CENTRALIZED TRAINING FOR SUPPORTING STRUCTURES
March 2016 Zagreb

PadovaFIT!

A Financing Investment Tool for the retrofitting of housing and service facility buildings in the PADOVA area

Michele Zuin - Comune di Padova
• **Bundle** a critical mass of small and differentiated investment projects making them bankable

• City Council to act as a **facilitator** and **institutional guarantor** for the bundling

• **Repayment model** based on financing model

• Selection of a **Delivery Partner** (Energy Service Company) with a Public Tender
15.800.000 € of foreseen investments launched in the **private housing building**

ca. 4500 people involved by the investments and 150 buildings

Cutting 3.744 CO2 emissions/year (15.703 MWh/year saved)

Renewable Energy Production: 2.326 MWh/year

Type of investments:

- Structural Refurbishment (shell of buildings)
- Heating plants renewal
- Renewables
- Average savings targeted: 25%
Padova FIT! - Structure of the Project

House Owners (HO) involvement and engagement

150-200 Facilitations

Technical Engineering & Financial Engineering with Preliminary design of interventions

Condominium Meeting Decision x150 Bundling

Public Tender to Select/Award a Delivery Partner and Monitoring Activity

Works

Delivery Partner

Contracts signing (HO - Delivery Partner)

Financial Engineering
0) Preliminary Planning

1-1,5 years in advance

a) Stakeholder involvement and engagement

• Training of Facilitators a TECHNICAL and PSYCHOLOGICAL work
• Target groups addressed: Building managers associations, small owners associations, House Owners/Tenants Unions, Builders associations
• Some target groups resistance and some target group exceeding expectations
• Facilitators in Condominium Meetings need to be backed up by a Comune Officer
b) Technical Engineering & Preliminary design of interventions

- Carefulness to provide precise figures...which is the possible % error to be presented in Condominium Meetings?

- Minimum size buildings to be economically viable/interesting for Energy Service Companies?
c) Financial Engineering

Fund for the awarded Delivery Partner to make the works bankable - ISSUES

- SCALE: the project’s limited dimensions

- IS THE MARKET READY: the Italian market of Private Equity or Venture not ready to finance EE projects (more prepared with Renewables);

- TIMING and COSTS to create a Capital Fund

- WHICH INVESTORS?

- Need to involve professionals to structure complex financial operations (more viable for investments > 50/60 mln €).

- Securitization (Law 130) - again scale issue (100 mln €)
Padova FIT! - Key elements and critical factors (4/5)

FEASIBILITY OF THE FINANCIAL SCHEME

- Delivery Partner own capital $\rightarrow$ min 20% $\rightarrow$ remuneration 7%;
- Equity or Bond for third parties $\rightarrow$ 25-30% $\rightarrow$ remuneration 12%;
- Bank debit $\rightarrow$ 50- 55% $\rightarrow$ cost 8%;
- Contracts duration $\rightarrow$ 10 years;
- Discount for houseowners on old billing $\rightarrow$ 5%;
- Choice tax credits/white certificates.
d) Procurement and Works

- Writing and issuing the Tender - No Competitive Dialogue!!!

- Building Differentiated Contracts:
  - Comune - Delivery Partner
  - Delivery Partner - Building/Owners
  - Auditing the Delivery Partner and advice Owners
d) Procurement and Works
Which documents to be annexed to the Tender

- Financial schemes
- Required Refurbishment Plans for three differentiated standard buildings (for assessment)
- Technical and financial qualification
- 3 years of experience in the field
- 2 years of active balance sheet
- 20% investment with own capital

- Rewarding Elements
  - Discounts >5% and/or % of guaranteed efficiency > 15%
  - Involvement of local workers/firms
  - Bringing own palaces
  - Financial indicators: PFN/EBITDA < 5, PFN/PN < 3
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