



D2.5A Country Report on Recommendations for Action for Development of EPC Markets

Austria



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1 Summary

The present report aims at providing an overview of the existing EPC market in Austria and providing recommendations for action for its successful development. The report focuses on identified barriers and success factors for the implementation of EPC projects Austria.

The report is building on the data and information gathered by two other similar projects, the European Energy Service Initiative¹ (EESI) and the ChangeBest project². It is also intended as a continuation on the work of the European Commission's Joint Research Centre – Institute for Energy, and more particularly on its 2010 Status Report on Energy Service Companies Market in Europe³.

The key recommendations that aim to help boosting EPC market in Austria and maintaining the high quality of EPC projects are:

- All public buildings and large buildings of private companies as well should be obliged to operate appropriate monitoring in order to verify their savings after obtainment of public subsidies.
- EPC projects should not be considered as public debt.
- If comprehensive rehabilitation measures (e.g. 25% of the building value) are planned for a building, the owner should be obliged to improve the energetic standard according to the existing building regulations.

2 Introduction

2.1 Methodology

The contents of this report are based on two main sources:

- the results of a nation-wide EPC survey which was sent to the country's main actors within the EPC market;
- the market knowledge of the authors, as well as research from local / national literature (publications and studies, legislation documents, official statistics and databases).

¹ <http://www.european-energy-service-initiative.net/eu/toolbox/national-reports.html>

² http://www.changebest.eu/index.php?option=com_content&view=article&id=43&Itemid=10&lang=en

³

<http://publications.jrc.ec.europa.eu/repository/bitstream/11111111/15108/1/jrc59863%20real%20final%20esco%20report%202010.pdf>

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The first step in collecting the data used in this document was to distribute a survey focused on Energy Performance Contracting (EPC) to the country's most relevant energy services companies, organisations, public agencies/policy makers and finance houses. The survey contained questions around four main areas: existing ESCOs and national EPC market; EPC models, financing models and policy initiatives. The answers were then analysed and the results are presented in this report in aggregated form.

The survey was sent to 18 people from financing institutes and to all members (19 ESCOs) of the Austrian umbrella organisation for ESCOs (DECA). Responses have been given from 6 ESCOs and 3 financing institutes.

Once the survey responses had been obtained, additional information was gathered by the authors in order to present a thorough and up-to-date picture of the state of the EPC market in Austria. This report also makes a series of recommendations tailored to the Austrian EPC market. These recommendations are based on the information gathered from the respondents to the surveys (in written form or in conversations), as well as on the authors' knowledge of the national market and of any relevant literature / research piece.

This report aims at showcasing the successful experiences for EPC providers in Austria and separating what has been proven to enhance the EPC offering from what constitutes potential barriers. The recommendations contained in this report have been made in order to tackle the issues highlighted in the previous Transparensense report (Transparensense National Report on identified barriers and success factors for EPC project implementation). The authors believe that EPC providers / customers and the EPC industry as a whole will benefit from replicating the success factors observed within the national market. These recommendations should be seen as "best practice" guidelines and disseminated within Austria in order to improve the quality of the EPC market.

2.2 What is Energy Performance Contracting

Energy Performance Contracting (EPC) can provide substantial energy savings in the EU countries using the principle of repaying the energy efficiency investments directly from the saved energy costs.

The **key characteristics** of an EPC project are the following:

- **Turnkey service:** The energy service company (ESCO) provides all services required to design and implement a comprehensive energy saving project at the customer's facility, from initial energy audit to measurement and verification of savings.

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- **Without the need for up-front capital:** Energy efficiency investments are repaid directly from energy savings and related financial savings, so there is not need for up-front capital on the customer's side.
- **Risks for customers minimized:** The ESCO assumes the contractually agreed performance risks of the project.
- **Savings guaranteed:** The ESCO guarantees the achievement of the contractually agreed level of savings and is obliged to compensate savings shortfalls.
- **Support in finding financing:** The capital to finance the EPC project can either be supplied out of the Client's own funds, by the EPC provider or by a third party. Provision of financing by the EPC provider is an option, not a necessary part of the EPC project.

Energy Performance Contracting allows facility owners and managers to upgrade ageing and inefficient assets while recovering capital required for the upgrade directly from the energy savings guaranteed by the ESCO. The ESCO takes the technical risk and guarantees the savings.

The ESCO is usually paid a management fee out of these savings (if there are no savings, there is no payment) and is usually obligated to repay savings shortfalls over the life of the contract. At the end of the specific contract period the full benefits of the cost savings revert to the facility owner.

While there is a vast number of definitions of EPC within Europe, within Transparensense project we use the EU wide definition provided by the Energy Efficiency Directive (EED):

"Energy performance contracting' 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."

At the same time, within Transparensense project, the focus will be given to the EPC projects, where the above mentioned "contractually agreed level of energy efficiency improvement" is **guaranteed** by the EPC provider. **Guarantee of energy efficiency improvement** is commitment of the service provider to achieve a quantified energy efficiency improvement. (EN 15900:2010)

This is in line with the EED, as in its Annex XIII, guaranteed savings are listed among the minimum items to be included in energy performance contracts with the public sector or in the associated tender specifications. Moreover, in the article 18 of EED, Member States are required to promote the energy services market and access for SMEs to this market by, inter

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alia, disseminating clear and easily accessible information on available energy service contracts and clauses that should be included in such contracts to **guarantee energy savings** and final customers' rights.

Further, within the Transparensense, we define the companies providing EPC as follow:

" **'EPC provider'** means an energy service provider who delivers energy services in the form of EPC. "

Such definition respects the fact that EPC is only one type of energy services, and is in line with the definition of the energy services provider specified in the EED as follows:

" **'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", where the **'energy service'** is defined by the EED as follows: "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".

Within the Transparensense texts, we use the commonly used term "ESCO" as equivalent of the energy service provider.

2.3 EPC Code of Conduct

An important step towards a transparent and trustworthy EPC market is the acceptance and widespread usage of the European Code of Conduct for EPC⁴ (Code of Conduct) (JSI and SEVEN 2014). The Code of Conduct has been officially launched on 28th of August in Brussels. It was developed within the Intelligent Energy Europe project Transparensense, in cooperation with inter alia EPC providers, clients, and European ESCO associations.

The Code of Conduct defines the basic values and principles that are fundamental for the successful preparation and implementation of EPC projects within European countries. Thus it creates one common European quality standard for EPC projects. Provided that a significant number of the energy service companies (ESCOs) sign the EPC Code and will

⁴ European Code of Conduct for EPC can be downloaded from the Transparensense project website <http://transparensense.eu/eu/epc-code-of-conduct>.

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adhere to its basic principles when implementing EPC projects, the transparency and trustworthiness of EPC markets will increase. Code of Conduct faces the major barriers on the EPC markets as identified by the Transparensense market survey: low confidence in EPC providers, complexity of the EPC method and low demand on the client side.

The key success factor is that EPC providers understand that they benefit from adhering to a set of rules for the EPC business due to an increase in trust on the client side and a resulting increase in demand for EPC projects. Also, the Code of Conduct can be used by governments, being major EPC clients, as minimum requirements for the EPC projects conducted on their property. For example, the key characteristic of an EPC project is that the EPC provider guarantees a contracted level of the energy savings and/or related costs. If these are not achieved, he has to compensate the shortfalls in cost savings to the client. This is one of the main principles of the Code of Conduct, which helps to make it clear to the client that they should require such guarantees from the companies. The wording of the final version of the Code of Conduct is a result of discussion with wide range of stakeholders from 20 European countries, and has been endorsed by both European ESCO associations; eu.ESCO and EFIEES.

As a result of the above, the EPC market as a whole in Austria will benefit from adherence to the Code of Conduct in terms of increasing the quality and volume of the EPC projects. More on the Code of Conduct implementation in Austria can be found in the Country Report on the Uptake of the European Code of Conduct for the Energy Performance Contracting prepared within Transparensense project.

3 The EPC market in Austria: an introduction

The Austrian ESCO market, in particular the EPC market is considered a highly developed market. It emerged in the mid-1990s, exhibiting a decent market development since its start and also during recent years. The first big step was made in 1998, when two building pools with around 50 federal buildings (Viennese schools) were renovated by ESCOs within the Performance Contracting Project. This was followed by regional projects, particularly in Styria, Salzburg and Tyrol. In 2001, the Council of Ministers decided to launch a gigantic renovation project called “Contracting Offensive”, where approximately 500 buildings were refurbished using Performance Contracting (AEA 2007).

However, the big boom for EPC announced in the 1990’s did not come up until now. Most of the respondents to the survey about barriers and success factors and the discussions of authors with ESCOs during the last years come to the conclusion that the market tends to stagnate. Other stakeholders tend to see a more optimistic future for EPC especially due to

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the development of energy prizes and European legislation initiatives (Energy Efficiency Directive).

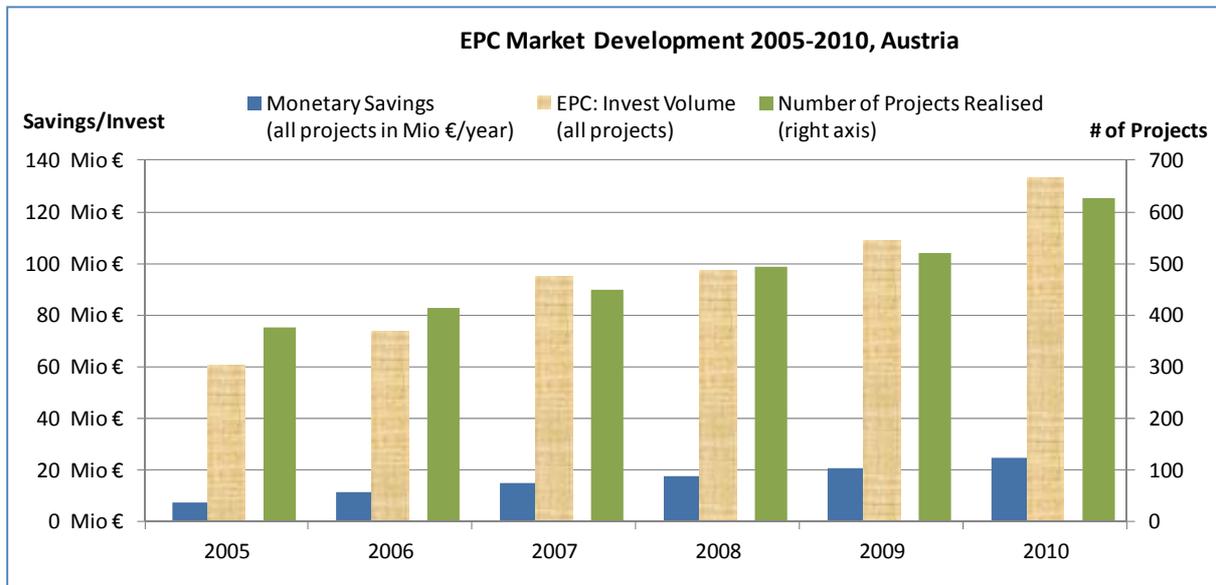


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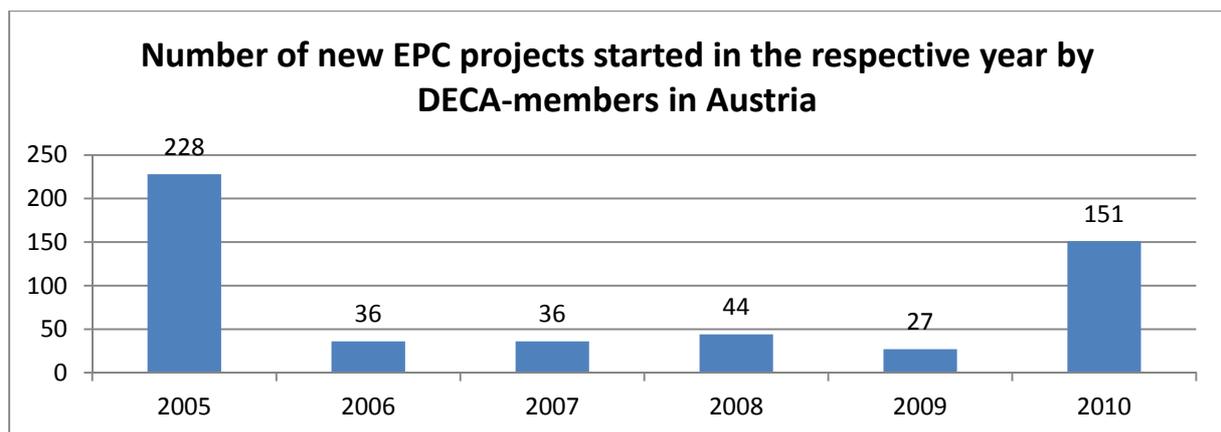


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The public sector is expected to be the largest EPC market. The largest client groups in the public sector are the BIG – Bundesimmobiliengesellschaft (“Federal real estate association”) and the 2,354 municipalities, which are among the largest owners of public buildings in Austria.

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4 Legislative framework

The “Energy Strategy Austria” calls for an increase of energy efficiency by 20 percent until 2020 in comparison with the baseline scenario. This should lead to a reduction of 210 PJ of the overall energy consumption by 2020.

The National Energy Efficiency Action Plan (NEEAP) envisages to increase the refurbishment rate in the building sector to 3 percent as well as the promotion of energy services (especially contracting) in the household sector.

The legal framework includes a “Climate Protection Regulation” and an agreement (§15a) between the federal government and the federal provinces. It encompasses measures for the further development of the legal framework for the housing sector, the augmentation of the thermal refurbishment rate and the more frequent utilization of renewable energy technologies.

The most powerful framework – the national Energy Efficiency Act – was enacted in July 2014. Beside the energy savings obligation for energy suppliers also Federal authorities are obliged to save a total amount of energy of 48.2 GWh until 2020. This equals to an annual refurbishment rate of 3 percent. The Act explicitly mentions Energy Performance Contracting as suitable measure to achieve the savings target (RIS, 2015).

For energy saving measures in residential buildings following laws are important:

Mietrechtsgesetz (tenancy law): This law regulates the juridical situation at residential buildings for tenants. Only costs for the preservation of the building condition may be assigned to the tenants. Costs for energy saving measures, which improve the condition of the building, may not be assigned. As the definition of “preservation of the building condition” is a dynamic one and follows the state of the art, it is not clearly defined which energy efficiency measures belong to which category. If energy saving measures can be defined as a “preservation of the building condition”, the building owner may transfer the investment costs to the tenants according to §18 .

Wohnungseigentumsgesetz (Condominium law): Most energy saving measures of condominium buildings must be approved by the majority of the apartment owners. If an owner does not respond to the request (e. g. owner lives abroad), his or her vote disapproves. There are no standard rates existing for accumulated reserve funds. Often the existing reserve funds are very low and not sufficient for larger energy saving measures.

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Wohnungsgemeinnützigkeitsgesetz (law for public utility housing): The law defines minimum standard rates for accumulated reserve funds (in 2013 about 1.2 Euro/m².a). This results in many cases where sufficient financial reserves exist to implement comprehensive energy saving measures.

After the implementation of an energy saving measure according to §14, Abs. 5, Z5a WGG, the saved heating costs can be used to pay back the investments and restock the reserve fund. This procedure may be applied for measures with a payback period of up to 15 years; a prolongation of the accepted period can be stated if all tenants agree to this (VOGEWOSI 2008).

5 Identified Barriers

Following Table 1 summarises the main barriers identified.

Table 1 Summary of EPC market barriers

	Short description of barrier	Comments
Barrier 1	Regulatory and Administrative Barriers	In residential buildings the interests of landlords and tenants collide. While tenants profit from energy saving measures due to lower energy bills, the landlord pays the investment costs and does not directly profit from these measures.
Barrier 2	Structural Barriers	Especially in public entities scepticism of the (technical) staff is often found because private companies are taking over duties which were managed by the clients' organisation before
Barrier 3	Financial Barriers	Considering a comprehensive refurbishment, the refinancing of the investments with energy cost savings is rarely possible. In most cases the joint implementation of commercially viable measures, e.g. HVACR and building insulation, is the best option.

5.1 Regulatory and administrative barriers

In residential buildings the interests of landlords and tenants collide. While tenants profit from energy saving measures due to lower energy bills, the landlord pays the investment costs and does not directly profit from these measures. A transfer of the costs toward the tenants is difficult and regulated in the tenancy law. This is also sometimes called split incentive phenomenon.

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In condominium buildings, where several apartments are owned individually, it is very difficult to achieve an approval of all or the majority of the owners, as requested in the condominium law. This is contributed to the fact that there are often some owners who do not live in the apartment themselves but rent them to another person. In this case the same impediment caused by the conflict of interests between landlord and tenant remains.

Another obstacle is the dependence of many EPC projects on public subsidies or on the political will of the Federal or local government. Therefore it is difficult for ESCOs to plan a long term market strategy and their personal resources on this market segment.

The Austrian tax law has different regulations for service contracts and construction contracts regarding the payment date of the value added tax. This uncertainty means a relevant risk for all EPC project partners.

Public owners often have split budgets and separate responsible departments for energy costs and investments (i.e. in schools, kindergartens). The savings caused by energy measures cannot automatically be used for refinancing investments for more energy saving measures.

5.2 Structural barriers

In some sectors there is a lack of trust in the ESCO industry. They base on individual negative experiences in previous EPC projects and give way to prejudices like *The ESCO saves energy costs by reducing the user comfort*. These prejudices must be eradicated.

An EPC project often results in a transfer of responsibilities and work load from the client toward the ESCO (adjustment of temperatures, operation modes ...). Especially in public entities scepticism of the (technical) staff is often found because private companies are taking over duties which were managed by the clients' organisation before. The argument *Why should the ESCO be able to manage it better than the in-house department?* is sometimes used in these cases.

Also there is a lack of (affordable or/and qualified) market facilitators providing technical and legal support for clients during tendering procedures.

5.3 Financial barriers

An important barrier is posed by the increasing difficulties of raising financial liquidity which is affordable. In recent years, financing institutes became more restrictive in granting credits.

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For small and medium sized ESCOs this constitutes a barrier which makes it more difficult to enter the market.

Considering a comprehensive refurbishment (including thermal insulation of the building shell), the refinancing of the investments with energy cost savings is rarely possible. In most cases the joint implementation of commercially viable measures, e.g. HVACR (Heating, Ventilation, Air Condition and Refrigeration) and measures with long payback periods (building insulation) is the best option from the environmental as from the macroeconomic point of view. The division of these two groups of measures into two separate projects causes following problems:

- The separation of the investment costs at a joint construction site is difficult.
- To allocate the actual saved energy (in kWh) partly to the “measure group HVACR” and partly to the measure group “building shell” is difficult. If guaranteed savings will not be achieved, it is difficult to proof which group of measures is responsible for it.

Therefore subsidies suitable for EPC projects who implement comprehensive energetic retrofitting of buildings are an important measure for increasing the energy saving potentials in Europe. Such financial support measures are implemented scarcely in Austria.

6 Success factors

6.1 Successful regulatory models: implementation of pilot projects and EPC-programmes by public entities

In March 2001, the Austrian Energy Agency (E.V.A.) initiatives led to a ministerial order, laying the foundation for a “Federal Contracting Campaign (Bundescontracting Offensive)” encompassing around 300 federal buildings. The program is managed by the federal building agency “BIG” in cooperation with the Ministry of Economics. The program’s operation is supported by 22 so-called “Energiesonderbeauftragten.” (special representatives for energy issues). The program has gone through ups and downs, but is still Austria’s largest EPC program. Up to now, approximately 600 buildings, bundled in 19 pools of buildings, have been outsourced to ESCOs and further tenders are in preparation. The average share of energy cost savings made in buildings owned by BIG is 20.3 %, which represents 4.23 Mio EUR. (Ministry of Economy, Family and Youth, 2013)

Also Vienna’s city-department MA 34 (Magistratsabteilung Bau-und Gebäudemanagement) has established “EPC as a financing model for energy savings in buildings” after successfully testing eight pilot projects during the end of the 1990s. Its homepage lists 40 currently

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running EPC projects and 25 already terminated projects. In the last few years, the public pool department “Wiener Bäder (MA 44)” has outsourced comprehensive energy and water-saving projects to private ESCOs.

In the Federal State of Upper Austria, the regional energy agency “Oberösterreichischer EnergieSparVerband” (ESV) was an early mover and set up an “Energy-Contracting Program (ECP)”, both for EPC and ESC projects. Until now, 56 projects have been supported by the majority of public building owners.

Also, the Wohnungsgemeinnützigkeitsgesetz (Act for public utility housing) defines minimum a standard rate for accumulated reserve funds (in 2013 about 1.2 Euro/m².a). This results in sufficient financial reserves for implementing comprehensive energy saving measures in many cases. This increases the chance for EPC projects, which are combined with long term measures of the building shell.

6.2 Successful structural models

Specific EPC models

ECP models vary greatly with respect to size and duration of the project, the task and risk of sharing as well as on the complexity of the technical measures and influence of the user.

In the state of Styria the “Graz Energy Agency” initiated a comprehensive EPC program under the brand name “Thermoprofit[®]” (<http://www.grazer-ea.at/cms/arbeitsfelder/contracting-thermoprofit/content.html>), which introduced among other things quality standards for ESCO projects, the foundation of a network for qualified ESCOs, their certification as well as project development and facilitation for potential ESCO customers (Auer and Bleyl, 2012).

In the last few years, the stately owned real estate company of Styria “Landesimmobiliengesellschaft” has applied the newly developed Integrated Energy-Contracting (IEC) model to eight of its real estates. The IEC model, which was developed as part of IEA DSM (International Energy Agency, Demand Side Management) Task XVI⁵, combines supply (preferably from renewable energy carriers) with energy conservation measures in the entire facility while simplifying Measurement & Verification (M&V) procedures (through quality assurance instruments). Further projects are in preparation. (GEA 2011)

⁵ www.IEADSM.org => Task XVI

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Bundling of projects - economies of scale

Many building owners bundle several buildings when tendering an EPC project. In smaller municipalities they often bundle all public buildings suitable for EPC at once, often resulting in groups of 5-20 buildings. This leads to lower specific project preparation costs (analyses of the current building state, meetings with project partners, etc.) as well as to lower specific maintenance costs for the ESCO. It is also convenient for the building owner to have only one cooperation - partner during the next 5-10 years.

The bundling of a very large number of buildings during one tender phase also reduces the number of potential ESCOs, as the total project size might become too large for small, local sited ESCOs.

6.3 Successful financing models

The Federal State of Upper Austria has developed a funding model to support Energy Contracting Projects (EPC and Supply contracting). The fund is managed by the OÖ Energiesparverband (www.esv.or.at) and http://www.land-oberoesterreich.gv.at/cps/rde/xbcr/ooe/LWLD_Wi_E13_EnergieContractingProgramm.pdf).

Projects between an investment sum of 50,000 to 500,000 EUR are eligible to apply, the maximum share of support for EPCs is 20 % and 13.5 % for supply contracting projects. In addition, subsidies who pay 50% of the costs (max. 1,000 Euros) for pre-analyses are also available (www.esv.or.at/foerderungen/contracting).

If the building owner/user has a relevant influence on the actual energy savings, a (small) part of the cost savings (up to 20 %) is devoted to the owner/user who figured out how to improve the overall success of the project.

7 Action plan for EPC market development

This section builds on the stakeholder analysis and identified market barriers and includes an action plan for overcoming the market barriers. The action plan is summarised in the table below. Actions should aim to further boost the customer demand.

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Table 2. Overview of actions to overcome market barriers.

	Action associated with barrier no (see Fehler! Verweisquelle konnte nicht gefunden werden. above)	What should be done and how	Who should act	When should actions be taken	Comments
Action 1	1) Regulatory and administrative barriers	Trainings and common workshops for municipalities and EPC facilitators	ESCOs EPC facilitators DECA	ASAP	Make smaller municipalities familiar with the legal requirements for public tendering of contracting projects according to public procurement law.
Action 2	2) Structural barriers	Trainings and common workshops for technical staff of public entities and EPC facilitators	ESCOs EPC facilitators DECA	ASAP	Especially in public entities scepticism of the (technical) staff is often found because private companies are taking over duties which were managed by the clients' organisation before.
Action 3	3) Financial barriers	Trainings and common workshops for public entities, banking and EPC facilitators	ESCOs EPC facilitators DECA	ASAP	There are increasing difficulties of raising affordable money. In recent years, financing institutes became more restrictive in granting credits for EPC.
Action 4	3) Financial barriers	Common workshops with policy makers in order to further develop existing	DECA Policy makers	ASAP	In order to overcome financial shortfalls proper policy incentives should be provided.

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		subsidy schemes			
Action 5	2) Structural barriers	Set up of a quality assurance scheme constitutive on the Code of Conduct	DECA	ASAP	Clear traceable quality criteria should help to provide the client and the contractor with more security. This will lead to higher trust in the ESCO industry.
Action 6	2) Structural barriers	Development of more public communication for energy efficiency services	DECA Policy makers	ASAP	In order to reduce complexity of the issue more awareness rising events should be pushed.
Action 7	2) Structural barriers	Research funding	Ministries	ASAP	Research can support the development of the EPC market.

8 Recommendations

8.1 Governmental strategy to boost the EPC market

Currently, there is no mandatory standard ensuring sufficient monitoring of the energy demand of public buildings or large buildings of private enterprises in Austria. Therefore detailed data of the energy demand (e. g. monthly/daily/hourly energy consumption) are often not available, but this would be necessary for analysing buildings profoundly. All public buildings and large buildings of private companies as well should be obliged to operate appropriate monitoring programmes in order to secure a sufficient data basis, which is needed to define a fair baseline and to calculate the expected energy savings.

Possible monitoring obligations could be the recording of monthly data for buildings smaller than 250 m², hourly recordings for buildings larger than 2.000 m² as well as recordings via sub-meters in the building.

This demand has been postulated in the press release of DECA on the 11th of November 2013 (DECA, 2013).

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8.2 Removal of legislative and administrative barriers

EPC and Maastricht criteria

If an EPC contract poses additional debts, it would constitute an obstacle hindering the implementation of economically viable and bankable EPC projects. So EPC projects should not be considered as public debt.

Coordination of responsibilities in operation and investing at public buildings

In public buildings the budget for operation costs and the budget for retrofitting are often managed by different departments. This leads to investments in energy saving measures which do not benefit the same department; thus the investments are allocated differently. Therefore the motivation to promote rehabilitation measures as well as the planning of measures on a conceptual level may be very little.

Obligation for thermal retrofitting

If comprehensive rehabilitation measures (e.g. embracing 25% of the building value) are planned for a building, the owner should be obliged to improve the energetic standard according to the existing building regulations. This is the case in some regions in Austria, but is often not verified by the administration. The enforcement of these measures and their appropriate verification should be mandatory for the entire nation.

Nationwide harmonization of the tendering procedure

In several regions of Austria different tendering procedures for EPC exist. They are applied to public objects which are under custody of the public authority. According to the policy recommendations of the European energy service initiative "Framework Conditions for Energy Performance Contracting" (Graz Energy Agency ,2011), this causes additional administrative effort for the ESCOs, which are often acting supra-regional. A harmonization of the different tendering procedures in Austria would help to reduce the costs to elaborate an offer.

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8.3 Information dissemination, education and networking

Independent information centres

An important obstacle for EPC is the lack of independent facilities to support building owners in tendering EPC as well as creating and negotiating contracts with the ESCO. In the Austrian Federal State Upper Austria an information centre and help desk has already been established. It supports municipalities during the process of tendering and negotiating EPC projects. Such independent information centres should be established in all provinces for municipalities as well as for SMEs.

There should be financial support coming from public entities for information tasks and initiatives to improve the quality of energy services (EPC) and market transparency.

Providing EPC model contracts

Model contracts can be a useful help for identifying the necessary tasks which should be regulated by the individual EPC project. Different model contracts for different kinds of EPC projects should be provided by public entities or information help desks for download. In Austria several model contracts have been collected by the Austrian Society for Environment and Technology (www.oegut.at) within a national research project and will be available for public download in the first quarter of the year 2014.

Platform for EPC providers

In Austria a platform for providers of contracting business models and energy efficiency services in general, including EPC, has already been established. The platform is called DECA and was founded in 2004, since February 2013 it is a registered association (artificial person). The association (DECA – Dienstleister Energieeffizienz und Contracting Austria) currently counts 33 members. It aims to play an important role as the Austrian voice for energy efficiency:

- in decision-making processes and discussions between public entities, legislation, companies etc. Concerning issues of energy efficiency (e.g. implementing the Energy Efficiency Directive –EED);
- in defining standards and quality requirements for energy services;
- by providing support for EPC clients with information about EPC (how it works in general, best practice projects etc.);
- by providing model contracts;
- by establishing market transparency.

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DECA is also active in informing SMEs about the market opportunities by providing EPC. Target groups of these information activities are companies, which have been active in the energy sector and which see EPC as an additional product within their range of activities. These information activities take place at seminars, lectures at advanced technical colleges or speeches at conferences and workshops.

8.4 Financial instruments to support EPC

The Federal State Upper Austria has a funding model to support energy contracting projects (EPC and Supply contracting). The fund is managed by the OÖ Energiesparverband (<http://www.esv.or.at>). The link to the application can be found here: http://www.land-oberoesterreich.gv.at/cps/rde/xbcr/ooe/LWLD_Wi_E13_EnergieContractingProgramm.pdf (Amt der OÖ Landesregierung, 2013).

Projects between an investment sum of 50,000 to 500,000 Euro are eligible to apply. The maximum share of support for EPC is 20% and 13.5% for Supply Contracting projects. In addition, subsidies pay 50% of the costs (max. 1,000 Euros) for “pre-analyses”. Contracting projects with longer payback periods receive higher subsidy rates than those with short payback periods. This system supports the implementation of comprehensive EPC projects with high energy saving rates. (ESV, 2013)

Table 3: Subsidies for EPC projects

Maxium % of subsidies for EPC projects in Upper Austria		
Contract-duration in years	EPC (max. in %)	Supply-Contracting (max.in %)
2	8	5,5
3	9,5	6,5
4	11	7,5
5	12,5	8,5
6	14	9,5
7	15,5	10,5
8	17	11,5
9	18,5	12,5
10	20	13,5

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Assuming the liability for client's payments

For small ESCOs the client's risk of bankruptcy is a relevant obstacle for EPC. If a governmental body assumes the liability for the clients payments (investing part of the costs), small ESCOs will have better chances at getting a credit from a bank.

Public support for rough concept

The analyses of the building status and the rough concept of measures are a necessary part of EPC to tender. This requires more effort than a "normal" building contract or service contract. If the ESCO does not get the EPC contract, this work is often not paid by the client and causes high financial risks for the ESCO.

Subsidies for comprehensive EPC projects

If HVACR energy saving measures of a building are implemented first, it becomes more difficult to finance the outstanding measures regarding the building shell (longer payback period). To facilitate comprehensive energetic retrofitting subsidies for measures concerning the building shell EPC is necessary and should be extended.

Search engine for public subsidies

A search engine can facilitate the identification of possible and suitable subsidy schemes for EPC projects. A comprehensive overview of subsidies in the energy sector is provided by e.g. the search engine of the Austrian Energy Agency (AEA 2013) at <http://www.energyagency.at/fakten-service/foerderungen.html>.

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