Intelligent Energy – Europe (IEE)

Deliverable D5.1: Investment Plans (M35)

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INTRODUCTION

This report covers a key part of the project – the co-ordination of the Investment Plans prepared in order to try to deliver the key targets of the project. These key targets were to achieve a significant reduction in the energy consumed by the footwear and leather industry and a similar reduction in the emissions of Carbon Dioxide Equivalent by the industries.

The specific outputs and targets of the activities in more detail were:

- Investment plans template.
- Involvement of at least 70 companies
- Involvement of 3 tanneries and 3 footwear from other countries
- Total energy saving of 16,7 mio primary kWh
- Total CO_2 reduction of 3.834 t CO2e/year
- Reduction in energy consumption and CO2 emissions by 20% per product unit (sq.m. of leather or pair of shoes with the same production)

The partners within each participating country encouraged, assisted and oversaw the preparation of the investment plans within their country. The plans were reported to the WP 5 co-ordinator (UKLF) and to the Project Manager. UKLF co-ordinated, updated and validated a summary report spreadsheet which was used to monitor the total number of investment plans, to record key details of the plans and to calculate energy savings and resulting reductions in CO2e emissions. These data were used as a basis for the Final Publishable Report, the Project Brochure, the information tabulated in this report and the Investments Development Report.

MAIN ACTIVITIES

Much of the work on co-ordinating, recording and reporting the investment planning developed quite late in the project – while investments are effectively going on all the time, the bulk of the investments planned during the project were based on the benchmarking, the site audits and the follow up to them, the development of the database on technical solutions and the database on potential sources of finance. While preparatory work was undertaken throughout much of the project, much of the final data on investment plans, results and savings in energy and CO_2 became available only towards the end of the project.

Briefly, regarding the preparatory work, after an initial discussion of content (in Word format) at the 12-month meeting, the investment plan template, on an Excel Spreadsheet was presented at the 18-month meeting, and an additional targeted workshop on its functionality was delivered at the 24-month meeting.

It was generally agreed that the Investment Plan Template provided an excellent tool for assessing the viability of projects, for calculating payback periods and for presenting proposals to potential financial providers where appropriate. However, for reporting and collating investments plans it was considered to be too elaborate for more straightforward operations, and following the 30-month meeting agreement was reached between SOGESCA, CTCP, UKLF and the Project Manager on a simplified and streamlinesdInvestment and Action Plan Template, which partners were asked to use in order to report.

This, in turn, dovetailed very neatly into the Investment Plan Summary, which was extremely useful for monitoring and co-ordinating progress of all the plans on a collective basis.

Regarding company involvement in considering investment in energy efficiency, a total of 285 companies participated in the benchmarking inventory questionnaire and 75 companies were audited, which was the start of discussions about investments. In total, to date, 54 companies are recorded as having prepared investment plans.

Regarding countries outside the project partnership, although there were discussions with tanneries in Sweden, Austria and Slovenia and with the European Footwear Manufacturers Association, no companies from other countries have so far prepared an investment and action plan mainly because of the barriers identified during the project, and enumerated briefly below.

KEY RESULTS AND ACHIEVEMENTS

Regarding the outputs and results for Investment Plans and Energy/CO2e Savings a summary of the achievements, in terms of investment plans made and savings of primary energy and CO2e emissions planned and realised during the project is given in the following two tables.

Table 5.2.1: Summary of Investment Plans per Country

	Short	Medium	Long	TOTAL
Bulgaria	0	0	2	2
Italy	25	0	1	26
Portugal	15	5	7	27
Romania	10	1	23	34
Spain t	0	0	2	2
Spain f/w	1	0	13	14
UK	6	1	4	11
RoE	0	0	0	0
TOTAL	**57**	**7**	**52**	**116**

By the end of the project, there were 116 Investment Plans (the target was 80). Plans were defined as short, medium or long term investments:

- Short term: planned and completed during the project.
- Medium term: planned and started during the project, but not completed.
- Long term: planned during the project, but not started.

The plans comprise 57 short term plans, 7 medium term, and 52long term.

While a number of the investments are planned but not started, or not completed, it is encouraging to report that 57 of the investment plans have been planned, started and completed during the term of the project.

The following table summarises the overview of savings already achieved and planned.

Table 2: Achieved Savings and CO_2 eq. Emissions Avoidance vs Planned

	Savings from Plans	
	mio kWh primary	**k tonnes CO_2e**
Bulgaria	0,077	0.028
Italy	25,312	7.227
Portugal	1,279	0.328
Romania f	0,452	0.188
Romania t	0,216	0.060
Spain f	0,502	0.115
Spain t	0,088	0.020
UK	4,511	1.084
Short term	27,176	7.709
Medium/Long - term	5,261	1.341
TOTAL	32,437	9.050
TARGET	16,700	3.834

This shows that In terms of energy saving and reduction of CO_2e emissions the totals already achieved - 27.176 million kWh primary energy and 7,709 tons of CO_2e - well exceed the target savings of 16.7 million kWh of primary energy and 3,834 tonnes of CO_2e. If the investments planned but not yet realised are also included, the savings are even higher.

With these results so far, the target of a 20% reduction by 2020 looks attainable.

The total value of investments planned during the project was €6 924 245, with €6 365 911 worth of investments completed during the course of the project; a further €100 760 worth of investments was started but not completed.

CONCLUSIONS

The results of the project so far are impressive in terms of the savings already realised in energy used and CO_2e emitted, when compared with the original targets. But there is still considerable progress to be made regarding plans yet to be started, or completed.

The results suggest two factors – first; where companies have the funding to proceed, they are keen to do so; and second, that companies know what they want to do, but feel constrained by lack of access to finance on a basis that they are happy with. This also suggests that there will be a legacy from the project, with the various tools available to encourage and support new investment plans as economic and investment conditions improve. We would expect further results to be achieved after the project has ended, in addition to the plans already made and not yet realised.

The overall levels of investments made and planned – individual amounts and length of payback – to a large extent reflect access to government or EU assistance, or other advantageous terms (such as offered by Italian ESCOs – who plan and finance equipment until it is paid for).

Apart from these opportunities, a number of barriers to investment have been identified, notably in regard to access by smaller companies. These constraints, along with the general economic situation, which impacted some countries more than others, go some way to explain why some countries missed their individual targets, while the whole sector met its overall targets.

- Companies – especially SMEs - report that it is difficult to access credit, and subsidies/grants to support energy efficiency are restricted or nonexistent in some countries
- Companies prefer to invest on an “internal” basis wherever possible
- Companies often have other priorities for their own funds (sales, quality)
- Finance is mainly available on a commercial basis – there are few Grants/subsidised sources and in the current economic climate, most companies need to achieve a rapid payback of no more than 2 years
- While the ESCO system is reported to work well in Italy there are some concerns in other countries about the conditions of the lease arrangements, because companies fear losing control of their own businesses
- The economic climate is still an issue, and colours many companies’ thinking about accessing finance

Since the tools arising from the project, along with the impact of discussions and promotion of the project are expected to have a continuing effect, after the formal end of the project, the target of a reduction in energy use of 20% by 2020 remains attainable, especially if the economic situation in most countries begins to ease. The information gathered in the project indicates that most companies know what they would like to do in terms of investments, they just need a suitable window of opportunity in terms of access to funding and business climate, and they will invest.