

# WHEN SUBSIDIES RUN OUT: FROM PUBLIC FUNDING TO INNOVATIVE FINANCING INSTRUMENTS FOR LOCAL ENERGY TRANSITION



**MODERATOR:**  
**SYLWIA SŁOMIAK**  
PROSPECT+ / Eurocities



**CARTIF**  
Miguel Á. García-Fuentes



**KRIŽEVCI**  
Sanela Mikulčić Šantić



**ALBERTVILLE**  
Sandrine Deternay



**SELNICA OB DRAVI**  
Vlasta Krmelj



**VALLADOLID**  
Alicia Villazan Cabero



**AMERSFOORT**  
Jolein Schorel



**KRAKOW**  
Andrzej Łazęcki



**DG ENER**  
Georg Houben



**CINEA**  
Cristina Mestre Martinez



**DG REGIO**  
Ieva Zalite



**BWB**  
Allison Lobb

## Results of the consultations under PROSPECT+ Policy Dialogue: priorities, needs and barriers public authorities have raised (overview).

- Sylwia Słomiak, Eurocities / PROSPECT+

## Success stories and success factors: examples of projects implemented with reduced dependence on subsidies.

- Miguel Á. García-Fuentes, EU Projects Coordinator, Cartif, Spain
- Sanela Mikulčić Šantić, Cooperative Manager, Križevci, Croatia
- Sandrine De Ternay, City of Albertville, France

## Panel Discussion: The reality on the local level: cities' recommendations to make innovative financing instruments more accessible across Europe.

- Vlasta Krmelj, Mayor of Selnica ob Dravi and CEO of ENERGA, Slovenia
- Alicia Villazan Cabero, Project Manager, Valladolid City Council, Spain
- Jolein Schorel, Municipality of Amersfoort, the Netherlands
- Andrzej Łazęcki, Director of Municipal Economy and Climate Department, Kraków, Poland

## Panel Discussion: Support programmes, the regulatory context and the benefits of private capital for ensuring high impact of municipal projects.

- Georg Houben, Policy Officer, European Commission, Directorate-General for Energy (DG ENER)
- Cristina Mestre Martinez, European Climate, Infrastructure and Environment Executive Agency (CINEA)
- Ieva Zalite, Policy Officer, European Commission, Directorate-General for Regional and Urban Policy (DG REGIO)
- Allison Lobb, Executive Director, Bankers without Boundaries



# PROSPECT+

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**Capacity building for cities and regions - from learning to action!**

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Prospect+ Policy Dialogue Webinar

**Results of the consultations under PROSPECT+ Policy Dialogue:  
overview of the priorities, needs and barriers public authorities  
have raised and their universality across Europe.**

Sylwia Slomiak



The PROSPECT+ project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101023271

15 November 2023

# What do we do for public authorities?

## Capacity-building through peer-learning

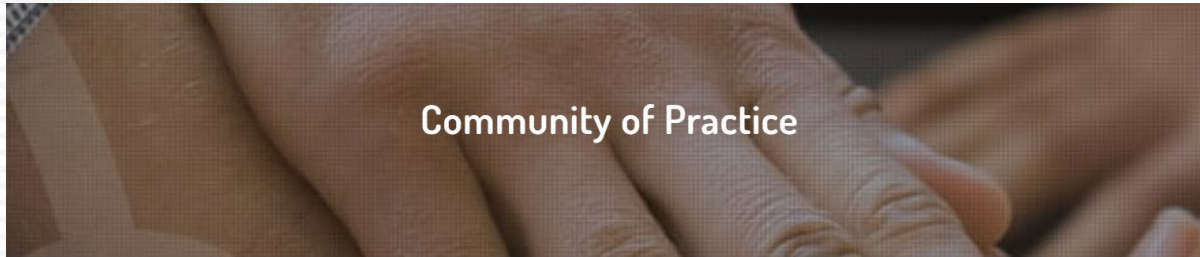
(online, study visits, Masterclasses, Community of Practice)



## Innovative Financing Instruments:

- Citizens Finance (crowdfunding and cooperatives)
- Energy Performance Contracting (EPC)
- Internal Contracting
- Green Bonds
- Guarantee Funds
- Soft Loans
- Revolving Funds
- Third Party Financing

# Prospect+ Community of Practice and Policy Dialogue



## Community of Practice

Everyone who would like to learn more about the innovative financing instruments and examples of successful projects at their own pace can [join our Community of Practice!](#)

[REGISTER HERE](#)

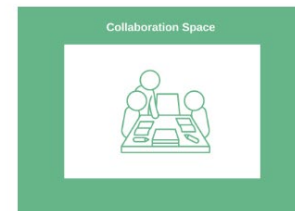
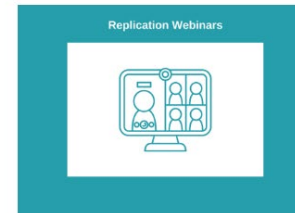
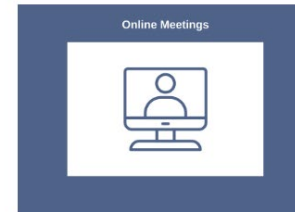
The Members of the Community of Practice (CoP) join various online meetings and webinars where they hear and talk about the most interesting examples of best practices from PROSPECT+ mentors and mentees and invited guests. They also have an opportunity to share their experience and contribute to the policy feedback, in order to bring attention to the difficulties and needs affecting public authorities when they use innovative financing instruments.

### Why join the Community of Practice?

Interested in innovative financing and looking project success stories or happy to share your experience? Since we launched the CoP, we've fostered enriching online discussions and established a collaboration space.

### What role can you have in our Community of Practice?

- **Active:** for those members who would like to take an active part in discussions, share their organisation's experience and provide input to policy feedback.
- **Observer:** for those who would like to participate in webinars and receive information on best-practices.
- **Expert:** for those who would like to provide expert input on the application of innovative financing instruments or policy context.



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### DON'T MISS:

Policy Dialogue webinar: 15 November 2023, 10:30-12:30 CET

15 NOVEMBER 2023, 10:30-12:30 CET @PROSPECT+

**POLICY DIALOGUE WEBINAR**  
**ENERGY TRANSITION IN CITIES: FROM SUBSIDIES TO INNOVATIVE FINANCING**  
Join the webinar and hear from experts on innovative financing instruments for cities and how to overcome barriers to access public authorities' expertise and support.

Don't miss the first Policy Dialogue webinar on 15 November to discuss how cities can shift from relying on public funding to successfully using innovative financing instruments when subsidies run out. We are bringing together public authorities and municipal energy agencies with representatives of EU institutions and private investors to talk about cities' priorities and the barriers that impact the speed of the energy transformation. [Learn more about the event and register here.](#)

### Policy dialogue consultations on cities' access to innovative financing instruments

Have thoughts on reducing public authorities' reliance on subsidies? We're all ears! **Contribute your recommendations!** [Join a consultation](#)

A unique opportunity to share your needs and recommendations with decision-makers – you can shape our Policy Dialogue, the webinars and our input at international events! Public authorities' opinions, suggestions and concerns about delivering energy transition with reduced dependence on subsidies are very important to us and we want to ensure they are heard. [To add your contribution, click here.](#)

### What is PROSPECT+ Policy dialogue

We strive to ensure that recommendations and concerns from public authorities reach decision-makers, paving the way for improved policy incentives and conditions, and fostering interest in innovative financing instruments for climate and energy.

Our policy dialogue is based on the feedback we get from public authorities about the actual opportunities to access appropriate financing for implementing sustainable energy projects. We regularly consult Prospect+ Alumni and the [Community of Practice](#) members.

### Join the consultations

If you would like to share your suggestions and concerns about the future of funding your region's projects, or if you would like to join policy-focused discussions and events, [contribute your input here.](#)

You don't need to be a senior expert in the field – as long as you have been involved in climate and energy-related projects and can share your observations about the impact of public authorities' access to appropriate funding and financing.

### What will happen with your feedback?

We will organise policy-focused events in order to facilitate public authorities' access to more financing options, sharing your positions, and recommendations and

# Policy dialogue: understanding the reality

Have an opinion about reducing public authorities' dependence on subsidies?

We need to hear it.

Join Policy Dialogue:  
[www.h2020prospect.eu](http://www.h2020prospect.eu)

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## What is your opinion about what impacts access to innovative financing instruments?

- Is your organisation **already using** or is planning to start using innovative financing instruments?
- **What motivated you** to use other-than-subsidies financing instruments?
- What could **make these instruments more popular** in your country?
- Why is this instrument **not interesting** for you?
- What type of **support would your organisation or/and you need**?
- Why is it **not possible** in your country?

# Policy dialogue consultations: initial findings

Replies from:
Croatia
Czechia
France
Germany
Greece
Ireland
Italy
Moldova
Netherlands
other
Portugal
Romania
Serbia
Slovenia
Spain
Turkey

Is your organisation already using or is planning to start using innovative financing instruments?



# Policy dialogue consultations: initial findings

## Overall, what is your opinion about what impacts access to innovative financing instruments?

The <b>legislation/regulations (e.g. Public Procurement Law) in my country</b> need to be adapted if public authorities are to use such instruments.	73.3%
<b>Public authorities need more capacity</b> (knowledge and time to learn) to start using innovative financing options.	96.7%
The <b>perception of innovative financing instruments needs to change among our inhabitants</b> . We need to meet the expectations of the residents and they believe our role is to obtain subsidies.	26.7%
The <b>market needs to be more developed</b> : currently, there are not enough appropriate private partners.	53.3%
There needs to be <b>more advisory support provided to public authorities</b> which do not have experience with using the innovative financing instruments.	63.3%
There are <b>many public funding opportunities available, so using other instruments is not necessary</b> . Our needs are met in terms of access to capital.	6.7%
<b>Return on Investment (ROI) and payback periods are not attractive enough</b> compared to subsidies that are available to us.	23.3%
There are <b>strong concerns in my country about the transparency</b> of choosing private partners.	40%
The innovative financing instruments are not attractive because <b>there aren't appropriate policy incentives</b> available in our country.	13.3%
Public authorities need more incentives to start using innovative financing options - currently, there is <b>not enough motivation to change</b> how we finance projects.	36.7%
The <b>process of obtaining funds through such instruments is too long</b> .	16.7%
The process of obtaining funds through such instruments is <b>too complicated and too risky</b> .	40%
<b>We have heard of many problems</b> faced by public authorities that started using such instruments.	10%
<b>We have not heard of projects in our country that used such instruments successfully</b> .	13.3%
We believe <b>that sooner or later there will be more subsidies</b> available and we are willing to wait.	6.7%
The <b>current climate and energy targets are unrealistic for us</b> , given the extent of investments we would need to carry out, <b>regardless of the currently available funding/financing options</b> .	13.3%
Other	10%

# Policy dialogue consultations: initial findings

What motivated you to use the other-than-subsidies financing instruments?	
New political commitment: because <b>our authorities have changed</b> (e.g. we have a new mayor)	23.3%
New political commitment: because <b>we have joined an initiative that requires or/and supports us</b> in doing this	33.3%
The <b>legislation / regulations changed</b> and now we can do this.	33.3%
It was <b>because of the size of the funding gap or the unavailability of other (more traditional) funding</b> source while we couldn't delay the investment(s)	40%
Our <b>staff increased their knowledge/capacity</b> and we now feel more comfortable with using less traditional funding sources.	40%
<b>We have received support that has allowed us to do this</b> (e.g. a grant for advisory services or to run a pilot project).	30%
I don't know	3.3
Other	10%

# How can we help?

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We will continue supporting public authorities to increase their capacity to use wider range of financing instruments, and to voice their priorities, recommendations and concerns:

- **New capacity-building cycle** (peer-learning): news coming up in January 2024 (international groups) + a **local group in France on intracting** (you can already [fill in the Expression of Interest](#))
- **Policy Dialogue** will be continued (contribute: [www.h2020prospect.eu/policy-dialogue](http://www.h2020prospect.eu/policy-dialogue))
- **Upcoming Replication webinars** (more details on projects and solutions you can learn from)
- Preparation of recommendations for decision-makers
- Various activities and online meetings **for members of the PROSPECT+ Community of Practice.**

Learn more: [www.h2020prospect.eu](http://www.h2020prospect.eu)

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# INSPIRATION

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## Success stories and success factors: examples of projects implemented with reduced dependence on subsidies.

- Miguel Á. García-Fuentes, EU Projects Coordinator, Cartif, Spain
- Sanela Mikulčić Šantić, Cooperative Manager, Križevci, Croatia
- Sandrine De Ternay, City of Albertville, France



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Prospect+ Policy Dialogue Webinar

## **Financing districts' renovation towards climate-neutrality: examples from Valladolid, Nottingham and Zaragoza**

Miguel Á. García-Fuentes  
CARTIF Technology Centre  
[miggar@cartif.es](mailto:miggar@cartif.es)

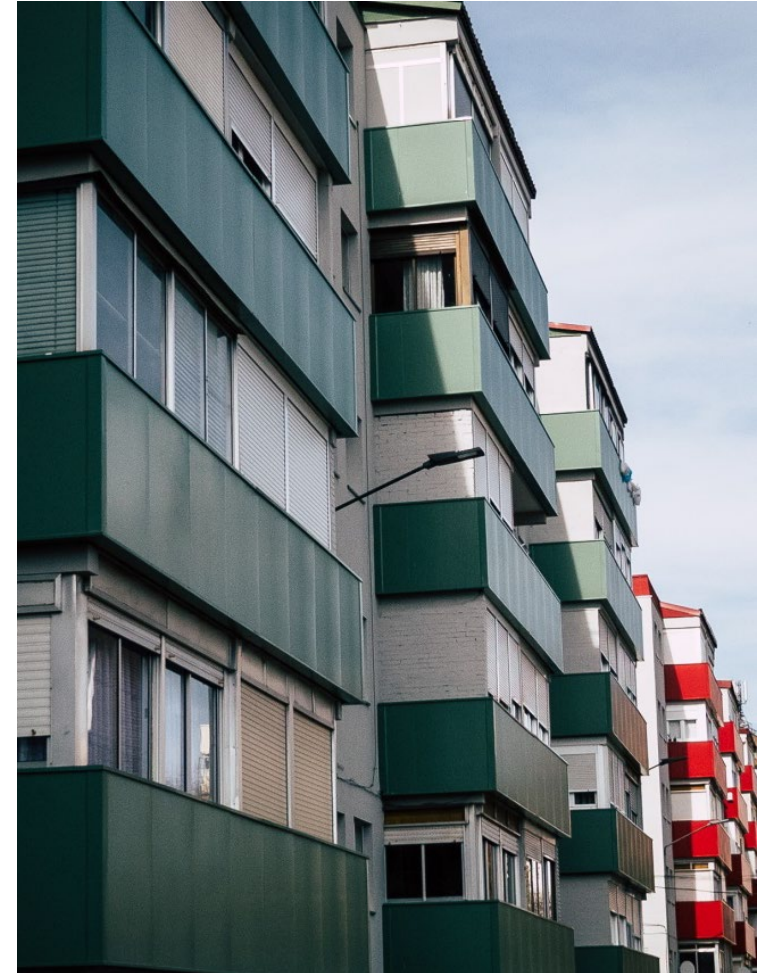


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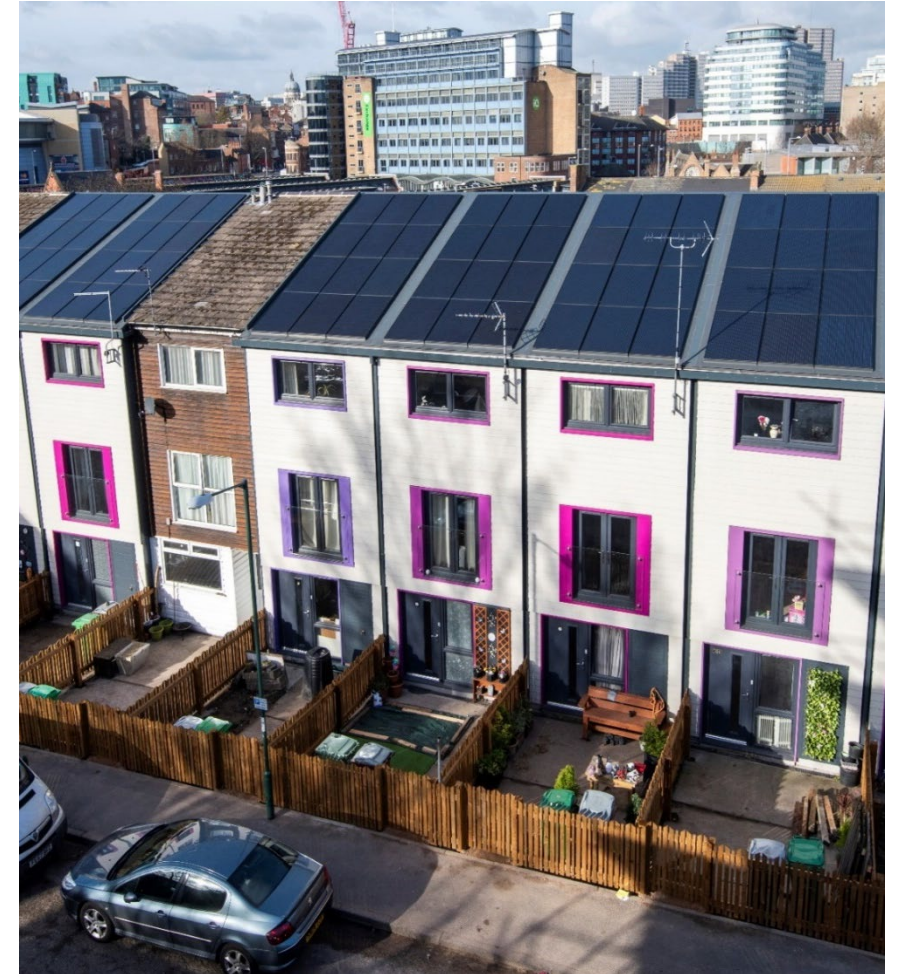
# Renovation of FASA district (Valladolid, Spain)

- **Financing instrument:** Public funds + Energy Performance Contracting + Soft loan
- **Main aim:** Retrofitting of 400 dwellings with a biomass-based DHN
- **Value of the investment:** total investment of 4,08M€ (10.260€/dwelling)
- **Public funding:** 56% EC funding, 15% Municipality funds, 29% private investment (via the EPC + soft loan)
- **Who was involved:** Municipality, private owners (communities), ESCO, construction company, research institution (facilitator), bank
- **Main challenges:** engagement of citizens in the renovation process
- **Main lessons-learnt:** early engagement is essential to create an environment of mutual trust and to jointly deliver the suitable model for all stakeholders



# Energiesprong pilot in Sneinton (Nottingham, UK)

- **Financing instrument:** Revolving funds
- **Main aim:** renovation of 7 homes following the Energiesprong principles and through a contracting for performance model
- **Value of the investment:** total investment of 900k€
- **Public funding:** 7% EU funding, 93% Housing Revenue Account (HRA)
- **Who was involved:** Municipal Housing Company, tenants, construction company
- **Main challenges:** engagement, regulation and technical challenges (opt out, tariffs, private wiring systems)
- **Main lessons-learnt:** contracting for performance was key to success but it required a strong mindset change in the procurement process.



# PCED in ACTUR Rey Fernando (Zaragoza, Spain)

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## Lessons learnt so far:

- There is no a unique business model for Positive Energy Districts (PEDs) but a wide range of opportunities appear when exploiting the convergence of existing models (as EPCs, green bonds, etc.) with the PED concept that offers flexibility and a surplus of energy that needs to be managed (and monetized).
- It is essential to map all the stakeholders involved and their related benefits (direct and indirect) within the energy balance.





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Prospect+ Policy Dialogue Webinar

## **Križevci solar roofs (Croatia)**

Sanela Mikulčić Šantić, Cooperative Manager, KLIK  
(Križevci Laboratory for Innovation in Climate)

[sanela.mikulcic@zadruga-klik.hr](mailto:sanela.mikulcic@zadruga-klik.hr)



# Križevci solar roofs (Croatia)

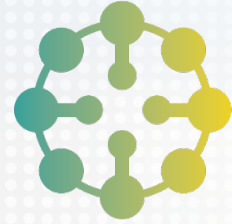
- **Financing instrument:** crowdfinancing through micro loans (10 year period).
- **Main aim:** 93 citizens invested in two 30 kW solar power plants, on Development Centre and public library which are owned by the municipality: to show how to use local available resources, i.e. to demonstrate that citizens, not only corporate investors, can invest in public energy initiatives and that public authorities can utilise civil financing, not only subsidies and bank loans.
- **Value of the investment:** 54 000 euro



# Križevci solar roofs (Croatia)

- **Who was involved:** Green Energy Cooperative (ZEZ), Greenpeace, City of Križevci, Development Center and Technological Park in Križevci, Regional Energy Agency North, Energy cities, Rescoop.eu, Public Library, citizens, media.
- **Main challenges:** there is no legislation on alternative sources of financing in public sector
- **Main lessons-learnt:** key success factor: community engagement, innovation. Citizen investors from Križevci established in 2020 a local energy cooperative which is now advising on renewable energy projects, leading the energy transition in partnership with the Municipality and helped establish Energy-climate office as a OSS for renewable energy. This increased demand for solar equipment, resulting in new local business and new jobs creation.





# PROSPECT+

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Prospect+ Policy Dialogue Webinar

## **Intracting revolving fund for energy saving measures in Albertville (France)**

Sandrine DE TERNAY – finance director  
Albertville city

[Sandrine.deternay@albertville.fr](mailto:Sandrine.deternay@albertville.fr), [www.albertville.fr](http://www.albertville.fr)

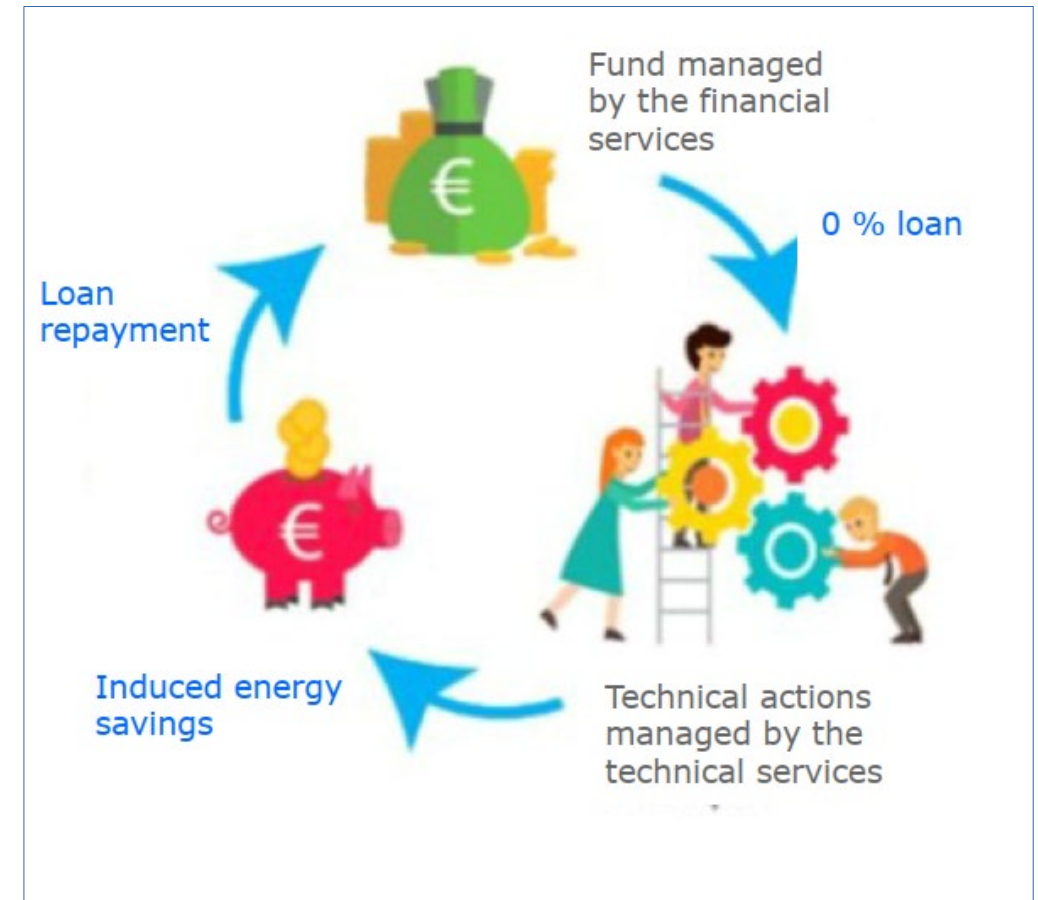


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# Intracting revolving fund for energy saving measures – Albertville (France)

- **Financing instrument:** Intracting with own revolving funds
- **Main aim:** act quickly and by our own means, and initiate a virtuous circle of energy frugality
- **Value of the investment:** 113 600 EUR (2019) - 704 000 EUR (2023)
- **Energy savings:** 120 000 EUR < 2023 - 150 000 EUR in 2023
- **Public funding:** 100% from our city budget



# Intracting revolving fund for energy saving measures – Albertville (France)

- **Who was involved:** city (elected representatives, head director, technical and finance departments)
- **Main challenges:** decide to act even without significant resources, over the long-term, keep it simple!
- **Main lessons-learnt:** small steps provide big results on long term, stronger partnership between departments which share a same goal, increased recognition of our internal innovation capacity.
- We are now able to finance projects with bigger ambition.



# PANEL DISCUSSIONS

## The reality on the local level: cities' recommendations to make innovative financing instruments more accessible.

- Vlasta Krmelj, Mayor of Selnica ob Dravi and CEO of ENERGAP, Slovenia
- Alicia Villazan Cabero, Project Manager, Valladolid City Council, Spain
- Jolein Schorel, Municipality of Amersfoort, the Netherlands
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## Support programmes, the regulatory context and the benefits of private capital for ensuring high impact of municipal projects.

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