



**Intelligent Energy**  **Europe**



# **Energy 4 Cohesion**

## **Guideline for bundling decentralized energy actions**

**August, 2007**

**Energy 4 Cohesion - Deliverable 6.3**

**Based on the evaluation of experiences for bundling small decentralized projects and identification of project stakeholders in Tasks 6.2 and 6.3**

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## Introduction

This Guideline is summarizing a methodology that was elaborated within Tasks 6.1 and 6.2 of ALTENER project Energy 4 Cohesion in order to bundle small decentralized energy actions for making them eligible for funding within the European Structural and Cohesion Funds.

This methodology is based on the experiences of several consortium partners gained in different cooperation projects in Slovakia, Estonia, Latvia, Hungary and as well in the other European countries.

The aim of the guideline is to provide assistance for Energy 4 Cohesion project partners and other potential project developers in elaboration of energy action bundles and selection of suitable cooperation scheme for development of RES and RUE projects and making them eligible for European funding.

## 1. What is bundling?

### 1.1. Bundling definition

Project **bundling** is grouping of different energy projects or energy actions in one project package to enlarge the total project size, which is necessary for application to European funding and to reduce the costs related to separate project administration and management.

### 1.2. Main reasons for bundling small actions

One of the main reasons for bundling small energy actions is to enlarge the overall project for reaching the minimum project size required in application for EU funding. Experiences from previous EU programming period shows that many good energy projects in different countries could not apply for funding because the project costs did not pass the minimum required size for particular activities.

One more important benefit from activity bundling is more effective project preparation regarding the technical and administrative management. It allows reducing of total project costs comparing to small separate activity implementation and gives the possibility to implement energy actions with longer payback time.

### 1.3. Bundling limitations

The conditions of individual Operational Programs in different countries can set the limitations for bundling decentralized small energy actions. For example in the Czech Republic we can find several pros and cons related to bundling of projects financed from EU Structural and Cohesion fund, including:

- Given the minimal limits for support from Structural Funds/Cohesion Fund/EAFRD in the Czech Republic, which are 0,5 – 1 mill. CZK (17,5 – 35 thous. EUR), it is not necessary to bundle individual projects in order to reach eligibility criteria for financing from SF/CF/EAFRD.
- It may make sense to bundle individual projects developed by the same applicant (municipality, region) in order to reduce project development and other transaction costs (tendering procedures for suppliers of services / construction part / technology etc.).
- Development of bundles will also reduce requirements on evaluation of applications for funding, therefore it may be also supported by the implementing agency of relevant Operational Programme.
- On the other hand, given the indicators set for each Operational Programme, which include numbers of supported projects, it may make sense for the evaluators or implementing Agencies of Operational Programmes to prefer individual projects rather than bundles in order to reach indicative number of supported projects and meet the monitoring criteria.
- The specific conditions of Operational Programmes, such as Czech Operational Programme Environment, do not allow to bundle measures that are relevant to different

Priorities of the relevant Operational Programme (i.e. RES utilisation measures and energy saving measures which are focused on reduction of emission of pollutants).

- From the point of view of applicant, it may also make sense not to develop too large bundles because implementation of large project bundle consisting of many individual projects in possibly different locations would require enormous efforts as regards coordination of implementation of individual projects within the bundle.

The conclusion is that it may make sense to bundle individual projects developed by the same applicant, which are relevant to the same Priority of the Operational Programme and which are implemented in the same locality or in locations which are not too far from each other. The size of the project bundle should, however, not be too large in order to avoid problems with coordination of implementation of individual projects and which would allow implementing all projects within the bundle in required time frame given by conditions of relevant Operational Programme.

## 2. Experiences with bundling

In Task 6.1 of project Energy 4 Cohesion experiences with bundling projects between municipalities from Slovakia, Estonia, Latvia and Hungary were gained.

### 2.1. Description of way of bundling projects between municipalities

Municipalities can be bundled by:

- Foundation of association of municipalities
- Foundation of organization where each municipality is a shareholder
- Contracting for collaboration
- Other ways of cooperation

In Slovakia the association of municipalities „Bioenergia Bystricko“ was established, where 9 municipalities were bundled to reach the eligibility for financing biomass project in central Slovakia from EU Structural Funds.

In Estonia 16 municipalities in Saaremaa region had very close collaboration in waste water management projects, in particular regarding transfer of experiences, consultations, preparation of training materials and training of local actors and local administration between project partners. Different small waste water management projects were bundled to apply for Cohesion Funding.

In Latvia 81 municipalities were bundled for municipal waste management project. Each municipality was a project partner – participant (shareholder) of North-Vidzeme Waste Management organization “ZAAO”. Municipalities established an organization that was project beneficiary, co-financer and loan holder.

### 2.2. Requirements for bundling

In order to bundle municipalities or different small projects some requirements have to be considered. These requirements include:

- Time for project preparation
- Costs on project preparation phase
- Necessity for new associations or organizations
- Other specific requirements

An example of main requirements for bundling is given below in Table 1.

**Table 1: Example of indicative requirements for different project bundles**

Requirements	Project bundles					
	Biomass project in Slovakia	Waste water and waste management projects in Estonia			Municipal waste management project in Latvia	Water and land use management project in Hungary
Project preparation time, years	2	4	1.5	2	2	1 year (4 months)
Costs for preparation, EUR	105 200 (2.3% from total costs)	N/a	N/a	N/a	N/a	95 000 (4.3% from total costs)
Organizational requirements	Establishment of association	Just based on cooperation between municipalities			Establishment of joint organization	Establishment of association
Project total costs, mil.EUR	4.607	24.7	3.8	0.54	4.821	2.2

### 2.3. Main problems occurred during project preparation

Main problems encountered during the project preparation phase:

- To convince the mayors and municipality representatives (municipal council) to be involved in project.  
For example, municipalities involved in biomass project in Slovakia have not any experiences with biomass heating on communal level. Utilization of fossil fuels has very long tradition in the region, while it was cheap (brown coal), steady and comfortable supply (natural gas).
- Overcome personal barriers (distrust, competitiveness between local NGO and municipality)
- Ensure financing of project preparation phase (e.g. costs on energy audit, feasibility studies in each municipality)
- Ensure project co-financing through bank loans for municipalities or municipal budgets
- To design suitable consortium eligible for EU Funds application
- Lack of concrete planning of activities
- In case of biomass project, to ensure security of raw material supply (production inputs)

- In case of waste water management project, agreements from landowners for bringing pipelines through their land property
- Lack of previous experience
- Restrictions caused by national legislation
- In Estonia unpredictable changes in prices during the preparation phase made it difficult to manage the project within the fixed budget
- Unsteady public awareness
  - In Slovakia biomass project some residents in some villages have been afraid of fuel (wood chips) shortage during the heating season
- Legal obstacles (uncertainty in ownership of properties, building permits etc.)

#### **2.4. Main problems occurred during project implementation**

Main problems encountered during the project implementation (construction phase)

- In Estonia construction and implementation costs increased significantly due to long approval procedure (situation on the market has changed many times)
- In Slovakia approval process has delayed. Although the project was approved, financial support was refused due to lack of financial sources. Project was shifted to the “storage” of project proposals for next programming period 2007-2013, which will have different conditions for the applicants.
- Problems with communication with implementation agency of EU funds

#### **2.5. Lessons learned**

Lessons learned

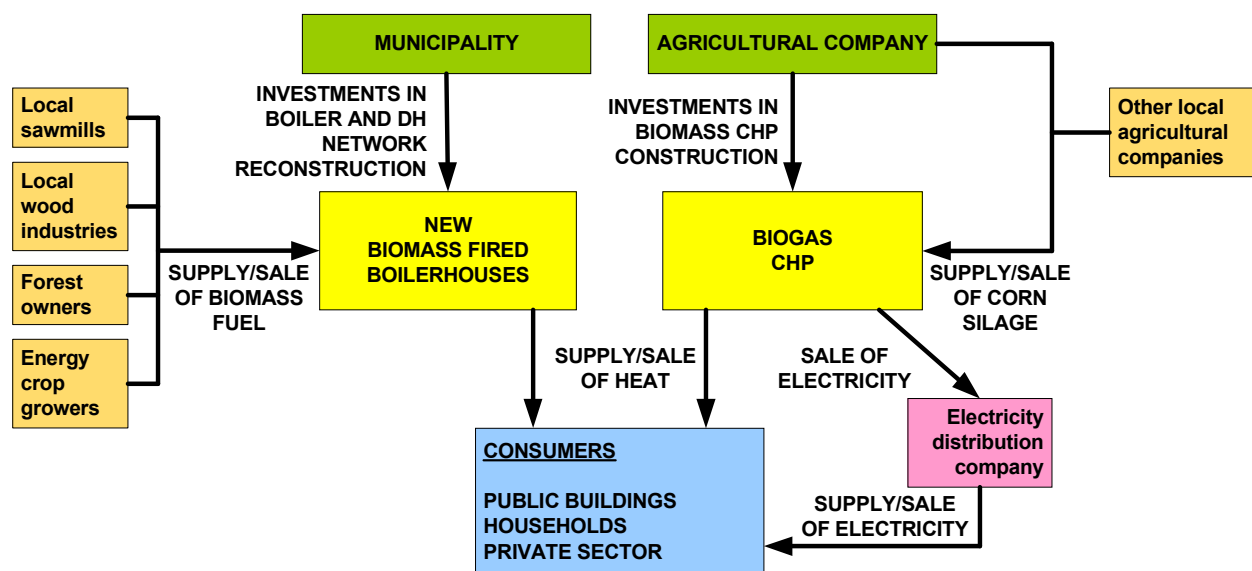
- Some of municipalities have already experiences with cooperation projects
- Main experiences with bundling municipal projects are in field of water supply and waste water management (relatively small co-financing required, main initiator was state through legislative obligation)
- Time invested to project vary from 2 to 4 years
- Smart economical planning is needed, including expected changes in the market
- Technical and organizational capacity is crucial (technical assistance, including energy audit on site) - specialists are needed in each stage of the project
- More effort should be made for concept development – crucial is definition of problem, responsibilities of projects developers, definition of demand and supply side etc.

### 3. Cooperation schemes within E4C project

In Chapter 3 graphical illustration of cooperation schemes for pilot actions in project Energy 4 Cohesion target regions are given. These schemes can be used as examples for development of cooperation schemes for project target regions or can be combined or changed to develop new cooperation schemes also applicable for other projects.

#### 3.1. Biomass firing and biogas cogeneration plant (CHP) project

Graphical illustration of cooperation scheme for biomass firing and biogas cogeneration plant project is given below in Figure 1.



**Figure 1: Cooperation scheme for biomass firing and biogas cogeneration plant project**

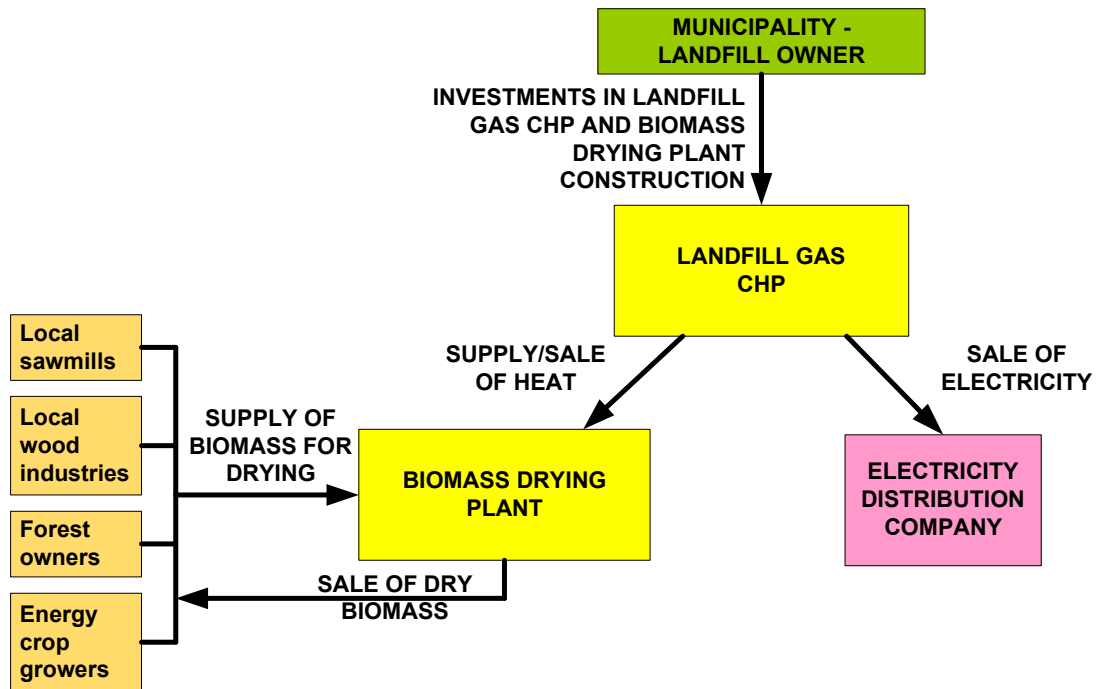
This project includes biomass district heating system construction and biogas plant construction for heat supply of public buildings, households and private sector. Municipality and agricultural company are project investors and proposed project holders. By implementation of this project municipality have possibility to reduce heat prices, to ensure self-supply of heat and to create new jobs. Agricultural company has possibility to ensure market for technical crops planting; as well they have additional incomes from sale of electricity and higher economic yield from the land.

Municipal residents (consumers) have benefit from higher employment. In some cases also costs on heating can be reduced.

Example of this scheme developed by project partner ECB for concrete pilot project in Velký Krtíš target region is given in Annex 1.

### 3.2. Municipal landfill gas utilization project

Graphical illustration of cooperation scheme for municipal landfill gas utilization project is given below in Figure 2.



**Figure 2: Cooperation scheme for municipal landfill gas utilization project**

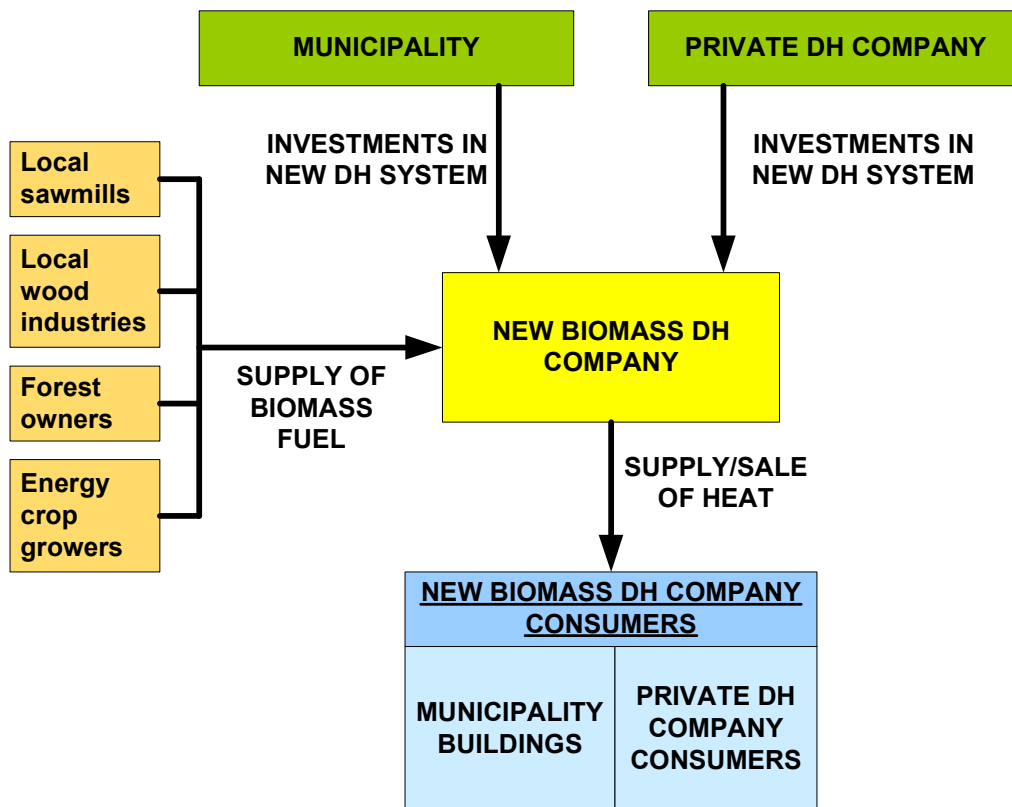
Municipality is responsible for remediation of the landfill where the potential for acquisition of landfill gas and installation of CHP unit is estimated. Heat from CHP could be utilized for drying of biomass. This scheme is possible to integrate in larger regional biomass logistics scheme (please see example given in Annex 1).

Potential biomass suppliers are local private companies producing waste biomass, e.g., wet woodchips from maintenance of buffer zones of electricity lines, gas transmission networks, etc.

### 3.3. Fuel switch project

Graphical illustration of cooperation scheme for fuel switch project is given below in Figure 3. This scheme can be applied in two particular cases:

- Enlargement of existing DH system (by connection of new heat consumers or joining existing DH systems)
- Restoration of former DH system.



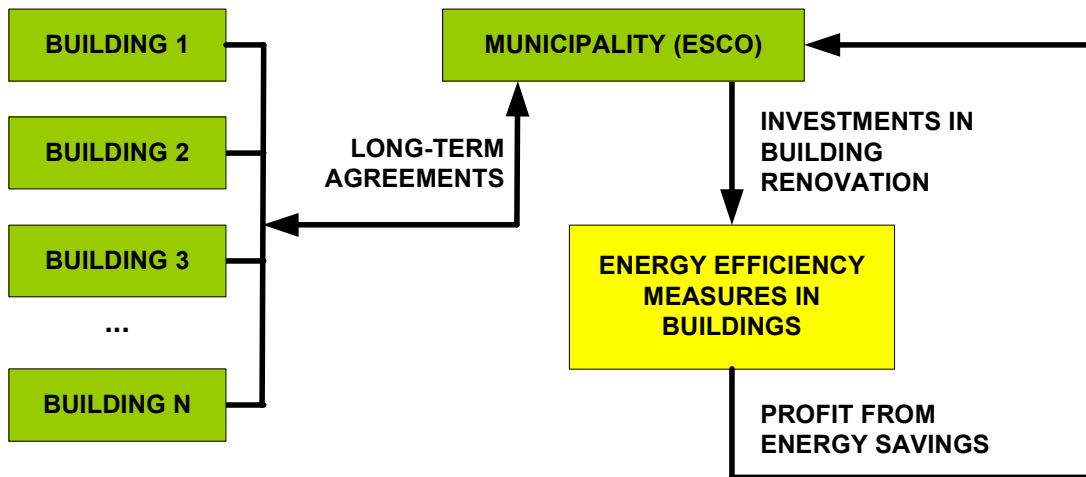
**Figure 3: Cooperation scheme for fuel switch project**

The use of local fuel enables the rural municipality of save on transportation costs and the expenses on heating of their own buildings in some cases can be reduced. Thus local people are provided with work, even new jobs may be created. The environmental conditions are improved.

Private DH company has possibility to use local fuels and in some cases decrease the costs for heat production.

### 3.4. Energy efficiency project for buildings

Graphical illustration of cooperation scheme for energy efficiency project for buildings is given below in Figure 4.



**Figure 4: Cooperation scheme for energy efficiency project in buildings**

Increased efficiency of buildings enables the inhabitants and building owners to save on heat costs. The local municipality can support building owners with investments in building renovation by using concept of ESCO. The municipality earns profit from energy savings and inhabitants have improved living conditions and increased real estate value.

The bundling of several buildings in one project allows to increase the renovation project size and to have better loan conditions and reduced administrative costs.

## 4. Advises for bundling

Successful implementation of bundling could be realized in seven following steps:

- 1) Roundtable discussion
- 2) Workshops and explanation work
- 3) Development of methodology for project evaluation criteria
- 4) Bundling of most feasible projects evaluated by defined criteria of success
- 5) Pilot test
- 6) Monitoring and evaluation
- 7) Dissemination activities

### 4.1. Roundtable discussion

The first step of the bundling process is roundtable discussion where the representatives from bundling main target groups are invited. Main target groups that have to be considered in project bundling include:

- Municipalities
- Private companies
- Financing institutions
- Other organizations (e.g., State companies, NGOs, etc.)
- Local inhabitants

Municipalities are the decision makers and have significant role in successful implementation of bundling. They are an intermediate body between state institutions, local small and medium entrepreneurs and inhabitants.

Private companies can be involved in bundling process as project investors or participate as consulting companies who provide the technical assistance for project preparation and management (e.g. preparation of application for EU funding, feasibility studies, business plans etc.). One of the main barriers for implementation of energy projects is lack of well-prepared project business plans of financing plans. Therefore private companies are participating in identification of project bundles providing good fundamental project economics.

Financing institutions can be involved in bundling process as institutions administrating and allocating money from EU Structural and Cohesion Funds, as well as banks or other potential funding organizations. Cooperation between financing institutions and project developers has to be established to ensure that financing institutions understand the project business potential and make adequate project risk assessment.

The organizer of the roundtable discussion is the bundling initiator and the outcome of this discussion are expected to be the identification of potential participants who are interested in development of the new action bundle.

#### 4.2. Workshops and explanation work

After the identification of potential participants the second step is to understand if there are necessary some workshops or explanation work.

In the bundling process, where many different groups are participating, the level of knowledge and understanding between the stakeholders is different. It is very important that all potential participants including local inhabitants understand the need for project bundling, understand the project outcomes, benefits and possible drawbacks.

#### 4.3. Development of methodology for project evaluation criteria

In parallel to the explanation work the methodology on project evaluation criteria have to be developed. In this methodology criteria of success have to be defined for using them in screening of potential projects for bundling.

Investors are ready to participate in new projects but have to choose their projects with care. The energy service companies (ESCOs) and the financial institutions have to analyze alternatives before a decision is made, in order to minimize risks for the investors. Therefore the aim of the screening methodology is to identify all the significant factors, through analysis of existing project experience and to develop a framework for future assessments of potential projects. The data collection methods can vary and each of them have their benefits and drawbacks. The following methods can be used:

- Direct measuring;
- Observations and tests;
- Surveys and interviews;
- Use of archives and notes.

The main goal of collecting and processing the information is to define the criteria for success of energy efficiency and renewable energy projects, and to select possible energy systems and enterprises that have the ability to implement such projects successfully.

The analysis of both qualitative (e.g., relations between the energy utility and the inhabitants) and quantitative (e.g., investments and tariffs) performance indicators is the starting point on the way to create a screening framework. The methodology here provided is based on theoretical and practical basics on decision-making. The screening process uses a step-by-step approach:

- Listing of the possible energy efficiency options in different parts of energy systems in different municipalities, enterprises, etc.
- Selection and listing of criteria (performance indicators and reasons) for the analysis of the saving options. The criteria could be technical, economical or environmental. The choice of criteria depends on the type of project in question.
- Determination of weights per criterion and a scoring system.
- Mathematical calculations of total project scores.

Finally each case (project) is ranked according to awarded points.

The determination of the evaluation criteria (performance indicators and reasons) is a significant step because the considerations that are not included do not get analyzed either; if they are significant, than the decision that was made could be faulty.

The importance of criteria might depend on type of projects and alternatives selected. There are always criteria that have a large impact on decisions made, and others, that have a minor impact. Therefore the methodology describes relative weight to each criterion. In this methodology a five-point evaluation system is proposed in which the highest rating is given to the most important criterion that should have the highest impact on decisions. An example of criteria and weights used for screening energy efficiency projects is presented in Table 2.

**Table 2. Example of screening criteria and weights for energy efficiency projects**

	Screening criteria	Weight
1	Amount of investments	5
2	Evaluation of previous projects	5
3	Preparedness of management for implementation	4
4	Characteristic of the end user	2
5	Energy tariffs	3
6	Relations between energy supplier and energy consumers	3
7	Participation in related programs before	4
8	Financial stability	4

The screening exercise is a rather subjective process and it is recommended that it is carried out by an expert or even a team of experts in the given area.

The next step consists of developing a scoring system for the projects for each of the selected criteria. Scores are given by issuing numerical values: -2; -1; 0; +1; +2. A positive value indicates a positive impact on the project in question and +2 is the highest possible. Negative values are given to harmful impacts and the value 0 indicates a neutral impact.

The 8 criteria listed in Table 2 on the bases of experiences from Latvia are presented in Annex 2 in more detail together with the scoring method suggested for each.

After completing the weighting of criteria and the scoring for the projects, three different approaches can be used to rank the projects:

- General evaluation. Each project is given a score for each screening criteria, which is then multiplied by the specific criteria weight and the composite scores are then added up for each project. The projects may then be ranked by their total score.
- Evaluation by each screening criteria separately.
- Use of rule of 2/3 from ideal decision according with evaluation theory.

The human factor plays a significant role in the selection of criteria and the following rating. Expert experience is important in order to fully benefit from the use of this methodology. The subjectivity can however be reduced by letting a group of experts with different interests carry out the screening rather than a single expert.

This methodology has been tested in several Latvian district-heating companies where 20 energy efficiency projects have been implemented. A discussion of project results allowed adjusting the methodology as well as to train experts.

#### **4.4. Bundling of projects**

After evaluation by criteria of success, the most suitable projects and activities could be bundled. For successful implementation of bundling and transferring this experience to other projects, there is a need for pilot test, which is the next step in bundling process.

#### **4.5. Pilot test**

The preparation for pilot test include the following main activities:

- Feasibility Studies;
- Preparation of tender documentation;
- Cooperation agreements between partners involved in bundling.

The last listed activity – cooperation agreements is very important part of successful implementation of bundling that establishes closer mutual cooperation and understanding between the partners. In smaller project bundles this could be one joint agreement between partners or different separate agreements in case of large bundling.

#### **4.6. Monitoring and evaluation**

After implementation of pilot test the monitoring of test results have to be prepared to obtain and evaluate the bundled project results.

To ensure the accurate monitoring of project results, monitoring and evaluation shall be based on the following principles:

- *Completeness* – monitoring and reporting for the project shall cover all separate project activities.
- *Consistency* – monitored results shall be comparable over time, using the same monitoring methodologies and indicators. Monitoring indicator is the measure of project achievements and benefits.
- *Transparency* – monitoring data shall be obtained, recorded, compiled, analyzed and documented in a manner that enables the reproduction of the determination of project results by other project developers in future.
- *Cost effectiveness* – in selecting a monitoring methodology, the improvements from greater accuracy of data collected shall be balanced against the additional costs for data collection.

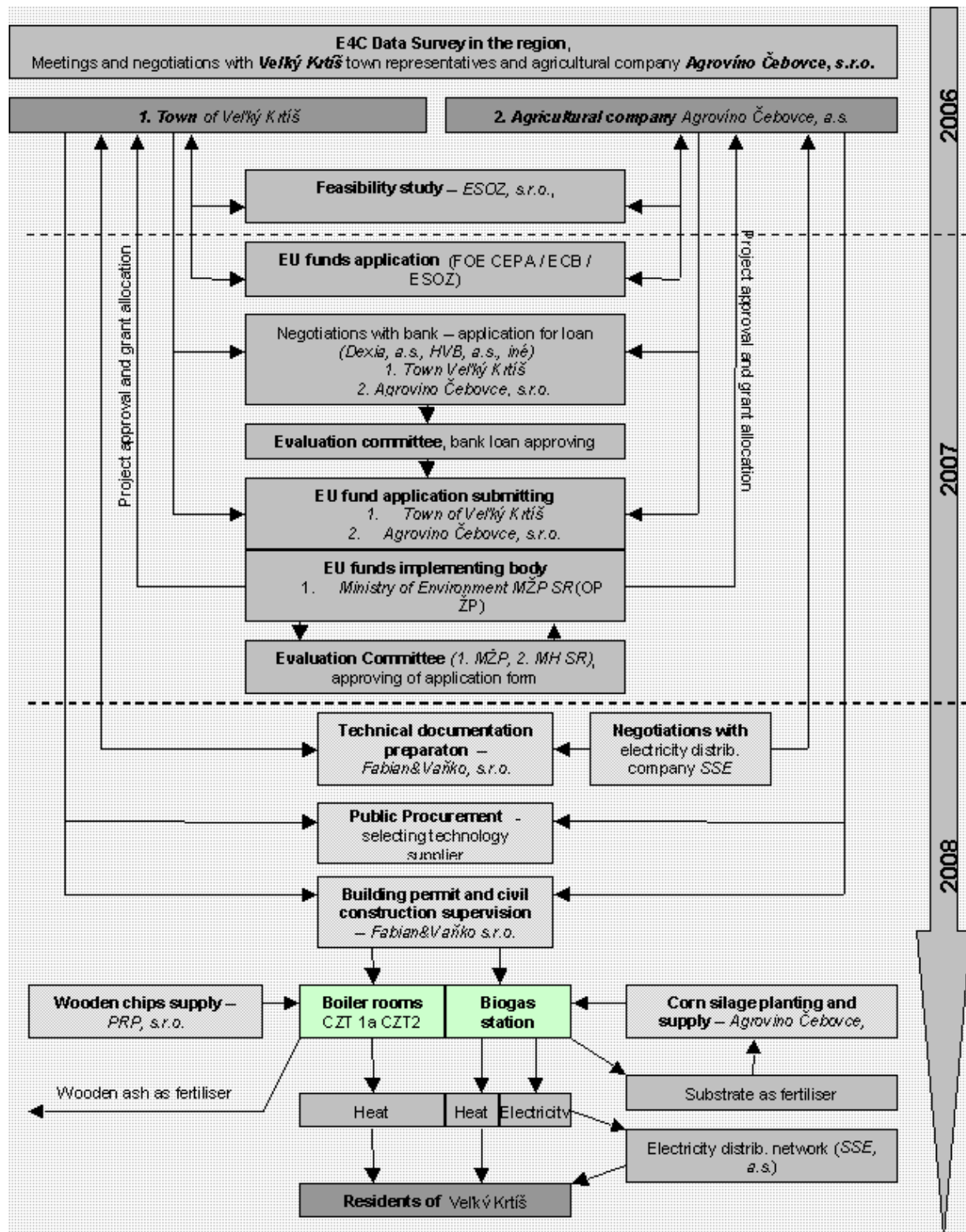
#### **4.7. Dissemination of pilot test results**

The last step for successful bundling is evaluation of pilot test as well previous project results in order to transfer the knowledge and experiences to other projects and develop the further recommendations for bundling.

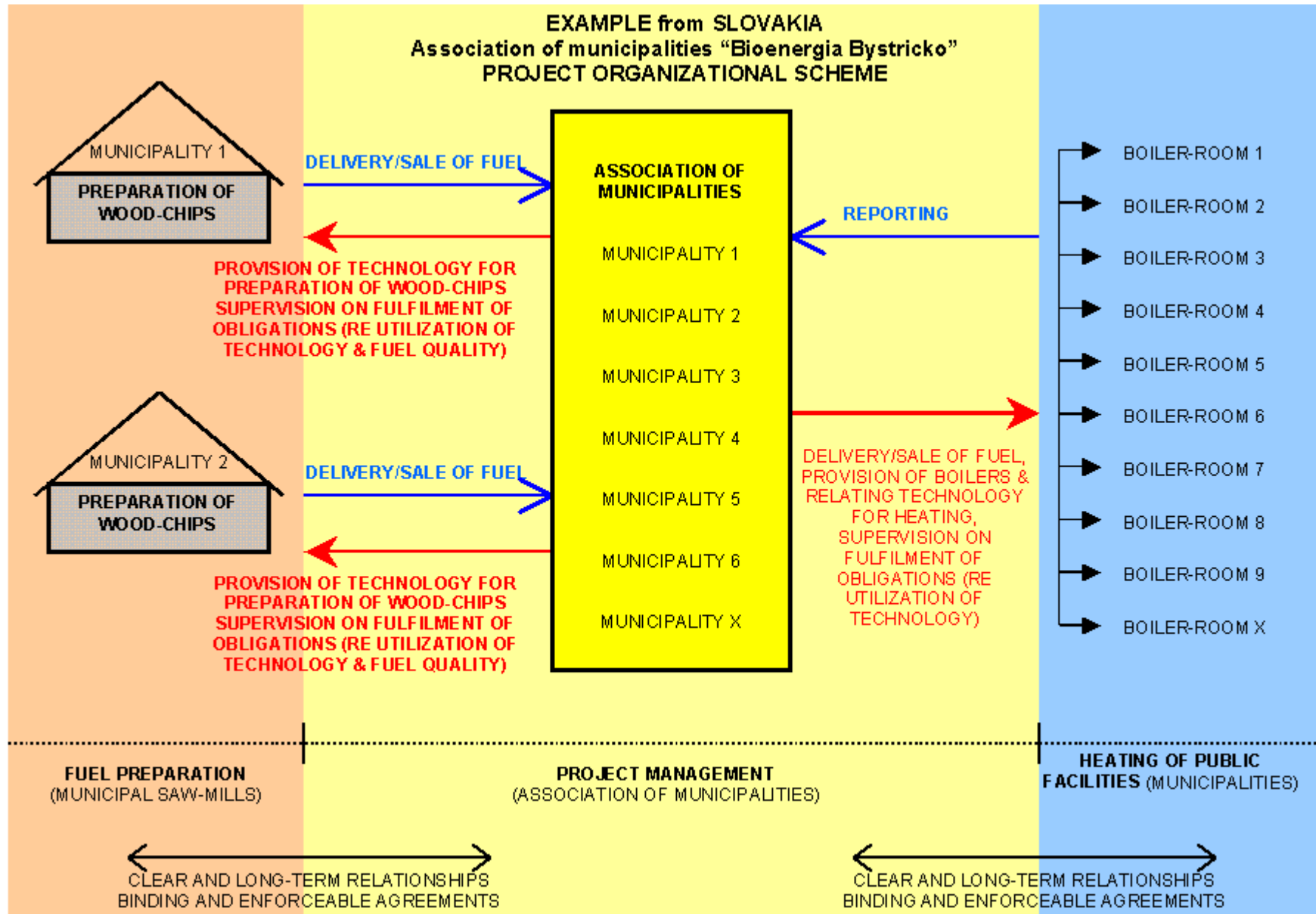
## **Annexes**

### **Annex 1. Examples of cooperation schemes**

Example of „Suitable cooperation scheme“ (E4C Task 6.2); prepared for concrete pilot project in Velký Krtíš target region (developed by ECB, Slovakia).



Example of „Suitable cooperation scheme“; prepared for concrete project of bundling municipalities in to association applying for support from EU funds for fuel switch in local boilers towards wood chip firing (developed by Friends of Earth-CEPA, Slovak E4C local partner).



## Annex 2. Example on evaluation of energy efficiency project screening criteria

### 1) Amount of investments in energy efficiency projects

The amount of investments in different energy efficiency projects can differ substantially. It is clear that analysis of investments can't be based on absolute numbers only.

Benchmarking can be applied to each case using marginal values of performance indicators. The determination of optimum values can be based on expert experience.

The performance indicators used are:

- Specific investments: investments relative to the amount of goods manufactured (LVL/ton) or energy produced (LVL/kWh) or per capita.
- Cost efficiency: investments relative to the amount of CO<sub>2</sub> reduced in case the energy efficiency project is realised (LVL/t CO<sub>2</sub> reduction).

According to project experience in Latvia the specific investments for district heating companies lies in the range of 22-370 LVL/capita. It should be kept in mind that small investments in energy efficiency might result in large energy savings but it may not necessarily be the best or optimal use of that money because of management and administration costs and other factors. Investments shall be analysed on a case by case basis. However, it has been noticed that large investments often lead to complicated payback schedules that may even restrict future investment plans. Therefore large investments are generally rated lower.

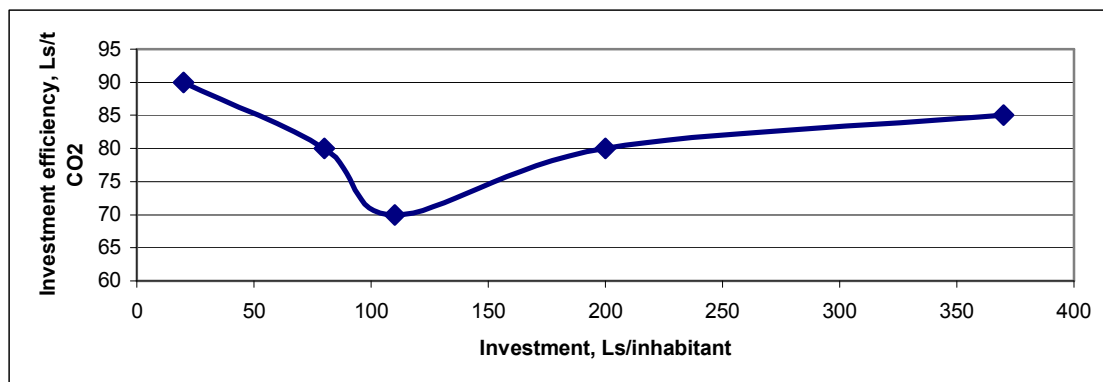


Figure A1. Example of assessment of optimal investment

Cost efficiency regards total costs against potential GHG-emission reduction. The reduction of GHG can be calculated per annum as well as total project life. The optimal financial solution is determined by assessing the required investments and comparing several energy efficiency projects (see Figure A1). Experiences in Latvia shows that larger investment levels do not necessarily lead to the same increase in energy savings. The aim is to find an optimum: a minimal amount of investments to reach a maximal reduction of greenhouse gas emissions.

The scoring scale for this screening criterion is set as follows:

- Optimal cost efficiency +2
- Deviation from optimum 10% +1
- Deviation from optimum 20% 0

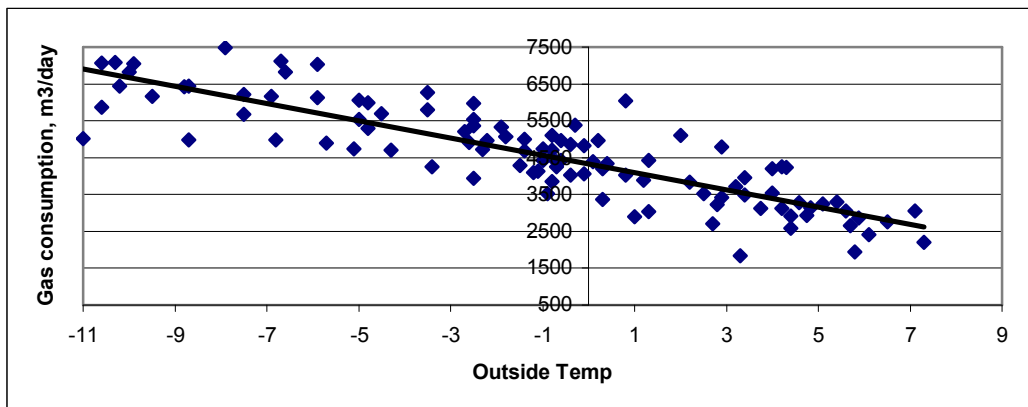
- Deviation from optimum 30% -1
- Deviation from optimum 40% -2

**2) Evaluation of previous energy efficiency projects**

Analysis of previous projects provides an opportunity to assess their achievements and losses, as well as understand the results of measures implemented. An example is an analysis of the operation of a modified boiler house (see Figure A2). In this particular case the boiler house uses natural gas. The fuel consumption was compared to the trend in outside air temperature. The analysis showed that natural gas consumption has been both 3000 m<sup>3</sup>/day and 6000 m<sup>3</sup>/day at moments with the same outside temperature of 0°C. This testifies that after the realization of the energy efficiency project the control system of heat generation in this boiler house does not work properly. Reasons could be different: differences in wind velocity, amount of free energy from sunshine, differences in occupation of houses and buildings on work and weekend days, human factors of personal of boiler house etc. It means that awareness and preparedness of top-level managers for new energy efficiency projects is less than needed. Sometimes small investments and professional knowledge can give energy savings, but leaders of enterprises are not ready for them psychologically.

In a similar way each project data shall be analyzed by searching for indicators, which allow to compare several projects.

Each project that leads to reduction of energy consumption generally is rated as a positive measure. On the other hand, if the energy efficiency project results in an increase in fuel, heat or electricity consumption, then it should be rated negative. The question is how to assess a reconstruction project, which depends on a set of qualitative and quantitative indicators.



**Figure A2. Measured gas consumption versus outside temperature for modified boiler house**

The following scoring points are given:

- Expected energy savings are achieved +2
- >50% of expected energy savings are achieved +1
- Expected energy savings are not reached 0
- Energy consumption has increased -1



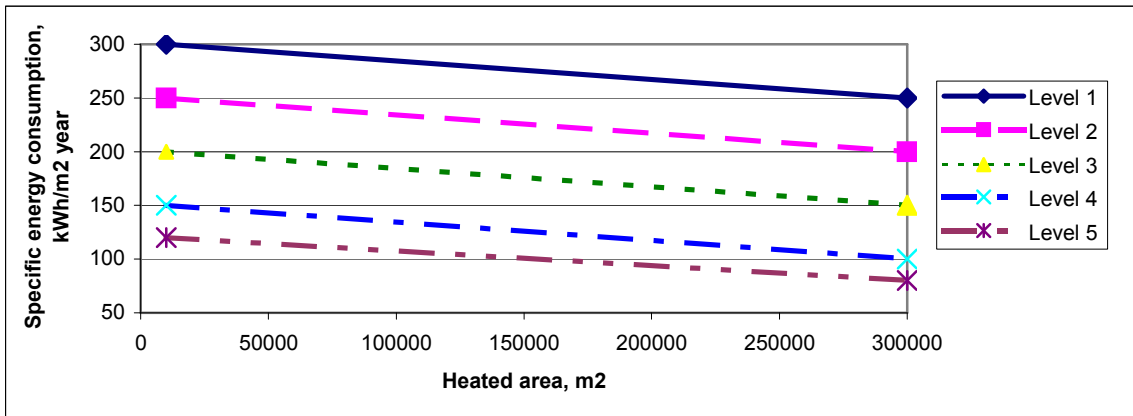


Figure A4. Assessment of residential energy consumption for space heating

**5) Energy tariffs**

In 1998 the Cabinet of Minister of Latvia issued regulations describing the methodology to be used for calculation of heat tariffs. Regulations on the methodology for calculation of electricity, water and gas tariffs followed later. The reasons for issuing such regulations are several, for example to avoid politically motivated tariff setting by local governments. However some Latvian municipalities still set tariffs incorrectly. Projects submitted by such municipalities will be evaluated negative because of higher risk for investments.

Consumers sometimes pay for a heated area (LVL/m<sup>2</sup>) because there does not exist equipment for measuring of heat energy consumption, or heat energy consumption is measured in the boiler house and equally distributed over all heated area. Such cases should be rated with -2 as it shows that energy metering and a sound billing system are not in place.

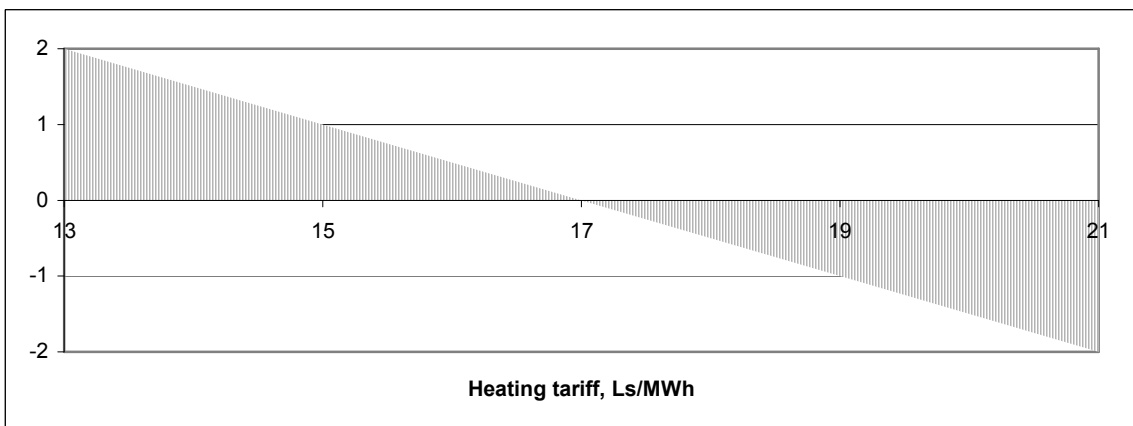


Figure A5. Scoring diagram of the influence of heat tariffs

If the heat tariffs are calculated according to governmentally approved methodology then the project is rated depending on the values of the stated tariffs. Either Figure A5 or Table A1 may be used for the scoring.

**Table A1. Scoring of heat tariffs for energy efficiency projects**

Tariffs	Value	Level
A. Low tariffs	< 13 LVL/MWh	+2
B. Good tariffs	13 ...15 LVL/MWh	+1
C. Average tariffs	15 ... 17 LVL/MWh	0
D. Not so good tariffs	17 ...19 LVL/MWh	-1
E. High tariffs	> 21 LVL/MWh	-2

### 6) Relations between energy supplier and energy consumers

There are several municipalities where demand side management programs have been implemented to improve energy efficiency, service quality and consumer satisfaction. However in many places the relations between energy companies and consumers are not good. Practical experience shows the importance of good relations. First assistance should be provided to end-users and only after demand reductions the reconstruction of boiler houses should be carried out. Each extra unit of installed capacity required in the boiler house leads to increases in the investments necessary for refurbishment, which can jeopardize the repayment of loans.

The scoring for this criterion is rather subjective and the evaluators should take great care not overestimating of quality of human relations between energy producers and consumers. The applied scoring scale is set as follows:

- A demand side management program exists +2
- Analyses of energy consumption data are done on regularly basis +1
- Accounting system exists 0
- No interest in energy consumer from energy producers side -1
- Energy producer carries out activities against interests of energy consumers -2

### 7) Participation in energy efficiency programs before

Many programs to promote energy efficiency exist and some have been in place for several years. A company that has shown an interest in these (or is eligible to partake in some of these) is assumed to be more likely to have success with their energy efficiency project. One of the reasons being, that they are already aware of energy efficiency issues and ideas.

Examples of some of the possibilities for support are the, subsidies and tax reduction offered by the Latvian government for so called economically supported regions. The Cabinet of Ministers of Latvia has issued a support scheme aimed at energy producers. At present the government supports small-scale cogeneration plants running on renewable energy resources, setting special tariffs for energy produced.

Efficient energy systems and usage of renewable resources are closely related to environmental protection and reduction of climate changes. Especially the reduction of GHG emission is of high concern. Economical support can be found for projects developed within the framework of the

Kyoto protocol. Emission trading provides significant opportunities for operators to invest in energy saving projects. Latvian companies are involved in these activities via emission trading or joint implementation projects.

So many opportunities for involvement in energy efficiency projects existed for the enterprises. Did they use them, how did they use them and what results did they get? Using the criterion “Participation in energy efficiency related programs before” allows the evaluators to spot companies, which are desperate for energy efficiency measures due to their economic development status. The scoring scale reflects the involvement of enterprises in energy saving projects:

- Enterprise is placed in an economically supported region +2
- Enterprise participates in emission trading or other energy efficiency program +1
- Enterprise runs a cogeneration plant fuelled by biomass up to 4 MW 0
- Enterprise doesn’t participate in any specific program -1
- Energy company status doesn’t require state support -2

This scoring could be used in particular cases of project evaluation to emphasize specific opportunities for participation in state supported economical schemes.

### 8) Financial stability

The financial status of enterprises and municipalities could be assessed by their liabilities, credit lines or degree of solvency. However, their attitude towards energy service companies (ESCO) should also be taken into account. It is important to analyze their experience in realizing and financing energy efficiency projects in order to decrease the investment risks.

The scoring is therefore based on the financial experience, knowledge and success of the management of enterprise, as well as the financial accountability, use of loans, turnover, etc. The scoring scale is as follows:

- Company is open to consider financial liabilities,  
has no debts and is ready to cooperate with ESCO +2
- Company is ready to cooperate with ESCO +1
- Company is solvent and can take financial loans 0
- Company can only use it’s turnover or budget sources  
for energy efficiency project -1
- Company has no experience in energy efficiency projects  
and financing schemes -2