



D4.8 Country Report on Uptake of the European Code of Conduct for the Energy Performance Contracting

Slovakia



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Transparensense project

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1 Code National Uptake Strategy and Process

1.1 Uptake strategy

The strategy for uptake of the European Code of Conduct for EPC in Slovakia is based on activities of the Association of Energy Services Providers (APES-SK) established with support and in the course of the Transparensense project. One of the basic targets of the APES-SK set in its statute by the founding members is *“to pursue development of sound and fair market competition among energy services providers within the Slovak market”*. As this target is in line with the aims of the European Code of Conduct for EPC implementation and the activities of the APES-SK will outlast the activities of the Transparensense projects, the selected concept provides a base for long-term sustainability of the Code implementation in Slovakia.

The practical uptake of the Code has to respect the actual state of the EPC market in Slovakia and its development. Following this requirement the uptake process is divided into following stages:

1. ensuring understanding of the EPC providers about the Code principles and benefits;
2. reaching support and willingness of the EPC providers to use the Code;
3. definition of the most suitable option for use of the Code within EPC projects;
4. building and increasing interest of prospective EPC clients to use the Code.

1.2 Uptake barriers

The European Code of Conduct for EPC aims at increasing of transparency and trustworthiness of the EPC market. As this market in Slovakia is in its early development stage, introduction and uptake of the Code face several barriers.

Table 1. Summary of uptake barriers

Barrier	Description
1. Change of strategy on the Transparensense project level	Decision of the Transparensense project Steering Committee no. 2 on pure translation of the European Code of Conduct for EPC in all countries came right after official approval of the national version of the Code by the General

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	<p>Assembly of the Association of Energy Services Providers. As the national version resulted from intensive communication among EPC providers and comprised several additional points (in comparison to the final European version of the Code) considered as relevant for the Slovak EPC market by the market players.</p>
<p>2. Lack of information on the Code utilization possibilities and benefits in projects in preparation stage</p>	<p>Relatively low number of EPC projects in public sector have been tendered through standard public procurement, so almost no information on them have been available within the preparatory stage. Significant number of EPC projects has been implemented in private sector on base of agreement between EPC providers and their clients without public commercial competition.</p>
<p>3. Low level of awareness on the benefits, requirements and limitations of EPC concept on the side of potential clients linked with lack of knowledge about the process of EPC project preparation</p>	<p>Despite the positive development of the Slovak EPC market in recent years, only limited part of the potential clients understand the benefits, requirements and limitations of EPC concept properly.</p> <p>This fact limits the understanding of the European Code of Conduct for EPC added value and thus does not create a demand for use of the Code from the side of clients.</p>
<p>4. Slow-down of the EPC market development in public sector due to expected availability of grant resources from ESIF 2014 – 2020</p>	<p>Information on allocation of resources from ESIF 2014 – 2020 for support of energy efficiency in public buildings caused lower interest in EPC utilization on the side of prospective clients from public sector. This resulted in problems with identification of pilot projects for testing the options for including the Code into new EPC projects.</p>

1.3 Implementation process reflecting the uptake barriers

The Code implementation process in Slovakia started in 2014 with discussion among EPC providers on the principles, requirements and benefits of the European Code of Conduct for EPC. This resulted common support of the Code from the EPC providers and in adoption of national version of the Code by the Association of Energy Services Providers in September 2014. Due to change of the strategy on the Transparense project level (one European version of the Code for all countries instead of national versions) further rounds of

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discussions among stakeholders have to be organized. These resulted in agreement to promote the single European Code of Conduct for EPC together with additional document “Rules for utilization of the European Code of Conduct for EPC in Slovakia”. Both documents have been approved by the Association of Energy Services Providers in April 2015. At the same time the Association took decision to act as the National Code Administrator.

Process of identification of pilot projects for testing the Code as well as discussions among EPC providers on possible options for including the Code into real EPC projects were under way in parallel. These activities resulted into identification of possible pilot project in which the Code could be implemented through including into tender documentation and the EPC contract as well.

Uptake of the Code had a strong support of the EPC providers (and facilitators) from beginning. This resulted in 11 companies signing the Code (as of September 11th 2015), what represent more than 50% of the market. On the other hand, despite of real interest of prospective EPC clients, the practical testing of the Code in pilot projects remained behind expectations. This was caused mostly by low number of EPC projects (tendered through standard public procurement) initiated within the Transparense project duration. Changing this situation and utilize the potential of the Code in its full extent will require further elimination of relevant (mostly informational) barriers.

Table 2. Overview of actions to overcome the barriers

Action	Action associated with barrier no (see Table above)	What should be done and how	Who should act	When should actions be taken	Comments
1. Preparation of accompanying document to the European Code	1	To prepare document reflecting Slovak EPC market conditions and practices (to follow approved national version of the Code) that will be promoted together with the European Code of Conduct for EPC	Energy Centre Bratislava together with the Association of Energy Services Providers	Until 2 nd General Assembly of the Association of Energy Services Providers	Document entitled “Rules for utilization of the European Code of Conduct for EPC in Slovakia” has been prepared and approved by the Association of Energy Services Providers (in April 2015)
2. Preparation of model	2	Preparation of model contract for	Association of Energy Services	September	

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contract for EPC		EPC that will include obligations for EPC provider and client to execute their activities in line with provisions of the Code	Providers	2015	
3. Facilitation of official use of the model contract for EPC on national level	2	Negotiation with the Ministry of Economy with the aim to use the model EPC contract prepared by the Association of Energy Services Providers as official template of contract for EPC projects on national level	Association of Energy Services Providers	After preparation of the model contract	
4. Promotion of the EPC concept	3, 4	All kinds of promotional and awareness rising activities focused on potential clients from public and private sectors	Association of Energy Services Providers	Ongoing activity	
5. Promotion of the Code (together with the model contract)	2, 3	Including of the Code related promotional activities into the communication concept on EPC. The added value of the Code especially for clients and for the relation between client and EPC provider has to be highlighted within the communication.	Association of Energy Services Providers	Ongoing activity	
6. Support of combination	4	Negotiation with bodies responsible	Association of Energy Services	Until end of 2015	

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of financial resources from grants with commercial financing through EPC		for implementation of ESIF.	Providers		
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1.4 Uptake strategy sustainability

Establishment of Association of Energy Services Providers (APES-SK) in Slovakia within the course of Transparensense project has created an important keystone for long-term sustainability of the European Code of Conduct for EPC utilization. The APES-SK actively supported the proces of the Code adoption and has already took over the role of National Code Administrator.

As the aims of the Code are in line with targets of the APES-SK and activities of the APES-SK will outlast the Transparensense project duration, the involvement of the association provides for sound background for sustainability of the Code in Slovakia.

2 Uptake status quo at the end of the project

2.1 National administrator

The Association of Energy Services Providers took over the role of National Code Administrator on July 1st, 2015.

2.2 Procedures established

All relevant procedures for administration of the code on national level developed within the TransparenSense project have been adopted by the Association of Energy Services Providers.

2.3 Code implementation in practice

Practical implementation of the Code is actually led by the EPC providers active on the Slovak market and the Association of Energy Services providers. This consists mostly of communication and awareness rising activities focused on extending the market knowledge on principles and benefits of the Code.

The signatories of the Code implement their actual (mostly private) EPC projects voluntary in line with principles of the Code without including it into contracts. Implementation of the Code in projects in public sector is expected through it's including into tender documentations as requirement for participation in the tender (either as proper signatory or in form of declaration on oath that the tenderer will respect principles of the Code within project implementation). Inclusion of the Code into EPC contract is expected as well.

2.4 List of Code signatories

The list of Code signatories is published on the website of the Association of Energy Services Providers (<http://www.apes-sk.eu/eticky-kodex/signatari/>). Actually it contains 1 Association, 8 EPC providers and 3 EPC facilitators

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Definitions and Glossary

Term	Definition
Association of EPC Providers	associates EPC providers in European or national organisations
Client	means any natural or legal person to whom an EPC provider delivers energy service in the form of EPC
Energy Efficiency Directive (EED)	means Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency
energy efficiency improvement*	means increase in energy efficiency as a result of technological, behavioural and/or economic changes
energy efficiency*	means the ratio of output of performance, service, goods or energy, to input of energy
energy management system*	means a set of interrelated or interacting elements of a plan which sets an energy efficiency objective and a strategy to achieve that objective
EPC market facilitator (EPC Facilitator)	means a natural or legal person who acts as independent EPC market intermediary playing a role in stimulating market development on the demand and supply sides
energy performance contracting* (EPC)	means a contractual arrangement between the beneficiary and the provider of an energy efficiency improvement measure, verified and monitored during the whole term of the contract, where investments (work, supply or service) in that measure are paid for in relation to a contractually agreed level of energy efficiency improvement or other agreed energy performance criterion, such as financial savings
EPC project facilitator (EPC Facilitator)	means a natural or legal person who acts as independent intermediary between EPC Provider and Client, mostly consulting on behalf of the Client throughout EPC project development, procurement, service delivery and operation phase, enabling Client to outsource energy efficiency improvement service

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energy savings*	means an amount of saved energy determined by measuring and/or estimating consumption before and after implementation of an energy efficiency improvement measure, whilst ensuring normalisation for external conditions that affect energy consumption
energy service*	the physical benefit, utility or good derived from a combination of energy with energy-efficient technology or with action, which may include the operations, maintenance and control necessary to deliver the service, which is delivered on the basis of a contract and in normal circumstances has proven to result in verifiable and measurable or estimable energy efficiency improvement or primary energy savings
energy service provider*	means a natural or legal person who delivers energy services or other energy efficiency improvement measures in a final customer's facility or premises
energy*	means all forms of energy products, combustible fuels, heat, renewable energy, electricity, or any other form of energy, as defined in Article 2(d) of Regulation (EC) No 1099/2008 of the European Parliament and of the Council of 22 October 2008 on energy statistics
EPC provider	means an energy service provider who delivers energy services in the form of Energy Performance Contracting
European Code of Conduct for Energy Performance Contracting (EPC Code)	defines the basic values and principles that are considered fundamental for the successful preparation and implementation of EPC projects in European countries
European EPC Code Administrator	manages the European List of EPC Code Signatories and appoints the National EPC Code Administrators
European List of EPC Code Signatories	lists Associations of EPC Providers operating in more than one country that have successfully submitted the signing form to the European EPC Code Administrator
List of National EPC Code Administrators	lists National EPC Code Administrators
National EPC Code Administrator	manages the process of becoming the signatory of the EPC Code and the National Lists of EPC Code Signatories
National List of the EPC	lists EPC Providers, Associations of EPC Providers or EPC Facilitators and other signatories who successfully submitted the signing form to

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Code Signatories	the National EPC Code Administrator relevant to the country where the EPC Code signatories operate
Other Signatory	means a natural or legal person who implements EPC project (Client) or supports EPC projects or market development
savings	means energy savings and/or related financial savings; the financial savings include the costs of energy provision and can also include other operational costs, such as the costs of maintenance and workforce
signing form	serves as an application for becoming a signatory of the EPC Code
The International Performance Measurement and Verification Protocol (IPMVP)	is the widely referenced framework for "measuring" energy or water savings and is available at www.evo-world.org

Notes:

*Definitions according to the Energy Efficiency Directive