Latvian experience with energy efficiency programmes

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Energy Efficiency Programme for Multi-Apartment Residential Buildings in Latvia

• Latvia counts about 16,000 buildings with more than 3 apartments. More than 1000 of them have been renovated as of 2020.

• 2007-2013: grant programme for EE investments in residential housing managed by LIAA.

• 2014-2020: combination of FI and grants managed by Altum
  • ERDF funding: EUR 136m for grants (+30m in 2020)
  • EUR 350m of total investments financed (incl. bank financing) until 2023
One scheme: 2 FI and grant operations

Managing Authority

Grant

Loan FI

Guarantee FI

Beneficiary

altum

Financial intermediary

Grants

Loan

Guarantee

Technical documentation

Apartment owners

Banks (4)

Authorised person operates on behalf of apartment owners
Implementation models of the financial instruments

• 1 – Guarantee FI

- Eligible costs
  - Grant - 50%
  - Commercial bank loan - 50%

• 2 – Loan FI

- Eligible costs
  - Grant - 50%
  - Altum promotional loan - 50%

If the bank refuses the loan, the HOA/IA can apply to Altum.

Individual guarantee
Focus on the one stop shop – who does what?

Commercial banks

• Receive a loan application
• Perform their standard due diligence
• Use dedicated tools developed by Altum to assess the project’s eligibility, payback period
• Check invoices transmitted by Home Owners Association / AA
• Make ‘combined payments’ to construction companies

Altum

• Is responsible for grant eligibility and final decision (final grant application submitted via a dedicated webtool once bank loan proposal is accepted)
• Keeps justification / documentation of the investments supported with the grants
• Disburses the grants on the banks’ accounts
Lessons learned

• Grant disbursement model may be simplified
• Complex State aid treatment – at apartment owners’ level
• The payback period calculation (max. 30 years) may be replaced by max. project cost per sqm
• Banks refuse to finance projects in less developed areas or of small size – bank’s reluctance to finance projects has increased in 2020 (crisis effect?)
• Improvement of awareness level and motivation of apartment owners to implement renovation projects
Energy savings
58%
or
79 kWh/m²

Average temperature of the apartment

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
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</thead>
<tbody>
<tr>
<td>Temp</td>
<td>17°</td>
<td>22°</td>
</tr>
</tbody>
</table>

Heating costs

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>0.83€/m²</td>
<td>0.31€/m²</td>
</tr>
</tbody>
</table>

Payment changes (example)

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
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</thead>
<tbody>
<tr>
<td>Cost</td>
<td>1,89€/mēn.</td>
<td>45.7€</td>
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<tr>
<td>Cost for heating</td>
<td>17,29€</td>
<td>55m²</td>
</tr>
</tbody>
</table>
Thank you!