
ENERGY EFFICIENCY IN MUNICIPAL SERVICES

Possibilities for Regional Cooperation

GTZ Project “Modernization of Municipal Services”

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ENERGY EFFICIENCY IS A COMPLEX CONCEPT

- It is an inherent part of the national energy, environmental and development policy
- It includes all sectors of economy
- It includes parallel engagement of many institutions and stakeholders at all levels
- It includes a comprehensive legal framework
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Energy efficiency concept requires **both** vertical
(integrative) as well as horizontal
(differential) approach **at the same time**
i.e.

in order to achieve adequate results **sectorial**
actions have to be in line with overall energy
efficiency policy of the state

Energy Consumption Sectors

- Industry
- Transport
- Other:
 - Municipal (municipal services)
 - Buildings
 - Commercial (agriculture, trade etc.)

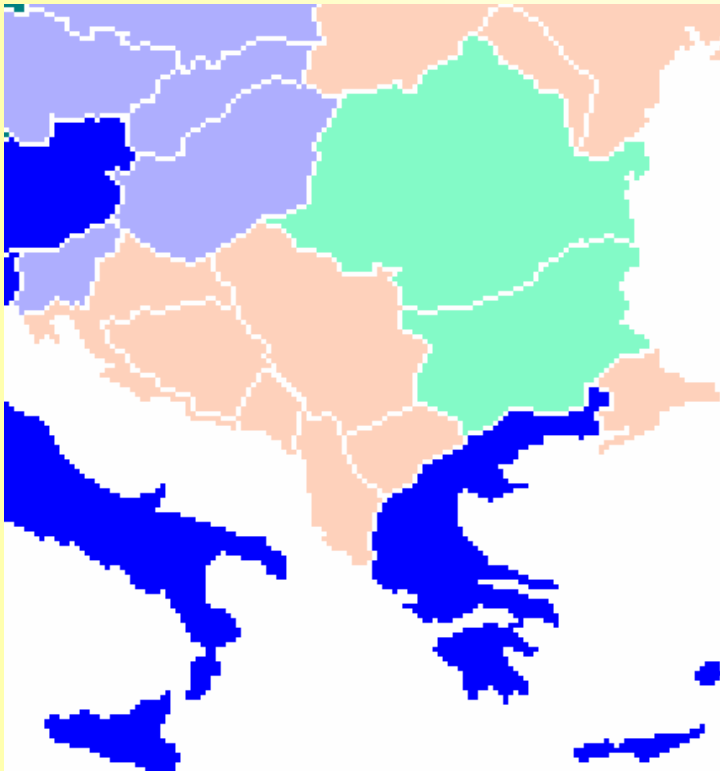
Energy efficiency and use of RES at the municipal level depend highly on:

- Legal framework (laws, by-laws, regulations, standards)
- Institutional framework
- Market development
- Availability of financing instruments
- Local self initiative
- Level of public awareness

Complex role of the municipality

- Energy production (DH systems, water supply, etc.)
- Energy consumption (municipal services: district heating, water supply, sewage system, public buildings, street lighting, etc.)
- Energy balancing
- Energy planning
- Policy making (different scope in various countries)
- Municipal energy market regulation (limited authority, different in various countries)
- Bearing expenses for energy
- Investment
- Motivation
- Education and promotion
- Networking

Regional Cooperation in the Field of Municipal Energy Efficiency



Countries of our tentative region may be grouped into three categories according to their respective political and economic situations:

1. European Union (EU) member states
2. EU candidate countries
3. Balkan Stability Pact countries

Grounds for regional cooperation

Many similarities between municipalities coming from their recent socialist history i.e. **most of them are in transition period** towards a market economy

However,

Clear difference between the municipalities exists, mainly corresponding to the status of transition process in their **respective** countries

Energy Efficiency in Municipal Services - Possibilities for Regional Cooperation

Current Situation in the Region Regarding EE and RES

1. European Union (EU) member states

Significant progress done in:

- 😊 energy sector reform (energy market),
- 😊 general legal framework on EE and RES,
- 😊 institutional framework,
- 😊 political decentralization of municipalities,
- 😊 funding and subsidies for EE and RES,
- 😊 availability of Kyoto mechanisms...

However, there still exist:

- 😞 high energy intensity in all sectors,
- 😞 growing energy consumption,
- 😞 low level of integration of EE and RES in sectorial policies,
- 😞 gaps in legal and regulatory frameworks,
- 😞 not fully consistent EE and RES policies,
- 😞 lack of regional and local planning, demanding administrative procedures,
- 😞 lack of awareness and public information...

Energy Efficiency in Municipal Services - Possibilities for Regional Cooperation

Current Situation in the Region Regarding EE and RES

2. EU candidate countries

Significant progress, similar as for EU member countries.

Additionally:

- 😊 intensive development of EE and RES funding capacities (several EE funds established in Bulgaria)...

However, there still exist similar problems as for EU member countries but in a larger scale in some aspects.

Additionally:

- 😞 higher investment demand due to the undeveloped and obsolete infrastructure (specially in municipalities),
- 😞 heavy social burden of transition process,
- 😞 low income standard of the population,
- 😞 steepness of energy prices to incomes,
- 😞 extensive need for rural and municipal development (jobs, agriculture, etc.),
- 😞 insufficient awareness and public information on EE and RES ...

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Current Situation in the Region Regarding EE and RES

3. Balkan Stability Pact countries

General comment: significant individual differences exist between the countries

Process of integrating of EE and use of RES in energy and environmental policy has started:

- 😊 recognized importance of EE and use of RES,
- 😊 general legal framework on energy and environment,
- 😊 Kyoto protocol ratified in some countries

However, there still exist:

- 😞 low reliability of energy supply (shortcuts),
- 😞 slow progress in energy sector reform,
- 😞 heavy subsidies on energy prices,
- 😞 undeveloped energy market,
- 😞 high energy intensity,
- 😞 very high investment demand due to the undeveloped and obsolete infrastructure (specially in municipalities),
- 😞 general poverty of the population,
- 😞 social and political tensions,
- 😞 very heavy social burden of transition process,
- 😞 extensive need for rural and municipal development (jobs, agriculture, etc.),
- 😞 no awareness and public inform. on EE and RES

Generally,
problems existing at the state level are
increased at the municipal level!

Energy Efficiency in Municipal Services - Possibilities for Regional Cooperation

Common Municipal Problems related to Energy Efficiency

- Inadequate legal and regulatory framework for improving EE and wider use of RES at the municipal level
- Lack of energy, shortcuts
- Some energy sources are not accessible (gas)
- Undeveloped energy infrastructure
- High energy consumption due to high technical losses and/or poor maintenance
- High costs for energy consumed at the municipal level
- Poor management of municipal utility companies/buildings/infrastructure
- Poor quality of municipal services
- Environmental problems more or less linked to energy consumption
- Lack of investments into municipal energy infrastructure
- Lack of financing mechanisms
- Insufficient use of RES
- Low level of awareness of Energy Efficiency and RES

However, even without adequate framework, municipalities can achieve significant results in improving EE and use of RES by:

- Local self initiative in exploitation of their individual comparative advantages
- Association and joint action towards higher (central) authorities
- Cooperation and joint action at the regional level

Main motives for regional cooperation in Municipal EE

Improvement of energy efficiency and use of RES at the municipal level are a great development chances for the region!

Municipal regional cooperation can overcome political problems at the state level and therefore it could be focused on concrete common problems!

Potential direct benefits from regional cooperation:

For municipalities from countries out of EU:

- learning from others by exchanging experience (lessons learned and best practice),
- possibilities for comparison (benchmarking),
- capacity building at the local level,
- promotion of EE and use of RES at the local level,
- attracting investors and financing institutions,
- establishing of specialized municipal or regional institutions to deal with EE and RES,
- replicating the EE and RES projects,
- improving awareness on EE and RES,
- disseminating information,
- attracting other interested parties, etc...

Potential direct benefits from regional cooperation:

For municipalities from EU member and new EU member countries:

- reduction of negative socio-economic and environmental impacts of unequal development in the region,
- possibilities for know-how transfer,
- possibilities for investing in EE and use of RES in the region etc....

Possible areas of cooperation

■ Legal and regulatory framework

- To identify status quo regarding legal and regulatory framework for each country as a basis for comparison and future actions,
- To support EE policy at the municipal level and municipal initiatives towards central authorities,
- To motivate local authorities to include EE and use of RES in local development planning,
- To support capacity building of local institutions regarding EE and RES,
- To support establishment of special local institution dealing with EE and RES,
- etc.....

Possible areas of cooperation

- Financing of municipal EE and use of RES
 - To identify status quo regarding financing mechanisms available in each country as a basis for comparison and future actions,
 - To support capacity building of local institutions regarding project financing
 - To attract financing institutions for financing of EE projects in municipalities,
 - To introduce new financing mechanisms (performance contracting etc.),
 - To support creation of funds for financing of EE projects on the local level,
 - To support municipalities in use of Kyoto financing mechanisms,
 - To attract private investors to invest in municipal EE and use of RES,
 - etc.

Possible areas of cooperation

- Training of municipal staff
 - Training in municipal energy management,
 - Training of municipal energy managers in municipal energy balancing and planning,
 - Training in new financing mechanisms,
 - Training in CDM,
 - Training in EE project identification and management,
 - etc...

Possible areas of cooperation

- Awareness/information campaigns concerning municipal staff, other stakeholders and population
 - On sustainable development and importance of EE and use of RES,
 - On situation in the region regarding EE and RES,
 - On possibilities for regional cooperation,
 - On ongoing regional cooperation,
 - On best available technologies,
 - On financing of EE projects,
 - On best practices in the region,
 - On ongoing and future municipal EE and RES projects
 - etc...

How to approach to the regional cooperation in Municipal EE and use of RES - models

- Through the special body in already established regional network of the municipal associations

ICLEI model

- Through the specialized regional network dealing only with municipal energy efficiency and use of RES

MUNE model

Any model is appropriate
since it is high time for
regional action!!!

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