583](#) and [SWD \(2017\)330](#)), which is mandatory every three years and answers three questions as required by the EU treaty:

- *How is cohesion changing – in other words the economic, social and territorial disparities?*
- *What is the impact of national policy on cohesion?*
- *What is the impact of EU policies – and cohesion policy in particular – on cohesion?*

In terms of implementation, overall 44% of total ESIF funding had been allocated to selected projects by October 2017. For low-carbon (including clean energy and urban mobility), 34% of total funding had been allocated.

This is similar to the previous period, 2007-2013, which also had a concentration of projects in the last three years, demonstrating also the need for further simplification and capacity building.

The *Strategic Report* foreseen in mid-December will provide more details on the implementation state of play (report adopted after the meeting, on 13/12/2017, available [here](#)).

## **2) Regional cooperation in the context of high level groups: example of CESEC (Central and South-Eastern European Gas Connectivity) – Catharina Sikow-Magny, DG ENER**

C. Sikow-Magny presented the extension of CESEC regional cooperation beyond gas, which was agreed by the High Level Group in September 2017. The aim of the extension is to work together to implement measures to be taken at the regional level to promote the cost-effective development of renewable energy and energy efficiency and an efficient, well connected electricity market.

CESEC is an excellent example of how regional cooperation can work on the ground and in the context of the energy transition.

## **3) ADEME programmes at regional and local level – Nicolas Soudon, French environment and energy management agency (ADEME)**

N. Soudon presented ADEME's programmes at regional and local level. ADEME is the French environment and energy management agency and is active in the implementation of public policy in the areas of the environment, energy and sustainable development. The Agency provides expertise and advisory services to businesses, local authorities and communities, government bodies and the public at large, to enable them to establish and consolidate their environmental action. As part of this work ADEME helps finance projects, from research to implementation, in the areas of waste management, soil conservation, energy efficiency and renewable energy, raw materials savings, air quality, noise abatement, circular energy transition and food wastage abatement.

## **4) EBRD business model and financial instruments for Green investments – Stefania Racolta-Cruceru, European Bank for Reconstruction and Development (EBRD)**

S. Racolta-Cruceru presented the EBRD Business Model and Financial Instruments for scaling up Green Economy Transition Investments.

EBRD is currently investing in 36 countries, including 12 EU Member States. They financed **1,400** projects and credit lines (1,000+ directly financed projects with green components, and 290 credit lines to local financial institutions for on-lending to smaller projects). This represents **328 projects in EU-12**.

EBRD signed **€24.7 billion** of green financing for projects with a total value of €145 billion. In 2014-2016 green financing represented 36% of EBRD's total business, up from only 15% in 2006 (**€6 billion in EU-12**).

These investments achieved a reduction of **97 million** tonnes of CO<sub>2</sub>/year. These emission reductions equal to twice the annual energy use-related emissions of Sweden +annual water savings of 0.2 km<sup>3</sup> since 2013 equal to a third of Londoners' water use and represent 17 m tonnes in EU-12.

## **5) Tour de table**

The MS represented were invited to briefly to outline the state of play in terms of the Cohesion Policy implementation and main challenges with the implementation process.

The Member States are in different stages of implementation and with various priorities according to the Member States' operational programmes. We note an overall good general progress in the implementation rate.

Among main challenges, Member States pointed out the issue of capacity building among staff and beneficiaries and some challenges in terms of getting up to full speed with project selection and implementation, also since this is a rather new area for cohesion policy investments in many Member States.

<b>Session 2: Smart Finance for Smart Buildings (SFSB)</b> <b>Moderator: Stefan Appel, DG REGIO</b>
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### **1) SFSB: State of Play and Next Steps – Szymon Polak DG ENER & Ricardo Pinheiro DG REGIO**

R. Pinheiro started with an overview of the use of financial instruments for ESIF investments, including for energy efficiency and renewable energies, in the last and current EU multiannual financial frameworks. In relation to the previous financial perspective, in 2014-2020 there is a significant growth of the use of financial instruments, also for low-carbon including energy efficiency projects, with several instruments set up already by end 2015 (summary of data available [here](#)).

Then S. Polak presented the SFSB initiative as an example of new scheme to improve access to financing for energy efficiency investments, particularly by households;

- It does this through three pillars: 1) increasing the effective use of public funds; 2) reinforcing aggregation and assistance for project development; and 3) de-risking investment;
- With use of ESIF and EFSI/EIB capital, the SFSB is designed to provide guarantees to Financial Intermediaries to expand and make cheaper loans for residential energy efficiency renovation. The market and financing have been identified and at this stage work is ongoing to calibrate the product on the basis of upcoming pilot projects and feedbacks i.a. from Managing Authorities.

### **2) Examples of combination of ESIF with EIB Group resources – Frank Lee, EIB**

F. Lee presented project examples of combination of ESIF with EIB Group resources, such as:

*a) Lietuvos Energija Vilnius CHP:*

- Realised through project finance;
- To be financed by ESIF (Cohesion Fund) grants;
- Project has been prepared with help of JASPERS;
- State aid decision: up to EUR 153m of aid for CHP;
- EUR 150m of ESIF grant provided)

*b) Apartment renovations in Lithuania:*

- To date, more than EUR 400m loan agreements signed to support energy-efficiency works in around 1,700 apartment blocks, and 16 student dormitories;

- In addition, 2014-2020 period foresees mobilisation of a further EUR 250m of ESIF to deliver EUR 750m of investment on the ground;
- Intention is to also mobilise EFSI guarantee to increase investment impact to more than EUR 1bn;
- Expected impact of EUR 1bn of investment: 4000 buildings renovated (up to ~80,000 apartments) ~200,000 p.a. reduction in CO2 emissions
- Approximately 35,000 jobs created

*c) Agri multi-regional guarantee platform:*

EIF's AGRI is a new initiative managed by EIF on behalf of the European Commission that aims to facilitate greater access to finance to Farmers, Agricultural holdings, Cooperative, Rural micro- or small enterprise, Forestry business) in the EU member states who are often considered to be riskier final recipients.

This instrument provides a high leverage creating larger market impact of European Agricultural Fund for Rural Development (EAFRD) and national/regional resources. As a guarantor, EIF is acting in its own name but for and on behalf of, and at the risk of the region/ EU Member State participating in the Facility.

### **3) Technical assistance and the projects supported in the area of financing energy efficiency in buildings – Anette Jahn, EASME**

A. Jahn presented the Technical Assistance and projects supported on financing energy efficiency in buildings and stressed how Horizon 2020 projects and initiatives can translate into policy action. The funding topics from the energy efficiency call are very much aligned with the 3 main pillars<sup>2</sup> of the Smart Finance for Smart Buildings Initiative.

In all this, piloting and capacity building is key to unlock financing for the building sector.

On the field, A. Jahn also announced a series of public events to help building capacity and increase demand for energy efficiency finance (15 EU capitals during 2017-2018), which will showcase exemplary projects and replicable investment models and financial instruments and ESIF/national/regional programmes.

### **4) Financing Smart Buildings – Oliver Rapf, BPIE**

The BPIE presentation showed that the EU energy efficiency market in buildings renovations has significant potential to develop in the forthcoming years (in majority of MS, over 60% of building stock have Energy Performance Certificates class D or >D). The need to use public funding to leverage private financing and boost innovative business models was stressed. There are a number of projects and best practices available throughout the EU. The leverage level differs but a grant component of 15-20% (higher in certain cases) was mentioned by several countries as a requirement to promote renovations with higher renovation depth. Effective technical assistance will have a crucial impact on future initiatives.

### **5) Member States examples and overall discussion / round table with the Member States**

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<sup>2</sup> Most effective use of public funds - De-risking - Assistance and Aggregation

The Tour the table confirmed interest of Managing Authorities to carry on investments in energy efficiency through cohesion policy funds and financial instruments. The detailed energy efficiency schemes differ significantly throughout the EU due to i.a. regional and local specificities, differences in ESIF geographical allocations, experience of financial sector and beneficiaries as regards usage of accessible instruments, as well as identified market needs/specificities. Out of the 18 present Member States, several expressed interest in the use of financial instruments and the SFSB initiative: ES, LT, HU, CZ, PL, SK, PT, RO.

The changes proposed in the "Omnibus regulation" were considered very important. Several countries mentioned as a challenge the procurement rules for selection of financial intermediaries.

Further bilateral contacts and working together agreed as important.

#### **6) Valéria Szabó - LENERG Energy Agency (Hungary)**

V. Szabó presented the non-profit ESCO construction, as a smart and innovative financial tool for sustainable buildings in Hungary.

#### **7) Velimir Šegon- REGEA North-West Croatia Regional Energy Agency (Croatia)**

V. Šegon represents the Croatian North-West Croatia Regional Energy Agency – REGEA and he presented its role in supporting regional and local authorities to implement renewable energy and energy efficiency projects – mostly investment projects in energy retrofit of buildings, street lighting and other investment projects.

### **Session 3: Clean Energy All Europeans: Specific Regional Initiatives**

**Moderator: Anna Colucci, DG ENER**

#### **1) Clean Energy for EU Islands Initiative – Brendan Devlin, DG ENER & Maud Skäringer, DG REGIO**

a) B. Devlin presented the Clean Energy for EU Islands initiative as part of the enabling actions of the Clean Energy Package. The initiative aims to accelerate the clean energy transition on islands to ensure islands provide secure and clean energy and energy related transport to their citizens and do so for affordable costs.

Cyprus, Estonia, Germany, Greece, Portugal and Spain already welcomed the initiative and expressed their clear support Other Member States with islands have also shown interest.

The initiative aims to accelerate the clean energy transition on islands, through:

- *Promoting energy self-reliance.*
- *Reducing the dependency on costly fossil fuel imports, easing the strain on public budgets.*
- *Delivering best available technologies to islands and using best practice in financial and regulatory instruments.*

B. Devlin also stressed that the DG ENER working definition of islands is *a permanently inhabited island in saline water with a permanent, year round population of 20, whether or not interconnected by road, power line or any other infrastructure. This yields +/- 2500 islands in the EU.*

b) M. Skäringer provided an overview of Cohesion Policy in the context of the Clean Islands Initiative with the following key messages:

- Cohesion Policy 2014-2020 plays a major role in delivering the **Energy Union**, including the Clean Energy for EU Islands initiative;
- **Significant funds** available for **clean energy investments** – including on **islands** – supporting **regional development** and delivering **socio-economic benefits**;
- Development and implementation of **high-quality energy projects** – including on **islands** – now crucial for success;
- **EMA members invited to promote the Clean Energy for EU Islands initiative** in contacts with authorities and stakeholders in relevant Member States and regions, including the outermost regions;
- **Good governance and continued partnership** – essential at all levels.

## 2) Didier Lhuillier - Compagnie Nationale du Rhône, the example of Marie-Galante (France)

D. Lhuillier presented the project to make the island of Marie-Galante (Guadeloupe) 100% self-sufficient from Renewable Energy Sources by 2020.

This project is supported by the Ministry of the Environment, in partnership with the Community of Municipalities of the Pays de Marie-Galante and Maryse Coppet. Currently, the electricity (85% from fossil fuels) is mainly supplied from Guadeloupe.

The goal is to produce locally wind, solar and biomass energy. When the electricity produced will be higher than consumption, it will be stored in batteries and the excess transformed into hydrogen, converted later, at times of high consumption, into electricity through a fuel cell. The installation of a virtual power station is planned, in order to manage the flow of electricity as part of a "smart" network. This project was designed to be replicated.

## 3) Daniela Grech - Ministry for European Affairs and Equality (Malta)

D. Grech presented the support from the European Regional Development Fund (ERDF) for clean energy investments in Malta. For the 2014-2020 period, five schemes/projects were already approved with a total value of **€20.7M** aimed at:

- promoting renewable energy sources in the domestic sector and provides financial support for investments in PV systems (RES Domestic Scheme);
- Building capacity to generate electricity from solar energy to be used by the MITA Data Centre;
- Upgrading existing street lighting with energy efficient lights covering ca. 79.6 km of roads;
- Introducing an energy efficient system for St Vincent de Paul Residence including heating, ventilation and air-conditioning systems aimed at reducing energy consumption.;
- Upgrading and retrofitting the Gozo Administration Centre to reduce energy consumption.

#### **4) Alfonso Damiano - Region of Sardinia (Italy)**

A. Damiano presented the Sardinian Energy Plan and specific actions for its implementation which consists of:

- Achievement by 2030 a reduction in CO<sub>2</sub> emissions, associated to the demand of residents in Sardinia, equal to at least 50% of the values recorded in 1990;
- Development of an energy system based on the shared and distributed energy concepts;
- Development of an energy model based on smart grid;
- Development of a supply chain for Natural Gas in the island;
- Use the transformation of the energy system as an economic and social flywheel

The Region of Sardinia aims to achieve through this plan a transformation of the Sardinian energy system into an integrated and intelligent configuration; Energy security; increased efficiency and energy savings; promotion of active research and participation in the field of energy.

#### **5) Judicaël Ambach-Albertini - Energy Agency of Corsica (France)**

J. Ambach-Albertini presented general data about Corsica island, followed by a focus on the energy system (General map, evolution over the last 15 years, Corsica energy objectives, electricity mix monthly evolution for 2016). This pointed out specific issues for islands and the needs for innovations. He concluded by presenting examples of projects supported by EU funding.

#### **6) Aleksandra Tomczak, DG ENER & Gergana Miladinova, DG REGIO**

a) A. Tomczak, presented the EU Coal Regions in transition initiative recalling that with the Clean Energy Package the Commission commits to undertake facilitating actions in order to mitigate the potential negative societal impact of the clean energy transition in the short to medium term, which might be more important in some regions than in others.

This commitment was made in the Commission Communication on Clean Energy for All Europeans where we have committed to "*(...) examine how to better support the transition in coal and carbon-intensive regions.*" To this end the Commission will "*work in partnership with the actors of the coal mining regions to provide guidance, in particular for the access to and use of available funds and programmes, and encourage exchange of good practices, including discussions on industrial roadmaps and re-skilling needs, through targeted platforms*".

The **multi-stakeholder Platform for Coal Regions in Transition** supports the economic transformation in coal mining regions across the EU, be it in the context of post coal economy or continuous use of coal within the limits of EU commitments in implementing the Paris Agreement ( for ex. CCS and CCUS technologies).

The Platform will assist with the identification, development and implementation of projects and other activities which can kick-start economic and technological transformation of coal regions, with the use of the following tools: best-practice and information exchange, as well as peer-to-peer learning; and will enable multi-stakeholder dialogue on policy frameworks and financing for successful transformation of coal regions.

b) G. Miladinova stressed that, as for the islands, Cohesion Policy plays a role in terms of financing and delivering the coal transition. The key framework elements of the Cohesion Policy 2014-2020 being:

- Strong focus on **decarbonisation**;
- Investing in sectors within an **integrated, strategic vision** for balanced territorial development, taking into account the specific context and challenges, such as in regions with current coal mining activities;
- Promoting a **multi-stakeholder approach**, building partnerships public/private/civil society;
- Focusing, as a priority, on **decentralised, place-based innovation**, building on **Smart Specialisation Strategies** ("S3").

### 7) Stefania Koczar-Sikora - Silesian Voivodeship (Poland)

S. Koczar-Sikora presented the transition in the coal region Silesian Voivodeship.

Although Silesia has strong potential in terms of innovation, culture, economy and institutional capital, its main challenge remains the environment and more specially the air quality. Indeed, from the 50 most polluted cities in the EU, 33 are in Poland, 13 are in Silesia Voivodeship<sup>3</sup>.

In this context, Śląskie and Małopolskie voivodships joined in June 2017 the Catching-up Regions Initiative of the World Bank and the European Commission. The initiative's scope focused on energy efficiency of detached houses and air quality in both regions and the expected results are the elaboration of recommendations for the most effective instrument for supporting energy efficiency improvement of detached houses, which will be the model of solutions for other voivodships.

Furthermore, the Regional Operational Programme (ROP) of Silesian Voivodeship is the largest regional OP in the EU (EUR 3,5 billion ERDF and ESF), with a strong focus on renewable energy and energy efficiency projects, with use of financial instruments for SMEs (EUR 796,8 million).

In 2012, the region adopted the Regional Innovation Strategy which shows the directions for restructuration of the regional economy. The projects planned to be co-funded under the ROP in the context of smart specialisation are:

- Center of Clean Coal Technologies: development of knowledge and competences of the regional economy around clean coal technologies [Central Mining Institute]
- Technology Specialisation Center ENERGY - ENVIRONMENT - HEALTH (Central Mining Institute in cooperation with partners)

Silesian Voivodeship believes that the use of cohesion policy funding and the EU Coal regions in transition initiative can help the coal regions to become post-coal economies.

### 8) Alojz Vlčko - City of Prievidza (Slovakia)

A. Vlčko presented the situation and key challenges faced by the Upper Nitra region. The region has a long tradition of mining and brown-coal (lignite) is mined in the Nováky and Handlová mines. The biggest mining company is Hornonitrianske bane Prievidza (HBP), which in 2016 employed around 3 400 people. A decision of the government of September 2015 based on "general economic interest" obliges the Slovenské Elektrárne Company

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<sup>3</sup> WHO Global Urban Ambient Air Pollution Database (update 2016)

(Slovak power plants)) to produce electricity from domestic coal from 2017 to 2030 in order to ensure a reliable electricity supply and maintain employment in the region. Up to 94 % of production of main mining company HBP is used in the power plant Nováky. Every electricity consumer in Slovakia contributes to the financial support scheme for electricity production through payments for the so-called tariff for system operation (price decision of the national regulator: fixed price for producing electricity from domestic coal (2017-2021) is EUR 95 million.

The legality of this state aid scheme to the company HBP (mines) through the company SE (power plant) is being investigated by the European Commission (DG Competition).

In 2017, due to operational testing in an older unit of the plant, citizens of the region were exposed to higher levels of pollution and the owners of a nearby famous Spa in Bojnice complained that a potential new extension of mining could pollute thermal(?) water.

Currently, the economic conditions in the region are conducive for a smooth transition – falling unemployment, more foreign direct investment and in general improving conditions for doing business. In 2017 there have also been increased contacts with the European Commission regarding how to use ESIF to further develop the region and aid the transition away from coal.

### **Conclusions**

Over the two days, this meeting was an opportunity to look into the latest developments in EU policies, including the Cohesion Policy state of play and to discuss new initiatives from the European Commission such as Clean Energy for EU Islands and Smart Finance for Smart Buildings, as well as policies to help coal mining regions in transition.

M. Skäringer stressed that although the three specific initiatives discussed in this EMA meeting are different in several ways, they address the energy transition from different perspectives and aim to tackle the challenges which largely remain common.

The initiatives announced in the recent Communication on Strengthening Innovation in Europe's Regions and regional cooperation in the context of high level groups such as CESEC (Central and South-Eastern European Gas Connectivity) were also discussed;

Member States provided an overview of the state of play as regards Cohesion Policy programme implementation, including the related use of financial instruments and their interest in and views on the Smart Finance for Smart Buildings initiative. This exchange of information remains crucial for the work and success of the EMA Network.

The meeting provided several examples illustrating experiences in different Member States, including the energy transition in EU islands and coal regions.

T. Constantinescu recalled the importance of EU Cohesion Policy for the energy transition, but also the need for leveraging even more investments to achieve secure, sustainable, competitive and affordable energy.

In the context of the Smart Finance for Smart Buildings initiative, there is a clear interest in the further possibilities offered under the different pillars.

T. Constantinescu also stressed that innovation will clearly have a crucial role to play in the future for the energy transition.

In terms of future work, T. Constantinescu encouraged the participants to use EMA as a channel to communicate suggestions about how to make the whole process more effective in terms of procedures, delivery, substance or criteria, which will be particularly important in the post 2020 Cohesion Policy planning.

T. Constantinescu and M. Skäringer both emphasised the importance of participating and interacting at the EMA meetings with the Commission but also among Member States. They also stressed the importance to communicate and disseminate the messages from the EMA meetings in the Member States.