



Upper Austria: 34 street lighting contracting projects in 2 years

The implementation of 34 street lighting contracting projects in Upper Austria in the past 2 years shows that municipalities can benefit from modern and efficient street lighting as well as guaranteed annual electricity and maintenance cost savings despite a tight municipal budget.

Overall, 10.9 million Euro were invested in LED street lighting and the municipalities now benefit from annual cost savings of ca. 420,000 Euro. These investments were enabled and supported by the region's energy contracting programme (ECP). The regional energy agency of Upper Austria, OÖ Energiesparverband (ESV), manages this programme and supports municipalities in the project implementation. So far, the programme has facilitated the refurbishment of street lighting in more than 70 municipalities (almost 20% of Upper Austrian municipalities)!

Energy contracting – paying with savings

Energy contracting is a contractual arrangement between a client (e.g. a municipality) and a service provider, a so-called "Energy Service Company" (ESCO). Typically, the ESCO finances and implements the energy efficiency investment (in this case, the refurbishment of a street lighting system to LED technology). The savings are then used to cover the investment and capital costs (or part of them) over the course of a contract period. The main advantage of energy contracting compared to other models is that the ESCO guarantees a certain level of energy savings and is contractually liable for achieving it. After the end of the contract, the municipality continues to benefit from the efficient street lighting, and lower electricity and maintenance costs.



Upper Austria's Energy Contracting Programme

Establishing an energy contracting market requires a smart approach and extensive communication to build-up trust and know-how. Upper Austria was one of the first regions in Europe to implement a dedicated support scheme to overcome market barriers. The Upper Austrian ECP supports the implementation of energy contracting projects. The key to the programme's success is the combination of funding from the regional government and a comprehensive facilitation service (information and advice) by ESV.

Financial support is granted to the energy contracting client. It goes towards reducing either the annual rates paid to the ESCO or the length of the contract. The level of funding is based on the savings guaranteed for the contract period. Up to 40% of the savings are granted as subsidy (max. 75,000 Euro). In addition, a funding incentive of up to 15,000 Euro is available for avoiding light pollution through the use of special lights and lamps. These incentives can be combined with other subsidies (e.g. from the federal government). In Upper Austria, projects are often financed through a combination of several sources, such as through energy savings, with own funds and with subsidies.

More than guaranteed savings

Guaranteed energy savings are just one of the many advantages of contracting reported by the municipalities. Other benefits include, above all, the ESCO's expertise in project planning, the high-quality lighting achieved, increased safety for citizens and the flexibility of the contracting model (which allows for adapting it to the context of each project and municipality). There are currently 6 ESCOs in Upper Austria that have specialised in working with municipalities.

A flexible financing model

The original financing model for contracting projects has developed significantly in recent years. Its flexibility makes it adaptable to the specific regulatory, economic and social contexts of each region or project. Which model is most appropriate depends on aspects such as the availability of own funds, access to loans and loan conditions, the extent of the project (whether additional modernisation measures are implemented at the same time as the energy efficiency measures) and more.

In Upper Austria, a large variety of financing options based on guaranteed savings have already been successfully applied. Through its support to over 250 EPC projects ESV has gathered extensive and valuable experience on this financing model.

Contact

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The Upper Austria Energy Contracting Programme at a glance

The regional energy agency, OÖ Energie sparverband, supports and advises municipalities and manages the programme on behalf of the regional government.

Achievements in street lighting refurbishment in the past 2 years:

- 34 projects implemented
- 9,493 light points converted to LEDs
- 10.9 million Euro invested
- 1.7 million Euro in ECP funding
- Average contract duration: 10 years
- Total savings:
 - annually: 1,394,000 kWh electricity / 421 tonnes CO₂ / 420,000 Euro
 - over the contract duration: 13.9 GWh electricity / 4,200 tonnes CO₂ / 4.2 million Euro