



Fund of Energy Savings and Renewables

The Fund was established by a Local Authority, the City of Litoměřice, in 2014 as a part of its internal budget. The Fund aims to reduce long-term operating energy costs of the Local Authority and assets it runs, such as schools, museums and libraries by implementing energy efficient measures and installing renewable energy sources with a minimum impact on the municipal budget.

Each year net savings are calculated and distributed according to an agreed formula among various levels of the Local Authority. Savings are reinvested in new sustainable energy projects.

Situation in the city before the fund was established

The City of Litoměřice had showed a long-term support of energy independence. However varying degrees of commitment to energy savings among city levels could have been observed. Measures had been implemented without evaluating the long-term economic and energy effects, and low investment measures had been preferred. Energy efficient measures were implemented mostly in a line with current legislation, as there was no ambition to strive for higher standards. Only limited funds had been available for the preparation of the necessary documents, such as energy audits, expert services, project documentation and conceptual documents.

With energy prices rising and energy expenses leaving the region the Local Authority decided to establish the Fund in the autumn of 2013. It took almost six months of negotiations and discussions among various city departments to reach the final stage of setting the Fund. The Fund is also strongly linked to return on investment and education of involved staff and citizens.



Benefits for the city and its Organisations / Fund Justification

It provides several direct benefits for the LA and its organisations:

- Reducing the burden on the city budget in the preparation of project documentation and expert studies;
- Reducing of fluctuations in the cash flow of the city budget due to unexpected expenses;
- Strengthening the local economy by retaining funding in the region;
- Appreciating city property and higher user comfort;
- Implementing the Strategic Development Plan of the city.

Local Authority leads by example in energy planning and implementation and inspires citizens and local companies' involvement in energy transition. Implemented measures provide objective and transparent evidence of actions taken by the LA, making the most of public resources to deliver benefits for its citizens. Funds re-invested in energy saving and utilization of renewable energy sources have a long-term multiplying effect for the municipality.

Fund Use

The Fund finances preparation of quality documentation (including project studies, energy audits, assessments, grant proposals). City organisations can use their share of money to cover operational costs: repairs, maintenance, material costs, and small investments, such as purchases for educational purposes or teaching. In future, once the Fund allocation is higher, it is anticipated it will be used to finance implementation of EE and RES measures directly. Currently measures are financed using a mix of sources: municipal budget, grant funding, EPC and/or bank loans.

Potential for Learning

Municipalities with established energy management could fairly simply adopt this practice. The fact that no upfront ring-fencing of funds is needed could be attractive to other municipalities.

The principle of dividing the net savings among relevant stakeholders is a very clever motivation element that ensures all stakeholders are involved and interested in achieving best results possible.

It is beneficial to start a dialogue with the subsidised organisations at an early stage, and to explain in detail how the Fund operates, how savings can be achieved and how net savings are calculated.

The Fund Achievements

To maintain a long-term sustainability of the Fund, net savings are calculated each year and distributed among key stakeholders as follows:

- 35% allocated directly to the city budget;
- 30% allocated to the Fund of Energy Savings and RES;
- 30% of the allocated specific organisation where saving energy or using renewable energy sources have been implemented;
- 5% allocated to the reward fund; the decision how rewarded is split among the involved staff is approved by the mayor.

Because of the Fund existence, having sufficient resources to prepare good quality pilot projects the municipality was able to implement many EE and RES projects and achieved these results.

Net Savings:

- 2016 €55 000
- 2015 €51 000
- 2014 €98 400

Overall total energy savings since 2012 in Local Authority buildings – over €886 000

Other Benefits (figures from 2014):

- 752 000 kWh/year saved
- 80 000 kWh/year renewable energy produced
- 650 tonnes/year CO₂ saved



Contact