



Strategic planning & action plan template

1. Decision mapping

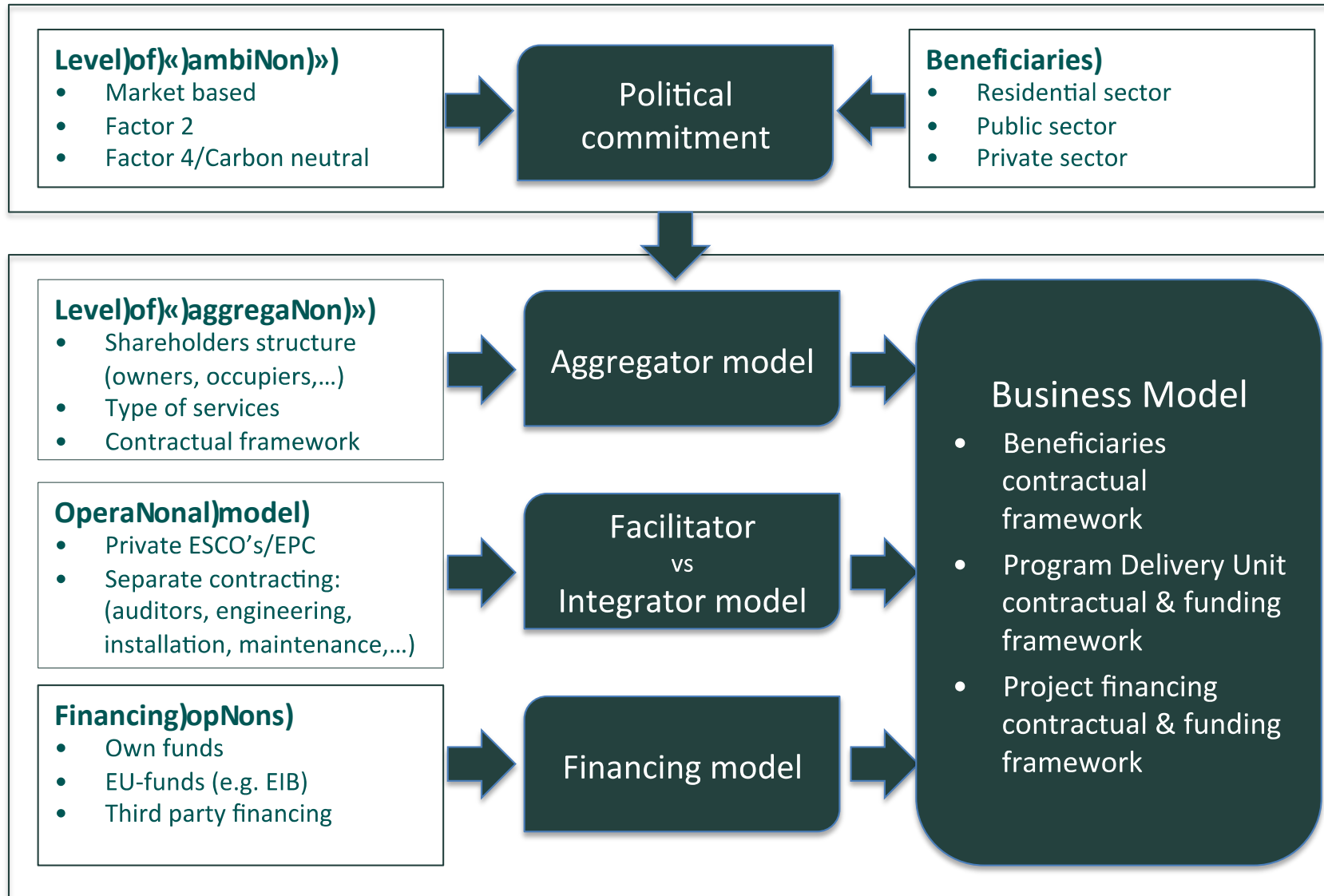
2. Strategic analysis

- a. Program Authority/Program Delivery Unit roles and functions
- b. Beneficiaries, type of projects and level of "ambition"
- c. Implementation model
- d. Operating Services
- e. Level of "aggregation"
- f. Financing & Funding Vehicle

3. Choice – What are you proposing to do

4. Action plan for implementation

1. Decision mapping



2. Strategic analysis

2.1. Program Authority/Program Delivery Unit roles and functions

The Program Authority (PA) and the Program Delivery Unit (PDU) are the two main stakeholders that will manage and implement the program or the model.

- Program Authority (PA): The Program Authority (PA) is the public entity or organization that is in charge of the program or that controls the Program Delivery Unit (PDU). This is typically a national or regional government, a provincial or local authority or council or a city or municipal council. The Program Authority (PA) defines the vision and the program scope including the targeted beneficiaries, the level of ambition, the implementation model and the funding vehicle that is being put in place. The Program Authority also identifies within the stakeholders/parties who can play the role of Program Delivery Unit (PDU), and determines the services that it will offer to the beneficiaries. The Program Authority is also responsible for securing the funding of the Program Delivery Unit (PDU)
- Program Delivery Unit (PDU): The Program Delivery Unit (PDU) is the organization that is specifically set-up (and/or entitled) to implement/execute the program. It is often a separate legal entity, but can also be a department or project team within an existing organization. It can be a public, a public-private or a private entity/organization, depending on the local capabilities . In the most advanced [elaborated?] models, the Program Authority (PA) has set-up a specific legal entity to play the role of Program Delivery Unit (PDU), either as a local public company or a mixed company (public-private).

Key questions to address

| Program Authority (PA) | |
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| Who is/are the Program Authority (PA)? | |
| How can you help the Program Authority (PA) to have a clear vision of the issues? | |
| How can you support the Program Authority (PA) to define the vision and the program scope? | |

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| How can you get from the Program Authority (PA) a clear commitment to the beneficiaries and the Program Delivery Unit (PDU)? | |
| Program Delivery Unit (PDU) | |
| What are the skills and competencies requirements to manage the Program? | |
| What are the tools and resources requirements to manage the Program? | |
| What will be the staff requirements to manage the Program? | |
| What will be the funding requirements to manage the Program? | |
| How long will the Program run? | |
| Who are the stakeholders/parties that have those skills, competencies and resources to play the role of Program Delivery Unit (PA)? Are they willing to play this role? | |
| Is it desirable/necessary to set up a specific entity to take on the role of Program Delivery Unit (PDU)? | |
| If a specific entity is to be set up, should it be a public company or a mixed company? | |
| If a mixed company is suitable, who are the private stakeholders/parties that can be invited [considered]? Are they willing to join? | |
| How will the Program Delivery Unit (PDU) be funded? | |
| Could the Program Delivery Unit (PDU) apply for a technical assistance grant (e.g. ELENA or EIB technical assistance)? | |

Actions to undertake

| No | Action | Due | Owner | Status |
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2.2. Beneficiaries, type of projects & Level of "ambition"

The beneficiary profile, the type of projects and the level of ambition will have a significant impact on the model:

- Beneficiaries: They can come from the public sector, the commercial sector, the residential sector and/or the industrial sector.
- Type of projects: These can be Energy Efficiency building retrofit projects, Energy Efficiency public lighting retrofit projects, Energy Efficiency industrial retrofit projects or renewable energy projects.
- Level of ambition: the level of ambition can be classified as follows:
 - Up to 35% reduction of energy consumption and/or GHG emissions: this level of ambition could be reached with short and middle term contract durations (average 10 years) based on technical installation (HVAC, lighting, electrical...) retrofits and managed energy services. As basic **indicator, the price per square meter in case of a building retrofit could be less than 50€.** Typically the **ESCO market based offer targets this level of ambition.** The market is also able to offer ESCO and TPF financing options for this level of ambition.
 - Up to 50% reduction of energy consumption and/or GHG emissions: this level of ambition could be reached with middle and long term contract durations (between 15 and 25 years) based on technical installations (HVAC, lighting, electrical...) retrofits, envelope retrofits (insulation), [near building] renewable energy generation and managed energy services. As basic indicator, the price per square meter in case of a building retrofit could be less than 200 €. There are various examples in Europe of

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| | <p>EPC/ESC models that have addressed such a level of ambition. ESCO financing and/or TPF financing will be more challenging for this level of ambition.</p> <ul style="list-style-type: none"> ○ Up to 75% reduction of energy consumption and/or GHG emissions: this level of ambition can only be reached with long or very long term contract durations (min. 25 years) based on deep retrofits. As basic indicator, the price per square meter in case of a building retrofit could range from 800 € to over 1500€. There are a few examples in Europe of EPC/ESC model that have addressed such a level of ambition. This level of ambition requires a mix of financing solutions (conventional financing, ESCO financing, PDU financing, Investment fund). ○ Carbon neutral: this level of ambition can only be reached with combined deep retrofit and renewable energy generation projects. This level of ambition will require a mix of financing solutions (conventional financing, ESCO financing, PDU financing, Investment fund). |
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Key questions to address

| Beneficiaries | Comments |
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| Who will be the beneficiaries of the program? | |
| How many beneficiaries are there and what is their potential in terms of number and size of projects? | |
| What is the estimated investment need to finance the beneficiaries projects (depending of the level of ambition)? | |
| Are the potential and investment needs addressable within the program? | |
| Type of projects | Comments |
| What type of projects are addressed? | |

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| What will be the skills and competencies requirements to realize the type of projects addressed? | |
| Are experienced ESCOs, contractors and/or suppliers available to realize that type of projects? | |
| Level of ambition | Comments |
| What will be the level of ambition of the project? | |
| Is it coherent with the beneficiaries potential? | |
| Are beneficiaries able or willing to contract on a very long term? | |
| Is it addressable within the program? | |

Actions to undertake

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2.3. Implementation model

The implementation model is the method by which the projects are technically and operationally implemented in the field, most often by using contractors or subcontractors. Typical implementation models are Energy Performance Contracting, Energy Supply Contracting and Separate Contractor Based.

- EPC/ESC model: Energy Performance Contracting (EPC) or Energy Supply Contracting (ESC) is a method by which an ESCO (Energy Services Company) acts as a unique contractor and assures all the technical and performance risks of the contract. The ESCO offers to the contracting beneficiary performance guarantee on the energy savings (EPC) or “useful” energy for a contractually agreed price (ESC) that secures the stream of savings allowing to reimburse the investment. In the EPC/ESC model, the Program Delivery Unit (PDU) can act either as a project facilitator or project integrator but does not take on the technical risks of the project (neither does the beneficiary). The EPC/ESC model is the key condition to access to ESCO and/or Third party financing (TPF).
- Separate contracting: Separate contracting is a method to implement multi-technique energy efficiency or renewable energy projects, by which each step of the process is dealt with by a separate party (energy auditor, engineering company, installer or contractor, maintenance company) and by which individual projects (e.g. boiler replacement, relighting, isolation, etc.) are **executed by separate contractors for each technique. In this model, the Program Delivery Unit (PDU) can act either as a facilitator of integrator, but it can be useful to have the Program Delivery Unit (PDU) or another organization to act as an integrator to ensure an end-to-end delivery of the energy efficiency program and provide a consistent level of service from the different contractors. In the Separate contracting model, the Program Delivery Unit (PDU) and/or the beneficiary take on the technical risks of the project. In this model, there is** also little room to access to Third party financing (TPF).

Key questions to address

| EPC/ESC vs. Separate contracting | Comments |
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| Are there enough local ESCO’s on the market to organize competitive tenders? (= Condition for EPC/ESC) | |

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| Do local ESCO market practices meet the program level of ambition (e.g. in case of deep retrofit)? (= Condition for EPC/ESC) | |
| Are the beneficiaries able or willing to sign long term contracts with suppliers/private ESCO's? (= Condition for EPC/ESC) | |
| Is there a standard and robust EPC/ESC tendering model available locally? (= Condition for EPC/ESC) | |
| Is there local expertise and resources available to manage the EPC/ESC tendering process? (= Condition for EPC/ESC) | |
| Is it desirable to integrate "operating and maintenance services" within the contractual scheme for the projects? (= Suitable for EPC/ESC) | |
| Is it important/necessary to manage the technical risk of the projects by performance guarantees? (= Suitable for EPC/ESC) | |
| Is it important/necessary to manage and control transaction costs of the projects? (= Suitable for EPC/ESC) | |
| Is it important to enhance financial predictability of the projects? (= Suitable for EPC/ESC) | |
| Are ESCO and/or TPF financing desirable or necessary? (= Suitable for EPC/ESC) | |
| Are the "time to invest" and "time to savings" decisive factors for the program? (= Suitable for EPC/ESC) | |

Actions to undertake

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2.4. Operating Services

The Operating Services are the kind of services that are delivered by the Program Delivery Unit (PDU). They can be Marketing, Aggregation, Integration, Facilitation, Financial Advice, Financing and Assessment (or a combination of):

- Marketing: Marketing covers the commercialization and promotion of the services of energy efficiency to the beneficiaries. This covers the whole range of communication and commercial development services that are necessary to inform the beneficiaries of the types of offerings that are available to them. It also covers the pricing policy and product/services development.
- Aggregation: see below
- Facilitation: Facilitation means that the Program Delivery Unit (PDU) does not sign the contract with the beneficiary, but coordinates or “facilitates” the whole process of project delivery on behalf of the beneficiary. The contracts are signed directly between the beneficiary and the contractors. This role is often played by the Program Delivery Unit (PDU) in case of EPC/ESC implementation model, where the contract is signed directly between the beneficiary and the ESCO. Managing the tendering process is typically part of facilitation services offered in case of EPC or ESC projects.
- Integration: Integration means that the Program Delivery Unit (PDU) acts as an intermediary between the beneficiary on one hand and the contractors or subcontractors on the other hand. **This means that the contract for the delivery of the energy efficiency is signed between the integrator and the beneficiary and that the integrator signs contracts with the (sub)contractors. This role is often associated with the Separate Contractor Based implementation model, although it can also be applied to EPC or ESC. In the integrating model, the Program Delivery Unit (PDU) takes on the technical and performance risks of the project, except** to have back-to-back agreements with the beneficiary on one hand and the ESCO on the other hand (in the case of EPC/ESC model).
- Financial Advice: see below

- Financing: see below
- Assessment: Assessment is the role by which the PDU evaluates the technical and financial viability of an energy efficiency project and decides whether or not the project gets implemented and/or financed. The PDU will typically use a number of criteria to judge whether the project is acceptable or not.

Key questions to address

| Marketing | Comments |
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| What are the skills and competencies, resources and staff required to market the program? | |
| How to market the program? | |
| What are the funding requirements to market the program? | |
| Facilitating vs. integrating | Comments |
| What are the skills and competencies, resources and staff required to facilitate the projects? | |
| What are the funding requirements to facilitate the projects? | |
| What are the skills and competencies, resources and staff needed to integrate the projects? | |
| What are the funding requirements to integrate the projects? | |
| What is the desired level of integration of the program management? (= Suitable for integration) | |

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| Is integration (in particular in case of the separate contracting model) desirable to have a uniform level of service and risk profile to offer? (= Suitable for integration) | |
| Is there sufficient "value added" to integrate the contracting process (e.g. single point of contact, risk management, economies of scale)? (= Condition for integration) | |
| Does the Program Delivery Unit (PDU) have the skills and competencies and resources (in terms of staff and funding requirements) to integrate the program? (= Condition for integration) | |
| Can the Program Delivery Unit (PDU) take on the "residual" risk? (= Condition for integration) | |
| Assessment | Comments |
| What are the skills and competencies, resources and staff required to perform project assessment? | |
| What should be the assessment indicators and procedures? | |
| What are the funding requirements for the assessment function? | |

Actions to undertake

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| 2.5. Level of "aggregation" | <p>Bundling, pooling, and aggregation of projects and or beneficiaries are common practices in use amongs the studied models:</p> <ul style="list-style-type: none"> • <u>Bundling/pooling</u>: Bundling/pooling means that the beneficiary or the Program Delivery Unit (PDU) bundles/pools the projects in one or more single projects to increase the size of the projects in order to make these feasible and/or to create economies of scale both operationally and financially. This approach could be applied either to the EPC/ESC model as well as the Separate contracting model (see below). • <u>Aggregation</u>: Aggregation means that the Program Delivery Unit (PDU) bundles the projects of multiple "internal" customers by acting on behalf of them and by making them available to the market. The aggregation service can include bundling/pooling of projects. This approach requires that the Program Delivery Unit (PDU) be entitled to act on behalf of the beneficiaries. |
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Key questions to address

| Bundling/pooling | Comments |
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| Are the size of the projects (in terms of energy consumption, energy savings and/or investment potentials) big enough to be self- | |

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| organized? | |
| Are there economies of scale through bundling/pooling (e.g. Optimization cost/benefit/risk assessment, legal, procurement process)? | |
| Are there other "added values"[benefits?] to bundle/pool the projects (e.g. project consistency, technical rationalization, contractors streamlining)? | |
| Can the bundling/pooling volume stimulate the market (e.g. more interested suppliers)? | |
| Aggregation | Comments |

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| Do the beneficiaries have the skills and competencies and resources to organize their projects themselves? Will they take it on? (= Need for an aggregator) | |
| Have the beneficiaries sufficiently and large enough projects to be self-attractive? | |
| Is it interesting to bundle/pool projects from across different beneficiaries (e.g. schools pools, swimming pools, etc.)? | |
| Are there economies of scale through aggregation (e.g. Optimization cost/benefit/risk assessment, legal, procurement process)? | |
| Are there other "added values" [benefits] from aggregating projects from across different beneficiaries (e.g. project consistency, technical rationalization, contractors streamlining)? | |
| Can the Program Delivery Unit (PDU) play the role of aggregator/will take on? | |
| Are there procurement services/models that allow to be used for multiple beneficiaries (e.g. central purchasing, central command)? | |
| Are beneficiaries confident with their independence/decision-making power being transferred to the aggregator? | |
| Can the aggregator volume stimulate the market (e.g. more interested suppliers)? | |

Actions to undertake

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| 2.6. Financing & Funding Vehicle | <p>The Funding Vehicle is the entity or structure that is used to finance the projects. Typically, the analysed models/programs make use of the following funding vehicles (or a combination of) :</p> <ul style="list-style-type: none"> • <u>Investment fund</u>: the Program Authority (PA) or the Program Delivery Unit (PDU) setup a public, public-private, public-citizens fund to provide total or partial project financing of the program. The fund can operate on a stand-alone basis, in cooperation with the Program Delivery Unit (PDU) or be integrated into the Program Delivery Unit (PDU). In this case, the fund takes on the financial risk of the project. • <u>PDU financing</u>: the Program Delivery Unit (PDU) acts as the funding vehicle, providing financing, either through an own fund (or the Investment fund) or by packaging external financing solutions into an integrated financing service. In this case, the Program Delivery Unit (PDU) takes on the financial risk of the project. • <u>ESCO financing</u>: the ESCO or contractor acts as the funding vehicle, providing financing through either EPC financing or ESC financing. In this case, the ESCO takes on the financial risk of the project. The Program Delivery Unit (PDU) can support the beneficiary with financial advice and financial engineering services providing guidance and consultancy on ESCO financing for its project • <u>Conventional financing</u>: the beneficiaries pack internal (own funds) and external financing (financial |
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institutions, utility funds, etc.) solutions in order to finance his projects. In this case, the beneficiaries take on the financial risk of the project. **The Program Delivery Unit (PDU) can support the beneficiary with financial advice and financial engineering services providing guidance and consultancy on available funding for the concerned project.**

Key questions to address

| Main topics | Comments |
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| What is the funding need of the program | |
| Are there existing local, regional or national financing instruments to fund the program (e.g. ERDF) | |
| Is the program eligible for EU funding (e.g. EIB)? | |
| Who can bare the financial risk? | |
| What is the impact on public balance sheet and/or beneficiary balance sheet (debt capacity)? | |
| Conventional financing | Comments |
| Are financial advice and financial engineering services to the beneficiary sufficient? | |
| Can beneficiaries provide own funding (own debt capacity)? | |
| Can the beneficiary take on the financing risk? | |
| Is bank financing available for the kind of projects included in the program? | |

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| Can the Program Authority (PA)/Program Delivery Unit (PDU) conclude an agreement with financial institutions (public and private) on a structural funding scheme for the program? | |
| Does the beneficiary need partial credit guarantee or the ESCO portfolio guarantees to finance the projects? | |
| Can the Program Authority (PA)/Program Delivery Unit (PDU) set up a credit guarantee fund to support the program funding through beneficiaries? | |
| ESCO Financing | Comments |
| Do local private ESCO's (market) provide funding? | |
| Is the ESCO financing competitive compared to conventional (or PDU) financing? | |
| Can the local private ESCO's market cope with the program size (funding volume)? | |
| Can the Program Authority (PA)/Program Delivery Unit (PDU) set up an agreement with financial institutions (public and private) on a third party structural funding scheme for the program? | |
| Does the ESCO need partial credit guarantees or portfolio guarantees? | |
| Can the Program Authority (PA)/Program Delivery Unit (PDU) set up a credit guarantee fund to support the program funding through ESCO's? | |
| PDU Financing | Comments |
| Is it necessary and/or cheaper to integrate the project financing within the model? | |
| Can the Program Delivery Unit (PDU) take on the financing risk? | |

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| What is the desired level of integration of the program funding in the role of aggregator/facilitator/integrator? | |
| Does the Program Delivery Unit (PDU) have the financial expertise and resources to fund the program? | |
| Can the Program Delivery Unit (PDU) have access to sufficient funding to cope with the program size? | |
| Can the Program Authority (PA)/Program Delivery Unit (PDU) set up an agreement with financial institutions on a third party structural funding scheme for your program? | |
| Investment fund | Comments |
| Is it necessary and/or cheaper to integrate the project financing within the model? | |
| Is there a need to overcome the financing risk or debt capacity barriers? | |
| Is there a need to cover credit guarantee or portfolio guarantee? | |
| Is there an opportunity to leverage the funding size and costs (program maturity)? | |
| What is the desired level of integration of the program funding in the role of aggregator/facilitator/integrator? | |
| Can the Program Authority (PA)/Program Delivery Unit (PDU) set up an investment and/or credit guarantee fund to support the program funding? | |
| Other financing opportunities | Comments |
| Are there alternatives available and desirable (e.g. Crowdfunding, citizen funding) | |
| Can the Program Authority (PA) set up a tax incentive or a tax | |

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| scheme to attract public and/or private funding? | |
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Actions to undertake

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3. Choice – What are you proposing to do

| Program scope and ambition | Description |
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| Program authority (PA) | <i>Describe and detail the Program Authority</i> |
| Type of projects | <i>Describe and detail the type of projects</i> |

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| Level of ambition | <i>Describe and detail the level of ambition</i> |
| Scope of the program | <i>Describe and detail the scope of the program</i> |
| Beneficiaries | Description |
| Beneficiaries | <i>Describe and quantify the Beneficiaries</i> |
| Potential [Investment volume) | <i>Describe and quantify the Beneficiaries potential (number, size and funding requirements of projects)</i> |
| Operational and contractual framework | <i>Describe and detail the Beneficiaries operational and contractual framework between Beneficiaries and the Program Delivery Unit (PDU) and/or the Funding Vehicle (in case of Investment Fund)</i> |

| Program Delivery Unit (PDU) | Description |
|---------------------------------------|---|
| Program Delivery Unit (PDU) | <i>Describe and detail the Program Delivery Unit</i> |
| Implementation model | <i>Describe and detail the Program Delivery Unit implementation model</i> |
| Operating services | <i>Describe and detail the operating services offered by the Program Delivery Unit (including aggregation and financing services)</i> |
| Operational and contractual framework | <i>Describe and detail the Program Delivery Unit operational and contractual framework:</i> <i>* between the Program Authority and the Program Delivery Unit</i> <i>* between the Program Delivery Unit and the Beneficiaries</i> <i>* Between the Program Delivery Unit and the third parties (ESCO, Contractors, suppliers, funding vehicle)</i> |
| Organisational and skills resources | <i>Describe and detail the organisational and skills resources requirements</i> |

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| Staff resources | <i>Describe and quantify the staff resources requirements</i> |
| Financial resources | <i>Quantify the funding requirements and the funding source</i> |
| Financing and funding vehicle | Description |
| Funding needs | <i>Describe and quantify the funding requirements for the program</i> |
| Funding vehicle(s) | <i>Describe and detail the funding vehicle(s) for the program</i> |
| Operational and contractual framework | <p><i>Describe and detail the Funding vehicle(s) operational and contractual framework:</i></p> <ul style="list-style-type: none"> <i>* between the Program Authority and the Funding Vehicle(s)</i> <i>* between the Program Delivery Unit and the Funding Vehicle(s)</i> <i>* Between the Funding Vehicle(s) and the beneficiaries</i> <i>* Between the Funding Vehicle(s) and the third parties (ESCO, Contractors, suppliers)</i> |

4. Action plan for implementation

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