



***Cities and regions:***  
**Accelerate your  
energy transition  
thanks to innovative  
financing schemes!**

**infinitesolutions**  
FINANCING ENERGY TRANSITION IN CITIES



Co-funded by the Intelligent Energy Europe  
Programme of the European Union

**A**lthough many cities and regions have engaged in an energy transition, financing sustainable energy measures remains a great challenge. Some project investment costs are high, and covering them by using only municipal budget and traditional financing mechanisms is difficult.

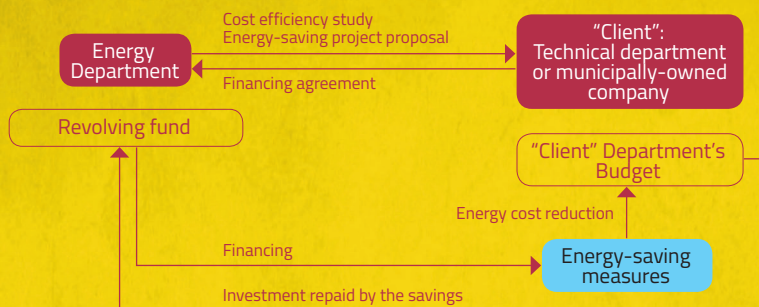
Through the Infinite Solutions project, 11 local authorities and associated partners have successfully implemented 3 innovative financing schemes. Discover them in this leaflet!

## Revolving fund and Internal Contracting



*Public sector (public buildings, equipment and facilities)*

Set up by the city of Stuttgart (Germany) in 1995, this financing scheme has already allowed the municipality to implement over 350 energy efficiency measures in public buildings, equipment and facilities generating financial savings of EUR 22 million.



The idea of Internal Contracting (also called Intracting) is to enable the municipality to finance multiple investments aimed at energy savings without being bound to an external contractor. Internal Contracting is based on the following process: a technical department or a municipally-owned company ('the client')

submits an energy-saving project. The project and its energy-saving potential are examined by the energy department. If the payback period proves acceptable and the project cost-effective, an agreement is signed between the two departments. The 'client' department starts repaying the investment the following year. These

repayments are then used to finance other projects.

4 European cities of all sizes and 4 French universities have replicated this financing scheme: Agueda (Portugal), Almada (Portugal), Koprivnica (Croatia), Udine (Italy), the Universities of Rennes, Clermont-Ferrand, Nanterre and Reims.

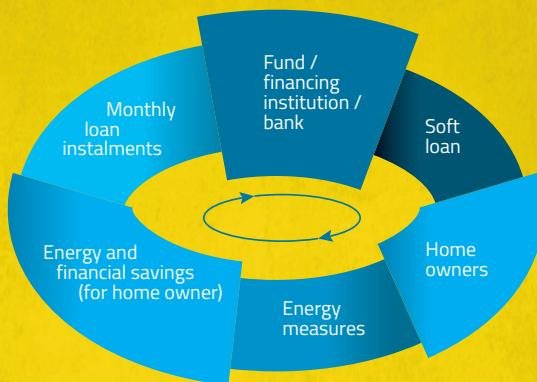
# Soft loans



Residential sector  
(private residential buildings, social housing)

The idea of a soft loan is that home owners can borrow money to carry out energy-efficient renovation work in their homes for a lower interest rate than the standard market conditions. It is an incentive for home owners.

Delft (Netherlands), Bordeaux Metropole (France), Brussels-Capital Region (Belgium), Parma (Italy), Riga (Latvia) and Frederikshavn (Denmark) have set up soft loan schemes, getting 18 local banks and financing institutions on board!



*Business model alternatives you can opt for depending on the money and staff you have available for setting up the financing scheme:*

YOU DO NOT HAVE MONEY	YOU HAVE MONEY	
<b>Option 1</b> (implemented by Frederikshavn, Bordeaux Metropole, Parma)  Partner banks provide soft loans	<b>Option 2</b> (implemented by Brussels-Capital Region)  Partner banks provide soft loans, but the Region subsidises the interest rates, pays for the banks' operational costs and a guarantee fund	<b>Option 3</b> (implemented by Riga, Delft)  Local authorities set up a revolving fund which disburses soft loans and pay a fund manager







*Residential sector  
(private residential buildings,  
social housing)*

## Third-party investment

Third-party investment is a scheme where the investment on the building is not carried out by the home owner but by a third-party investor. Thus the home owner does not take on a debt but pays a service fee to the investor.

The city of Stuttgart developed a 'care-free energy renovation package' for home

owners. The package includes: planning, building and construction, operation and maintenance, financing, guarantee and risk assumption. Home owners do not need to secure upfront financing for the replacement of the heating system. This is financed by a municipal ESCO to whom the home owners pay a monthly service fee through energy supply contracting.

*Home owners visit the Energy Advice Centre (EAC) and get tailor-made support for energy-efficient retrofitting carried out in four steps:*

### CONCEPT PHASE

- ✗ Energy audit
- ✗ Independent technical and financial advice
- ✗ Energy retrofitting concept

### PLANNING PHASE

- ✗ Project approval
- ✗ Selection of technology
- ✗ Detailed cost planning
- ✗ Contracting
- ✗ Quality check by the EAC

### IMPLEMENTATION PHASE

- ✗ Installation of technical systems by the ESCO
- ✗ Building envelope retrofitting by the general contractor
- ✗ Quality check by the EAC
- ✗ Turnkey delivery of the renovated building

### USAGE PHASE

- ✗ Maintenance and optimisation of the technical building system by the ESCO during the contracting period
- ✗ Monthly fees to the ESCO / reimbursement of loans



# European training on innovative financing schemes

Interested in replicating these financing schemes?  
Willing to support cities and regions in doing so?

**Then join us on 23 February 2017 in Brussels!**

This training session will provide you with exhaustive information and practical case studies. Cities that have set up such financing schemes will share their experience and advise you on how to replicate them!

**Info & registration:** [https://infinitesolutions\\_training.eventbrite.fr](https://infinitesolutions_training.eventbrite.fr)  
[peter.schilken@energy-cities.eu](mailto:peter.schilken@energy-cities.eu)



## Guidebooks

How can municipalities and regions support the energy renovation of private residential buildings through low interest loans and other incentives?  
How to set up and implement Internal Contracting for the energy renovation of public buildings?

**Two guidebooks available on 23 February 2017 at**  
[www.energy-cities.eu/infinitesolutions](http://www.energy-cities.eu/infinitesolutions)

## About the Infinite Solutions project

The financing schemes have been tested and implemented in the framework of the Infinite Solutions project coordinated by Energy Cities and co-financed by the Intelligent Energy Europe programme.

### Project partners



**infinite solutions**  
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## Contact

### Project managers



**Peter SCHILKEN**

[peter.schilken@energy-cities.eu](mailto:peter.schilken@energy-cities.eu)



**Jana CICMANOVA**

[jana.cicmanova@energy-cities.eu](mailto:jana.cicmanova@energy-cities.eu)



**energycities**

[www.energy-cities.eu/infinite-solutions](http://www.energy-cities.eu/infinite-solutions)



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