



Intelligent Energy  Europe

Conference

Gdansk, 8'th July, 2009

**TOOLS FOR SUPPORTING SUSTAINABLE DEVELOPMENT POLICY**

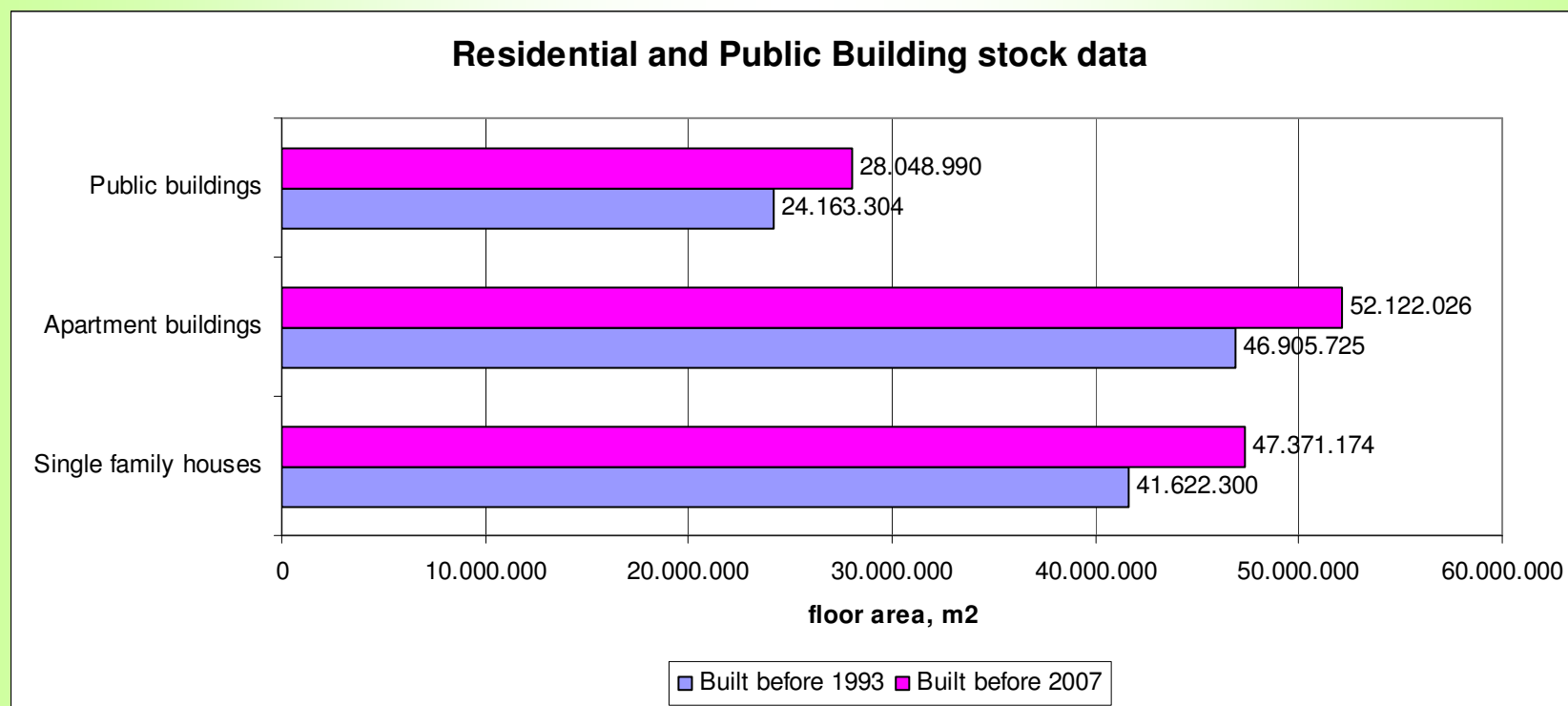
# **Financing of Apartment Building retrofitting projects in Lithuania**

**Rimvydas Kiveris**

**UAB AF-TERMA**



UAB "AF-TERMA", Europos pr. 110, 46315 Kaunas, tel.: +37037 337 990, fax.: +370 37 337 991, info@afterma.lt



**Space heating energy saving potential in Apartment Buildings: 3,28 TWh/a (70%: 2,3 TWh/a)**

- Average annual specific apartment building energy consumption before retrofitting: 150 kWh/m2
- Average annual specific apartment building energy consumption before retrofitting: 80 kWh/m2
- Floor area of Apartment buildings built before 1993: 46,9 mln. m2

## Apartment Building Modernization Programme, 2004

### The Programme was approved on 23/09/2004

- ✓ New edition, valid since 24/06/2005
- ✓ Second new edition, valid since 30/03/2008
- ✓ Change, valid since 15/06/2008
- ✓ Change, valid since 04/03/2009

### The Programme targets:

- It is expected 27000 of Apartment Building to be retrofitted
- Secure efficient dwelling operating, maintenance and renovation
- Increasing building's energy efficiency
- Decreasing of space heating cost
- Reduction of Greenhouse Gas Emissions
- Decreasing of Energy Dependence from imported fossil fuel



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## Progress of implementing of Apartment building Modernization Programme (Status 05/06/2009)

	<i>year</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>totally</i>
retrofitting completed		1	75	152	79	1	308
retrofitting ongoing		2	130	136	130	106	504
financial applications approved		54	177	346	143		720



## **New Apartment Building retrofitting financing model**

In April, 2009 was elaborated new Apartment Building retrofitting financing model based on establishing the Revolving Fund

- ✓ Long-term credit (20y)
- ✓ Annual interest 3%
- ✓ State subsidy up to 15%
- ✓ Financing of up to 100% of initial payment, bank interest and credit installments for low income families
- ✓ Technical support

According to theoretical calculations total sum of space heating cost and re-payment of bank loan after retrofitting will not exceed space heating cost before apartment building retrofitting.

## State financing demand for Apartment Building retrofitting financing according to new model

	2009	2010	2011	2012	2013	<b>Totally</b>
Number of retrofitted apartment buildings	500	1000	1000	1000	1400	<b>4900</b>
State subsidy of 15% (thousand LTL)	3997	11991	19986	27980	39172	<b>103126</b>
State financing of bank interest part exceeding 3% (thousand LTL)	300	2759	14462	28383	47873	<b>93777</b>
Financing of low-incomes families: loan, initial payment, 3% annual interest (thousand LTL)	4049	12148	20247	28345	39683	<b>104472</b>
<b>Totally, demand for State financing, (thousand LTL)</b>	<b>8346</b>	<b>26898</b>	<b>54695</b>	<b>84708</b>	<b>126728</b>	<b>301375</b>



## Feasible Financial sources of Revolving Fund

- ✓ 475mln.LTL (or 137mln.EUR): 4% European Regional Development Fund for Building Retrofitting
- ✓ 300mln.LTL (or 87mln.EUR): Loan from the European Investment Bank for financing of State part of projects to be financed from EU Structural Funds
- ✓ 33mln. LTL (or 9,6mln.EUR): from State budget
- ✓ 700mln.LTL (or 203mln.EUR): borrowing from international financing institutions 2010 - 2013

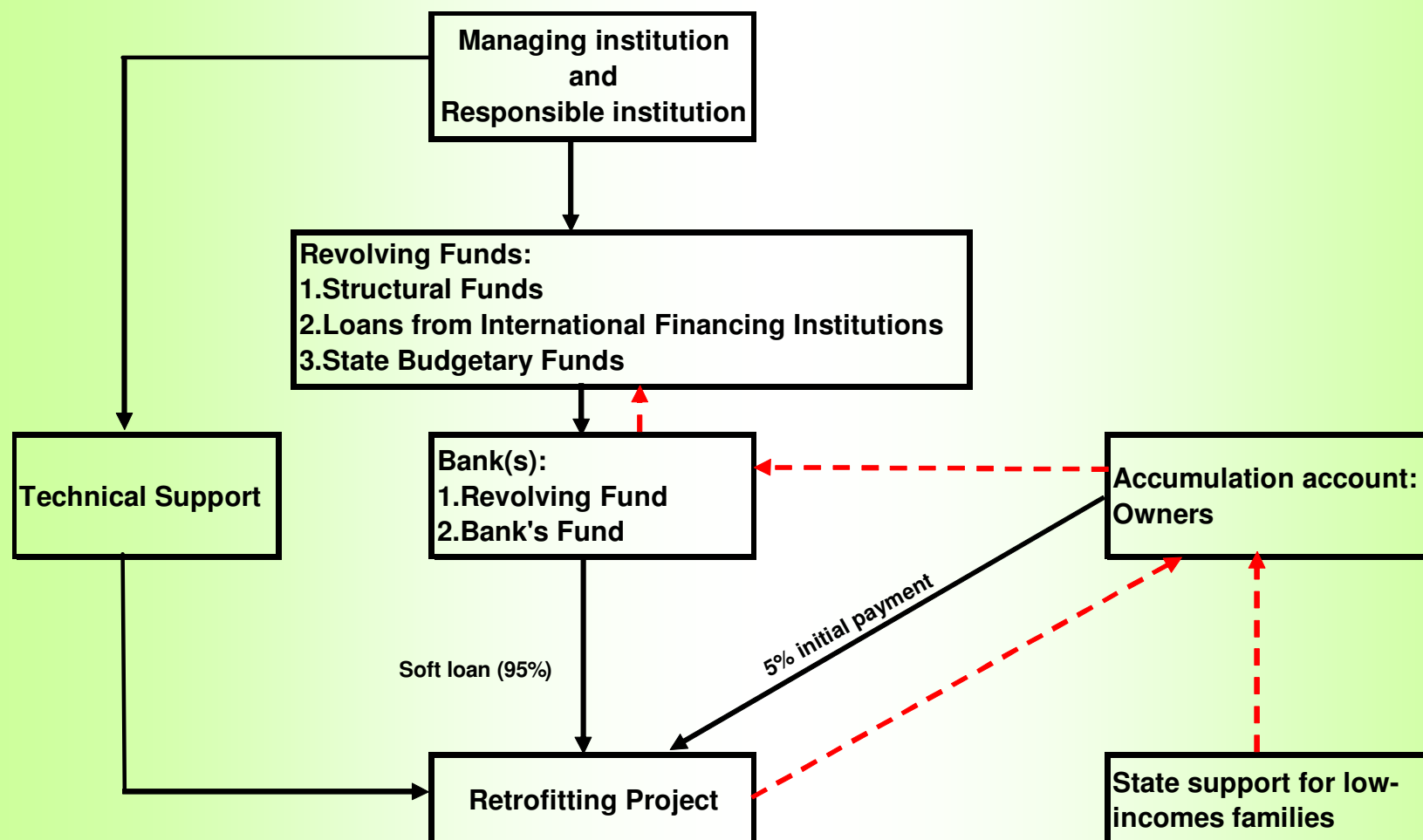
RF Capital was calculated to be sufficient for financing of 500 -1400 of building retrofitting projects annually

## Further Feasible Financial sources of Revolving Fund

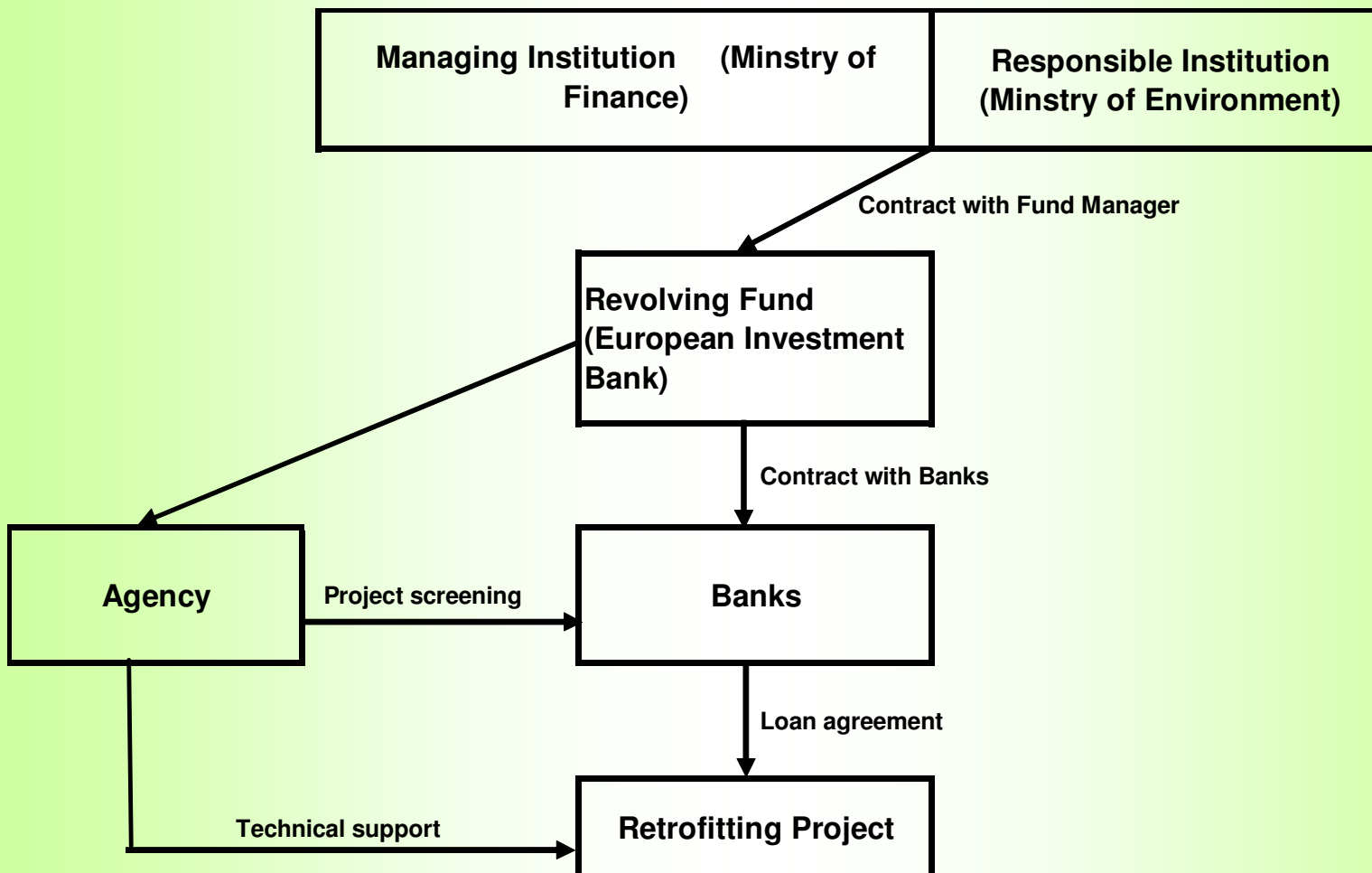
- ✓ Revenues from trading of greenhouse gas emission allowances
- ✓ Charge for exceeding of standard energy consumption
- ✓ Contribution of Financial Institutions
- ✓ 2014 ES Funds



## Apartment Building Retrofitting Financing Model



## Institutional scheme of implementing of Financing Model



## Change of financing conditions of Apartment building retrofitting during 2005 – 2009 period

<i>year</i>	<i>new model, since 2009</i>	<i>since 2008</i>	<i>since 2005</i>
Own financing share of retrofitting cost	5%	5% +5% loan insurancy	10% +5% loan insurancy
Bank loan share of retrofitting cost	95%	90%	85%
State subsidy	up to 15%	up to 50%	up to 30%
Subsidied share of retroffiting cost	14,2% (i.e. 95%x15%)	45% (i.e. 90%x50%)	25,5% (i.e. 85%x30%)
Loan interest	3%	average 8%	average 8%
Loan duration	20y	15y	15y



## Establishing of Holding Fund

On 11/06/2009 Lithuanian Minister of Finance (Mr. Algirdas Šemeta), Minister of Environment (Mr. Gediminas Kazlauskas) and Vice-president of European Investment Bank (Mr. Matthias Kollatz-Ahnen) signed financing agreement according to which the Holding Fund was established.

785 mln. LTL (or 227mln.Eur) from EU Structural Funds and State budget will be transferred to Fund and used for Apartment Building Retrofitting.

Call to submit the applications for retrofitting projects is scheduled on the end of July.





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# Thank you for your attention

**Rimvydas Kiveris, UAB "ÁF-TERMA", [rimvydas@afterma.lt](mailto:rimvydas@afterma.lt)**



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