



Project Fact Sheet

Galvanizing Local Energy Efficiency in Alto Minho MLEI GLEE AM – Alto Minho (PT)

Main information

Key Action:	Mobilizing Local Energy Investments, on street lighting and on public buildings, through Energy Performance Contracts (EPCs)
Project coordinator:	Intermunicipal Community of Alto Minho (CIM Alto Minho)
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Project's Partners:	Regional Energy and Environment Agency of Alto Minho (AREA Alto Minho)
Project's website:	http://www.cim-altominho.pt/gca/index.php?id=1306
Benefits:	The MLEI GLEE AM project was intended to provide project development assistance by a second-tier authority in order to launch EPCs on street lighting and on public building, benefiting 10 small rural municipalities located in Alto Minho. Besides lowering the municipality's energy bill, these investments would improve energy efficiency, would raise the share of energy consumption produced from renewable resources and would help reduce greenhouse gas emissions thus contributing to achieving the Alto Minho's Municipalities' Covenant of Mayors' commitments.
Keywords:	EPCs, joint procurement, public infrastructures
Duration:	01.05.2014 – 01.05.2018
Budget:	Euro 400,046 (EU contribution 75%)
Contract number:	IEE/13/779/SI2.674878

Summary

The MLEI GLEE AM project aimed to provide project development assistance to the municipalities of Alto Minho, in Portugal, in order to bundle investments and to sign energy performance contracts (EPC) on public buildings and on street lighting.

The consortium responsible for this project's implementation was led by CIM Alto Minho, a Municipalities' association, and integrated, as sole partner, AREA Alto Minho, an energy agency. All 10 Alto Minho's municipalities were this project's final beneficiaries.

During the implementation of the MLEI GLEE AM project several activities were carried out, aiming to prepare and to mobilize finance for public investment programmes, such as: fill-in the existing gaps of information; provide capacity building to relevant stakeholders; meet with relevant stakeholders; prepare tendering procedures. Aiming to inspire others to implement similar projects, participation in events, both National and European, was also foreseen.

Through the MLEI GLEE AM project it was possible to: create an intermunicipal technical team solely dedicated to sustainable energy projects, who has been working together, sharing their knowledge, experience and expertise; address, on a regular basis, energy related issues and sustainable energy investments during the meetings of CIM Alto Minho's Executive Council; promote capacity building actions on street lighting systems, on energy performance of buildings and on EPCs, which benefitted technicians of Alto Minho's municipalities as well as AREA Alto Minho's; improve knowledge on municipal buildings and on the existing street lighting systems; promote a constructive dialogue between Alto Minho's municipalities and relevant stakeholders (such as ESCOs and EDP Distribuição); identify several issues which need to be addressed in order to boost the celebration of EPCs in Portugal in the public sector.

The main critical aspects that limited the implementation of the MLEI GLEE AM project were the following:

- (i) pending written confirmation from Direção-Geral das Autarquias Locais (DGAL) regarding its understanding on the impact of EPCs on municipal accounts;
- (ii) pending accurate quantification of the amount of compensation to be paid by municipalities to EDP Distribuição, related to the not amortized electrical infrastructures, should EPC on street lighting be signed before the concession contracts' expiry date;
- (iii) existing uncertainties and instability of the financing framework for energy efficiency investments, both on street lighting and on municipal public buildings.

Project's results

Result 1	Data collection and baseline establishment for street lighting systems and for public buildings
Result 2	Capacity building on street lighting systems, on energy performance of buildings and on EPC
Result 3	Attempt to bundle investments and to carry out joint procurement of EPCs on street lighting and on public buildings, in order to make them of bankable scale
Result 4	Identification of weaknesses and margins for improvement in terms of EPC market and procurement
Result 5	Share the gained experience with others, namely local authorities

Lessons learnt

Lesson 1	Due to the innovative character of the foreseen financing scheme and the current lack of experience of the Portuguese municipalities in celebrating EPCs, the services provided by an Energy Performance Contracting (EPC) Facilitator – which already exist in some Member States - are of paramount importance, not only during the procurement process (Initial assessment of project suitability for EPC; Initial assessment of potential energy savings and investment required; Initial technical analyses; Support during procurement process), but also throughout the implementation of an EPC project.
Lesson 2	In light of the content of the Eurostat guidance notes on "THE IMPACT OF ENERGY PERFORMANCE CONTRACTS ON GOVERNMENT ACCOUNTS", dated from 7 August 2015, and on "THE RECORDING OF ENERGY PERFORMANCE CONTRACTS IN GOVERNMENT ACCOUNTS", dated from 19 September 2017, it is of crucial importance to have a full clarification, from the Portuguese government, on whether or not EPCs should be accounted for as public debt and, if so, on the way they are to be recorded in the municipalities public accounts. This clarification is of crucial importance to the municipalities due to their contingencies to increase debt (since they will be the ones signing the EPCs). Only then will it be possible for the municipalities to choose the most advantageous financing solution for their sustainable energy projects, both in street lighting and in municipal public buildings.
Lesson 3	It is of the outmost importance to ensure effective articulation between the available funding programmes, namely European funds from the Cohesion Policy, promoting synergies and complementarities between the various existing financing instruments and adapting them to the current economic and financial context as well as to the real investment needs of the municipalities.
Lesson 4	Capacity building on the EPC model and its procurement is a valuable asset for overcoming the lack of knowledge and experience of the municipal technicians in preparing the tenders and celebrating EPCs.

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