

# Cooperation for refurbishment of municipal buildings in Limburg (B)



# Context: the partners



- 838 050 inhabitants in 44 (small) cities and towns
- The province as a partner for the municipalities
- Limburg wants to be climate neutral
- All 44 cities and towns signed the COM in 2011
- The province is territorial coordinator for COM



- Infrax: public grid operator in Flanders
- Electricity, gas, cable and sewage



- Provincial consultancy for sustainable building
- Building and renovation advice



# ESCOLIMBURG2020: our motive

- Building stock of Limburg local authorities was not energy efficient
- Local authorities lacked expertise and/or means to manage complex renovation projects
- Local authorities needed to set a good example for own citizens



# ESCOLIMBURG2020: the project

- IEE - MLEI– PDA – Call 2012
- Duration: April 1, 2013 - March 31, 2017 (incl. prolongation)
- Accelerated realization of energy-efficient government buildings by investing EUR 19.8 million in energy saving measures (17% leverage)
- Starting point: the existing ESCO-service of Infrac



# ESCOLIMBURG2020: our approach

- Development and implementation of an optimized ESCO-model
- Investigation of alternative financial models
- Increasing the engagement of municipalities
- Capacity building of local authorities and building sector



# Calculated savings, 'unburdening' and (pre)financing

## But no real EPC

- Municipality:
- ESCO contract
  - List of buildings
  - Global ambition



SEAP > Retrofit & Renewables Action Plan  
policy dialogues



Covenant  
of Mayors  
Committed to local  
sustainable energy

Decision  
municipality

Decision  
municipality

Feasibility studies  
(free)

Detailed studies  
(charged)

Tendering  
Works supervision  
Pre-financing

Transfer and  
repayment



(in-house or by external engineering consultancy)

ESCO process



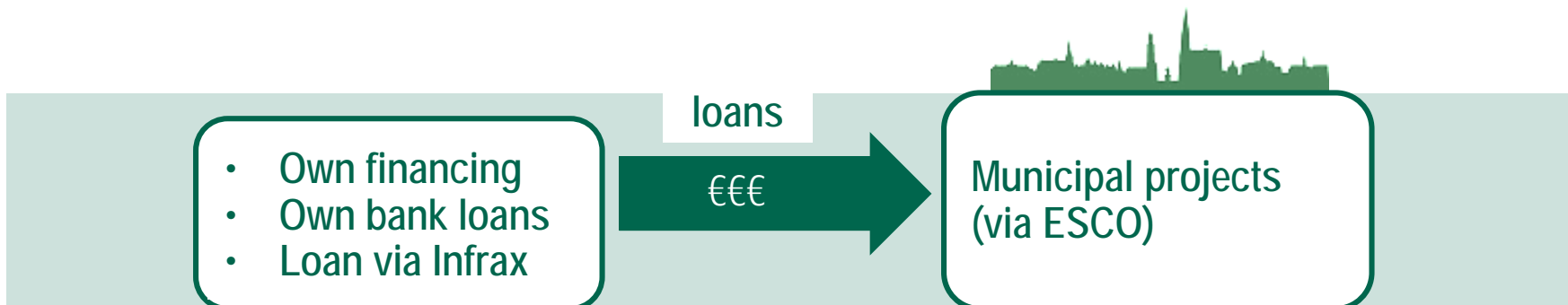
# Initial financing possibilities

## (Pre-)Financing investments by Infrac

- Deferred repayment of total amount after transfer
- Deferred repayment in installments (~loan) (on balance sheet!)

## Own financing or bank loan by municipality (on balance sheet!)

- Loan capacity?





# Exploring alternative financial models

## Feasibility study by KPMG

### Two models were selected (and tested)

- EPC light with sculpted financing
- Cooperation with public financial parties:  
Green Investment Fund





# Innovative financial models?

## EPC Light with sculpted financing



### EPC Light:

- Calculation energy savings = Repayment 'loan'
- 'Loan' term max. 20 years and adaptable
- Postcalculation (3 years) > Adaptation of repayment or 'loan' term
- No real savings guarantee or contract
- Only real energy investments (no other investments/maintenance)
- On balance!



# Innovative financial models?

## EPC Light with sculpted financing

- Offered to municipalities on various occasions
- No real success because:
  - Most Limburg municipalities lack a real cash flow issue
  - Due to the fall in commercial interest rates, municipalities seek funding on private finance market
- We continue offering EPC Light to municipalities with cash flow issues and/or limited borrowing capacity



# Innovative financial models?

## Green Investment Fund

Municipal projects (via Infrac ESCO!)

**infrac**  
public grid operator

equity

**NUHMA**  
holding



equity

Private bank(s)

loans



shares

€€€

**LIMBURGS**  
KLIMAATFONDS

loans

loans

**ESCOFIN**  
(Green Investment Fund)



€€€

loans  
or  
leasing

Other projects





# Limburg Climate Fund

**Mobilise 'cheap' money for municipal ESCO-projects by using existing Limburg Climate Fund:**

- Cooperative fund (subordinated loans, shares, ...)
- Create revenue for shareholders (1% > savings account)
- Founded 2012, approval by supervisory authority 2014
- Create involvement of citizens and organisations
- Put on hold for the time being, but can quickly be reactivated when interest rate environment changes



# LESSONS LEARNED

## Double-check assumptions before you start

- Few Limburg municipalities have actual cash flow problems
- Many Limburg municipalities have subjective feeling of risk aversion because of:
  - Uncertainty about impending cuts
  - Uncertainty about changes in government financing
  - Possible mergers of departments and municipalities
  - Lack of knowledge and LT vision on patrimony



# LESSONS LEARNED

**Context and unexpected set backs can undermine planning and good ideas**

- Local elections
- Organizational restructuring
- Low interest rates making alternative financing uncompetitive
- ...

**Keep this in mind and set realistic goals**



# LESSONS LEARNED

**Persuasion is custom work:**

**take time to invest in relationships!**

- Knowledge of whom to approach and with which arguments
- Knowledge of natural changes and urgent renovation needs
- Not only generates follow-up projects, but also creates ambassadors

***Decision-making is not (always) rational!***



20.522.000  
kWh



5.026.000  
kg



147.000  
kWh



20.564.249  
€

## BUILDING A SUSTAINABLE FUTURE

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### NEWS



#### ESCOLIMBURG2020 REALISES 20 MILLION EUROS OF INVESTMENT

06-06-2017  
Through the successful combination of custom-made CO2-emissions reduction plans, individual policy dialogues and targeted training, almost all the Limburg municipalities have taken their first important steps in the development of an overall vision of the

[READ MORE](#)



#### PROLONGATION!

06-04-2016  
Since april 2013 ESCOLIMBURG2020 is successfully helping to reduce emissions by municipal buildings with smart investments and actions. In three years time, many municipal projects were being futureproofed for a total worth of some 22 million euros in inva

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#### RETURNS

Saving energy and generating your own green, renewable energy at the same time? That is certainly worthwhile! The total investment made in the context of ESCOLIMBURG2020 can be seen on the meters at the top of this website.



# ESCOLimburg2020

1 april 2013 - 1 april 2017

[www.ESCOLimburg2020.eu](http://www.ESCOLimburg2020.eu)



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