ENVIRONMENTAL PROTECTION AND ENERGY EFFICIENCY FUND CROATIA

FIRESPOL – Financial Instrument for Renewable Energy Investment

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Action Plan

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General Information

Project	**FIRESPOL - Financial Instruments for Renewable Energy Investment**
Partner organisation(s) involved	**Environmental Protection and Energy Efficiency Fund CROATIA**
Description	The Environmental Protection and Energy Efficiency Fund (EPEEF) is the central point for collecting and investing extra budgetary resources in the programmes and projects of environmental and nature protection, energy efficiency and use of renewable energy sources. The activities of the Fund comprise of the tasks related to financing of the preparation, implementation and development of programmes and projects and similar tasks in the field of conservation, sustainable use, protection and improvement of the environment, and in the field of energy efficiency and use of renewable energy sources.
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FOND ZA ZAŠTITU OKOLIŠA I ENERGETSKU UČINKOVITOST

Introduction

This Action plan has been developed within the framework of the FIRESPOL Interreg project. Development involved the main players of the region that deal, directly or indirectly, with RES and financing RES projects. The Environmental Protection and Energy Efficiency Fund (EPEEF) is the central point for collecting and investing extra budgetary resources in the programmes and projects of environmental and nature protection, energy efficiency and use of renewable energy sources and also Intermediate Body level 2 for Operational Programme Competitiveness and Cohesion2014-2020.

Stakeholders involved in development and implementation of policy improvement are: Ministry of Regional Development and EU Funds (MRDEUF) National policy-making organisation and Management Authority for Operational programmes 2014 – 2020, National Funding resource Croatian Bank for Reconstruction and Development, Ministry of Environment and Energy and Ministry of Construction and Physical Planning.

In the context of the foregoing and the best practice examples identified during the FIRESPOL project, it is proposed that in Croatia energy communities should also be more strongly involved in the implementation of energy transition, as pointed out in the *"Clean energy for all Europeans"* package. The main purpose of energy communities is to provide for the environmental, economic, or social benefits for their members or local areas where they operate, and not financial gain. Participation in these communities should be open, transparent, and voluntary.

This document is structured in three parts. After this introduction section, Part I Background – focuses on use of Renewable energy sources and financing of RES in Croatia, Part II Policy context of the Action plan - explaining how will proposed actions influence the policy instrument and Part III Actions - provides details on the specific actions that have been designed in order to influence the policy instrument such as **Establishement of the one-stop-shop for sustainable investment products** and **Creation of a new financing scheme to support RES and EE in the Tourism sector combining grant with a financial instrument.**

Part 1: Background

The self assessment of using financial instruments for Renewable Energy investment in Croatia has been used to collect data and knowledge about using RES and financing RES projects.

Croatia established regulatory and legal framework conditions to support better implementation of RES projects. However, the regulations have changed in previous years and most of the projects are private investments. Croatia still has not taken advantage of the available natural potentials such as: sun, wind, geothermal sources. The space for development is quite large especially in terms of using solar and photovoltaic panels. Use of renewable energy sources will help secure the future energy supply and lower the human impact on the environment. In power sector generation capacity from the renewable sources has been further increased in 2017.

The dominant energy production in Croatia is wind energy in Adriatic coast. The growing number of cogeneration power plants that produce heat and electric energy is also worth mentioning. Croatia has a developed production of Solid Biofuels such as Wood pellets, wood briquettes and wood chops.

Of all forms of renewable sources of energy that could be used in the Republic of Croatia, such as solar energy, wind energy, biomass, geothermal energy, energy from small water courses..., the citizens, the private and the public sector would benefit the most from using solar energy to meet their own electricity consumption and thermal energy demand. Therefore, it is necessary to promote in particular:

- Construction of integrated solar power plants on public and commercial buildings

Help of the local community is essential to identify public buildings on whose roofs it is possible to install solar power plants. The inventory of public buildings' roofs should be compiled together with CBA.

- Construction of integrated solar power plants on residential buildings

With the aim of constructing new solar power plants on the rooftops of residential buildings, an intensive campaign should be launched to present to the public and inform them about the conditions and cost-effectiveness of this type of investment. It would be best to start the campaign on the local media (radio, websites), social networks and holding lectures.

Reducing the cost of photovoltaic modules and increasing the price of electricity, especially if the power plant supplies energy for the object, will contribute to the projects of micro integrated solar power plants on family houses and apartment buildings to become economical. Investment in photovoltaic systems for own production and consumption could be of special interest to the owners of apartments for rent.

- Use of solar thermal collectors for heating and/or domestic hot water

Although in Croatia, especially in Dalmatia, the conditions for the use of solar power for domestic hot water and heating are excellent, these solar systems are still seldom used. Solar collectors are not installed on the roofs of newly constructed buildings, even though the prices today are more affordable than they used to be, and investment in the solar systems is cost-effective in the long term.

Solar thermal collectors are used mainly for domestic hot water, and somewhat less for heating buildings. Domestic hot water is used on a daily basis in households, so the nominal collector capacity is used the whole time, while in the case of heating, the power is used in only one part of the year – in the winter, i.e. when the availability of solar energy is reduced. It is estimated that the use of solar thermal collectors in the average household (4-5 household members) covers more than 60% of annual demand for domestic hot water, with the total annual energy savings of approximately 1400 kWh. In the case where the same household uses solar power for heating, the average annual thermal energy savings amount to around 3600 kWh, which is the annual CO_2 reduction potential of roughly 1100 kg. Solar thermal systems are particularly beneficial for preparing domestic hot water in tourism (hotels, camps, apartments) seeing as the main season is in the summer, when the demand for domestic hot water increases due to a great number of tourists. Consequently, such systems should be strongly promoted.

Compared to solar heating, solar air-conditioning is better at using solar power since the maximum values of insolation from the solar irradiance coincide with the maximum consumption of energy for cooling. In this way, the installed solar collectors are used for heating in the winter and for cooling in the summer, resulting in the greater number of hours in use compared to the solar system used only for cooling or heating respectively. Even though the solar systems used for heating the medium that is later used for cooling is so far still a new and expensive technology, it is certain that the installed surface of solar collectors until 2030 will be 1.5 m^2/per capita, i.e. 5 m^2/per capita by 2050, that will be used for heating in winter and cooling in summer, especially in the coastal areas, the hinterland and islands of the Republic of Croatia.

The administrative procedure for obtaining the necessary permits for the construction of integrated solar power plants is much simpler compared to non-integrated power plants, because an integrated power plant is legally considered to be a simple building (it is built on the already existing object), and it is not necessary to obtain the building permit, only the approval of the main design.

Regardless of the chosen technology, special attention should be paid to raising the awareness, informing, and educating all stakeholders in the local community.

After the citizens and the community recognise the benefits of using green energy, it is necessary to establish a single contact point, or *one-stop-shop*, that would on the one hand provide the online platform with all the data in one place, and on the other an efficient mechanism of financial incentives that would be continuously available through public calls for the citizens, units of local and regional self-government, public and state bodies, and for entrepreneurs. It would be important to ensure that the single contact point is established with the institution such as EPEEF, which has already been recognised as the body providing accessible and transparent advisory tools and instruments assisting in the implementation of RES, energy efficiency and environmental protection projects.

Based on the experience so far in co-financing the projects and programmes, the Fund is already established as the point for providing accessible and transparent advisory tools and financial assistance, part of which includes integrated energy renovation services, and the implementation of other measures and initiatives, such as the ones listed in the Commission initiative “Smart Finance for Smart Buildings”.

In this context, the Fund should more intensively promote the advantages of using RES and energy efficiency in the media, and on its website develop a simple search tool for searching RES financing options, and for connecting all stakeholders.

In order to obtain continuity in the construction of the new RES energy generation capacities, the Fund has to provide the resources for stimulating the use of RES in the Financial Plan and Work Programme each year.

The Renewable Energy Directive requires the Member States to establish the national “Incentive frameworks” for promoting and facilitating the development of *renewable energy communities*, including, among other things, providing support for capacity strengthening, development of the tools for an easier access to financing and information, providing access to the households at risk and low-income households, and eliminating unjustified regulatory and administrative obstacles.

In addition, based on the best practice examples from FIRESPOL partners, it is proposed to set up a crowdfunding platform that would gather different resources and stakeholders using the common online platform. The model of crowdfunding for the projects in the field of sustainable energy and climate change is a logical follow-up on the model of civic communities/cooperatives. The advantage of a single

crowdfunding platform for sustainable energy is in that it can support several different projects/programmes, and offer different types of involvement (investment, loan, donation, etc.).

The projects for the use of solar energy for generating thermal energy and electricity should be defined as Croatia's priorities in creating the future measures in the upcoming programming period 2021 – 2027.

In relation to the best practice examples in EU countries, and the so far very few projects for the use of solar energy for generating thermal energy and electricity implemented in Croatia compared to other EU Member States, with the aim of increasing the use of renewable energy sources, Croatia should provide support combining grant funding with financial instruments (green loans, securities, guaranties). It is also essential to be open for different types of financial instruments, such as green bonds or green certificates. In order to stimulate enterprises to invest in the infrastructure for generating and storing energy from renewable sources, in particular of solar energy, it is essential to elaborate for each measure the method of granting support, and combining grant funding with financial instruments. Special attention should be paid to the State aid rules, so that stimulating enterprises would not lead to the distortion of competition.

Part 2: Policy Context of Action Plan

The Action Plan aims to impact:

1. **Operational Program Cohesion and Competitiveness for the period 2014-2020**

Policies we would like to address are included in the *Thematic Objective No. 4, "Supporting the shift towards a low-carbon economy in all sectors"*. Investment priorities affected by the project are: 4b Promoting energy efficiency and renewable energy use in enterprises and 4c Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector. Thematic objective 4, has a very broad coverage of investment priorities and specific objectives, having Investment priorities directed at the general services sector, industry, public infrastructure and buildings and private housing. However, in Croatia OP 20214-2020 for Competitiveness and Cohesion, the investment opportunities are limited to non-refundable grants, so the potential benefits of other funding mechanism such as Financial instruments will not be achieved. For this reason, the introduction of financial instruments in the OP or the introduction of new management criteria in order to allow for a wider impact of the current grants will be an important added value. The new management system for grants seeks to achieve higher impact similar to FIs.

In the Republic of Croatia, the framework for the utilisation of resources within the European Union cohesion policy is defined in the *Partnership Agreement between the Republic of Croatia and the European Union for the European Structural and Investment Funds for growth and jobs in the EU financial period 2014 – 2020.*

The Partnership Agreement, among other things, comprises *Thematic Objective No. 4, "Supporting the shift towards a low-carbon economy in all sectors"*, defined as one of the goals to be achieved in the stated period.

As a Member State, Croatia has at disposal the resources form the European Structural and Investment (ESI) Funds. For example, in the 2014 – 2020 period, the total of € 10.676 billion is available under the Operational Programme Competitiveness and Cohesion (*Operational Programme "Competitiveness and*

Cohesion 2014 – 2020"), which comprises Thematic Objective No. 4. Support for the transition to the low-carbon economy in all sectors, for which € 511m have been allocated in the form of grants and financial instruments. Within Priority Axis 4 "Promoting energy efficiency and renewable energy sources", Investment Priority 4b has been defined – Promoting energy efficiency and renewable energy use in enterprises, and 4c – Reducing energy consumption in the public and housing sector buildings, and increasing the efficiency of the public lighting systems, which recognise the potential which can contribute to the overall reduction of energy consumption, and increasing energy efficiency and use of RES, and boost the competitiveness of the Croatian economy.

Within *Priority Axis 4 "Promoting energy efficiency and renewable energy sources", of the Operational Programme "Competitiveness and Cohesion 2014 - 2020",* apart from grant funding, it is also planned to finance the projects aimed at investments in energy efficiency and renewable energy sources through financial instruments. Financial instruments are defined as credits, loans, guarantees, venture capital investments, whose source of financing are European Structural and Investment Funds.

The Ministry of Regional Development and EU Funds, as Managing Authority for the Operational Programme "Competitiveness and Cohesion 2014 - 2020", adopted in December 2017 the decision delegating to the Croatian Bank for Reconstruction and Development (HBOR) the tasks of implementation of financial instruments for energy efficiency and renewable energy sources in the field of public buildings, private sector (enterprise) buildings, and in the field of improving public lighting efficiency. The implementation of financial instruments for energy efficiency and renewable energy sources provides the opportunity to finance the investment under the terms and conditions that are more favourable than the market ones, with the aim of promoting investments.

The objective is to improve the grant concession system, in order to prioritize funding to those projects which can achieve similar benefits than project funded by FIs, for which it will be necessary to have a full and clear understanding of FIs systems. One stop shop will provide centralised information. An improvement of type 2- Change in the management of the policy instrument is thus envisaged . Already existing grant and incentives schemes will be improved with new management criteria in order to enhance its impacts.

The key stakeholders in charge of this Policy instrument

The Ministry of Regional Development and EU Funds - responsible for the planning and implementation of the regional development policy, and management and financing of regional development. As part of this, the Ministry is responsible for

preparing the priorities and multi-annual and annual strategic and operational documents for the utilisation of European Union funds, and other international sources of finance intended for regional development. It coordinates all tasks related to harmonisation with the European Union regarding regional policy and structural instruments management. It also prepares strategic documents regulating the national development goals and priorities for using EU funding, and it monitors the implementation of the measures and activities set out in these strategic documents. Since the Ministry coordinates the tasks related to the management of European Union programmes that are implemented in the Republic of Croatia, in the 2021 – 2027 programming period it has to define the priority measure for promoting the use of RES, especially using solar power for generating thermal energy and electricity, and in accordance with its communication channels, strongly promote different types of financing of RES: European Investment and Structural Funds, energy communities, crowdfunding platforms, venture capital, green bonds…

The Ministry of Construction and Physical Planning who is responsible for the tasks related to construction, physical planning and housing, and it participates in the preparation and implementation of programmes using EU funds, and other forms of international assistance in these fields. The Ministry is competent for establishing the design and building requirements, building and use permits, maintenance and removal of buildings, building inspection, and energy efficiency in the housing sector and public buildings.

Since the Ministry has the role of Intermediate Body level 1 in the management and control system of European Union programmes in the Republic of Croatia, in the 2021 – 2027 programming period it has to define the priority measure for achieving energy efficiency in the building sector and promoting the use of RES , especially of solar power to generate thermal energy and electricity, and in accordance with its communication channels, strongly promote the benefits of using RES in the building sector.

The Ministry of Environment and Energy who is responsible for the general environmental and energy policy, which, among other things, includes defining the strategic determinants of sustainable development based on the green economy concept, with the aim of promoting the creation of added value in the energy, transport, and tourism sectors.

The Ministry draws up acts and regulations governing the energy sector, it plans and proposes the energy development strategy, it coordinates the tasks related to energy management, promotes the competitiveness of the energy sector, it prepares the programmes for more efficient use of energy and their implementation, and it promotes investment in the energy sector.

The Ministry performs administrative and professional tasks related to renewable energy sources and cogeneration, it issues energy approvals for eligible energy

producers, it keeps the statutory Register of RES and cogeneration projects and plants, and of eligible producers, it prepares the programmes and measures for placing biofuels on the motor fuels market, and the use of biofuels for transport, it carries out administrative supervision of the implementation of the energy legislation, and performs expert tasks related to international and bilateral treaties.

Since the Ministry has the role of Intermediate Body level 1 in the management and control system of European Union programmes in the Republic of Croatia, in the 2021 – 2027 programming period it has to define the priority measure for promoting the use of RES, especially of using solar energy for generating thermal energy and electricity, and in accordance with its communication channels, strongly promote different types of financing of RES: European Investment and Structural Funds, energy communities, crowdfunding platforms, venture capital, green bonds…

The Environmental Protection and Energy Efficiency Fund (EPEEF) is the central point for collecting and investing extra budgetary resources in the programmes and projects of environmental and nature protection, energy efficiency and use of renewable energy sources. In the period from 2004 until the end of 2019, EPEEF's resources were used to finance more than 250 RES projects, with the overall value of investments amounting to HRK 1.5bn, of which EPEEF approved HRK 190 million. The most important was the public call for the use of renewable energy sources in tourism, under which the beneficiaries had at disposal HRK 13 million, and by the end of the year, due to outstanding interest, the total of HRK 15.6 million were approved for 70 projects. The beneficiaries could obtain grant funding in the form of donation, subsidy or loan, depending on the status of the applicant and location, in the amount of: 40%, 60% or 80% of eligible costs. Not only hotels were able to apply for co-financing under this call, but also camps, B&Bs (boarding houses), and other hospitality and tourist facilities offering tourist accommodation. In the context of this plan, it should be pointed that, for example, in 2015 EPEEF had two calls for proposals in the tourism sector:

- *"Public Call for the use of renewable energy sources in the tourism sector"*,
- *"Public Call for non-residential buildings - energy renovation and low-energy new developments of tourist facilities"*,

Additionally, it is worth to mention that the policy of encouraging RES will continue in the future period. In the context of energy transition and climate change adaptation, the Republic of Croatia prepared the following strategic documents: *"Energy Development Strategy of the Republic of Croatia until 2030 with an outlook to 2050*", and the "Integrated Energy and Climate Plan for the period *2021 – 2030",* creating the framework for the future activities in the energy sector, all with the aim of

reducing greenhouse gas emissions. These documents contain an overview of the energy system and status of the energy and climate policy. The strategy clearly defines the key goals in the energy sector, and the plan comprises an overview of the national goals for each of the five key dimensions of the Energy Union, and the relevant policy and measures to achieve those goals.

As these are very comprehensive documents, for the purposes of this plan it should be pointed out that one of the goals that has been set is 36.4 % energy from renewable sources in the gross final energy consumption in 2030.

Apart from a significant increase in the nominal capacity, it is worth mentioning the possibility for energy recovery of waste in the Republic of Croatia for producing energy, the refuse-derived fuel (RDF), at certain locations where environmental, economic, and technical feasibility is proved.

In order to support the variable production of RES (wind farms and photovoltaic power plants), conditions should be ensured for the construction of technologically different energy storage facilities (reversible hydro power plants, batteries, boilers combined with heat accumulators).

In addition, the development of the infrastructure for alternative fuels should be encouraged, especially of hydrogen as fuel, whose use could contribute significantly to reducing GHG emissions, and to improving air quality and reducing noise, especially in urban areas.

It is certain that the demand for electricity will increase in the transport sector, the economy and tourism, so in the upcoming period it is necessary to change the structure of power sources in order to achieve the targeted reduction of consumption of fossil fuels in the overall energy-related transformation, and to increase the use of available energy potential.It is recommended to stimulate integrated solutions, to continue promoting multiple benefits from investment in RES, and to stimulate to the greatest possible extent the generation of energy from renewables, as well as energy efficiency. Changes in the trends of generation and consumption of energy, and significantly increasing the use of solar energy are essential in Croatia, with the aim of reducing the reliance on fossil fuels and electricity import, and to make a greater contribution to the reduction of greenhouse gas emissions, while at the same time motivating the economy to open “green” jobs.

Part 3: National Actions & Timeframe

National Action 1 – Establish an One stop shop for sustainable investment products

Background

Stakeholder input

The Ministry of Regional Development and EU Funds - responsible for the planning and implementation of the regional development policy, and management and financing of regional development.

Croatian Bank for Reconstruction and Development (**HBOR) -** Through, its business operations HBOR supports the responsible conduct for improving and preserving the environment, it promotes the introduction of renewable energy sources and achieving energy efficiency according to EU standards. Through its Loan Programmes, HBOR approves loans for investment projects aimed at promoting cleaner production, avoiding and reducing waste generation and emissions in the production process; implementing national energy programmes; promoting the use of renewable energy sources (sun, wind, biomass, etc.); promoting sustainable construction and cleaner transport; promoting other projects aimed at environmental protection, energy efficiency, and introducing RES. The aim of HBOR's Loan Programmes is to achieve the goals set in the Energy Strategy of the Republic of Croatia, to develop the market of energy services and renewable energy sources, and to boost the overall economic investment cycle in Croatia. In addition, HBOR is offering the possibility to finance energy efficiency projects through financial instruments "ESIF Loans for Energy Efficiency of Public Sector Buildings", and "ESIF Loans for Public Lighting", while the financial instrument "ESIF Loans for Energy Efficiency for Entrepreneurs" is being prepared. The Croatian Bank for Reconstruction and Development is a development and export bank of the Republic of Croatia, and its primary task is **promoting the development of the Croatian economy**. Through loans, insuring the exports from political and commercial risks, issuing guarantees, and business consulting, HBOR is a link between entrepreneurial ides and putting them into practice, with the aim of boosting the competitiveness of the Croatian economy.

The transition of the energy sector to which Europe has strongly committed, represents a great challenge for research, development of new technologies, industry and entrepreneurship, and energy sector digitalisation, and it has a positive impact on the social policy and the society in general. Energy transition includes the development of the energy infrastructure, more substantial interlinking of the network infrastructure with all neighbours, cooperation at regional level, and market development. Energy transition is a dynamic process, which includes growth of the standard and quality of living, meaning increased energy demand, as well as the use of new and efficient technologies.

Interregional learning

5th Interregional event in Wiesbaden, the State of Hesse and study visit provided more in-depth information about the fact that the key factor in accepting energy transition and the necessity of increasing the use of RES was the participation of the citizens in the projects. Involvement of the citizens and municipalities in the regional generation and supply of energy can take place in several forms, with different ratios of risk and return. The company **SDG INVESTMENTS® PLATFORM the One-Stop-Shop for sustainable investment products** was presented**,** which gave us the idea to set up a one-stop-shop platform with EPEEF for promoting sustainable investment products. Savings bond – Example of savings deposit at the Marburg-Biedenkopf Savings Bank._This good practice provided us with example of saving bonds used in RES. 20% of the project is financed with the capital of citizens and municipalities (in equal share) as limited liability capital. The remaining 80% is provided by the Savings Bank through different tranches. The capital comprises public funds (the German Development Bank RES financing programme) and long-term resources of the principal banks, and one separate tranche for the savings bond. The considerable advantage of this structure of financing is the fact that a great portion of profit remains in the municipality and the region. The partners benefit from the distribution, citizens benefit from the profit and interest, and the municipality from both. This model is very low risk for the citizens.

Sub actions

Creating a physical place and web platform that can bring together all the actions implemented by local authorities, and the possibilities of financing RES and EE projects is crucial for better use of RES.

In further activities, EPEEF is planning to present itself to the public as the “one-stop-shop” in the media. As part of this campaign, a website will be launched, as a single

place where users will be able to get all information about the possibilities for co-financing the use of RES. On the website, the provided telephone numbers and contacts with the employees of the Fund, assistance will be provided to potential investors in the preparation of documentation, referring them to the competent ministries and institutions regarding the procedures for obtaining the required permits, opinions, approvals. The banks and civic energy communities will also be connected through the one-stop-shop in order to provide the finance to facilitate the investment in renewable energy sources projects.

The Fund will regularly present to the public the data regarding the investments, thus promoting the importance of using RES while contributing to reducing climate change, environmental protection, and shift to cleaner energy.

Based on the enquiries from interested citizens and companies, the Fund will be able to prepare, together with the competent ministries and institutions, the calls for granting the resources, and to secure the assistance from the banks in closing the financial structure.

All the data will be publicly available, the assistance provided by the Fund will be transparent and in line with the legal regulations in force, as well as the EU “Clean energy for all Europeans” package.

The Environmental Protection and Energy Efficiency Fund (EPEEF) is the central point for collecting and investing extra budgetary resources in the programmes and projects of environmental and nature protection, energy efficiency and use of renewable energy sources.

The activities of the Fund include the tasks related to financing the preparation, implementation, and development of the programmes and projects, and similar activities in the area of preservation, sustainable use, protection and improvement of the environment, and in the areas of energy efficiency and use of renewable energy sources.

The Fund can be the institution in which a single contact point will be established the, so-called, one-stop-shop. Based on the experience so far in co-financing the projects and programmes, the Fund is already established as the point for providing accessible and transparent advisory tools and financial assistance, part of which includes integrated energy renovation services, and the implementation of other measures and initiatives, such as the ones listed in the Commission initiative “Smart Finance for Smart Buildings”.

In this context, the Fund should more intensively promote the advantages of using RES and energy efficiency in the media, and on its website develop a simple search tool for searching RES financing options, and for connecting all stakeholders.

In order to obtain continuity in the construction of new RES energy generation capacities, the Fund should provide each year the resources for stimulating the use of RES in the Financial Plan and Work Programme, and process the documentation continuously as soon as received.

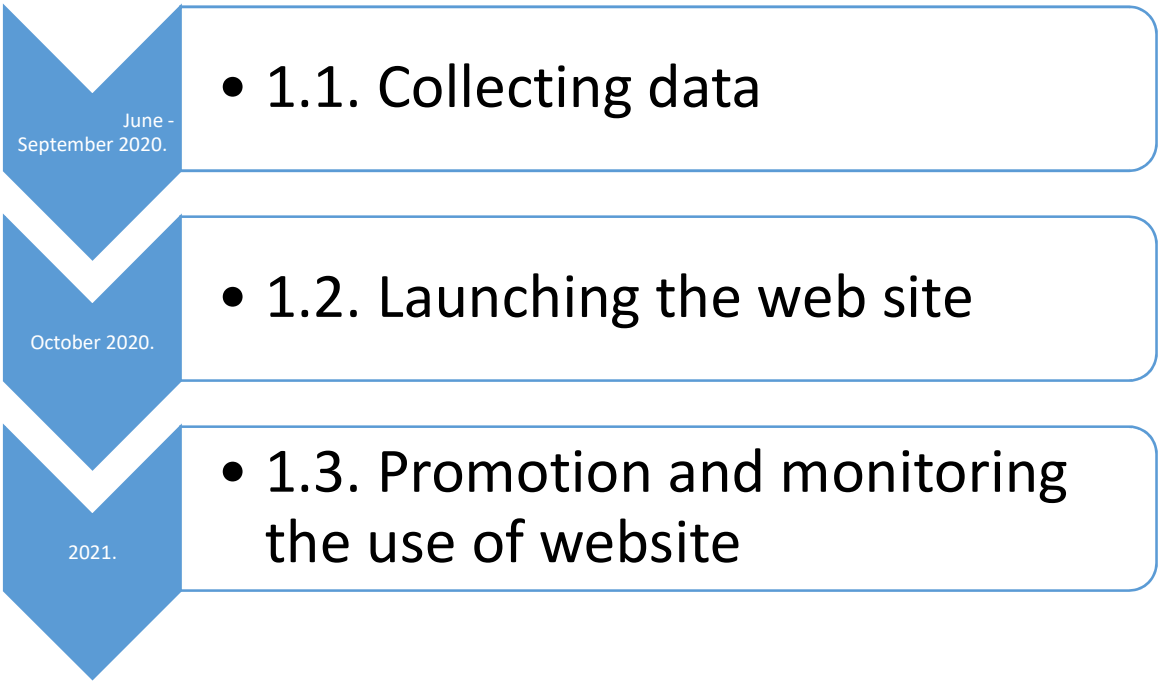
Steps

1.1. Collecting data from banks and other financial sources about possibilities for co-financing RES projects, entrepreneurs producing technology, citizens interest in using RES, legal framework and information about the calls for proposals to granting the RES projects.

1.2. Launching the web site, as a single place where users will be able to get all necessary information about the possibilities for co-financing the use of RES.

1.3. Promoting website as a tool to find proper information about regulation and information about implementation of RES projects. Monitoring the use of website, improvement if necessary, promoting the advantages of using RES and energy efficiency in the media

Timeframe



Costs

140.000,00 € per year (25.000,00 € for staff and administration, 15.000,00€ for administration of web platform and 100.000,00 € for promotion)

Funding sources

EPEEF

Performance indicators

Number of users

National Action 2 – Creation of a new financing scheme to support RES and EE in the Tourism sector combining grant with a financial instrument

Back ground

Tourism in Croatia has a significant share in GDP, considering that the revenues from tourism account for almost 20%, which is a clear indicator of the impact and importance of tourism on the Croatian economy. The Croatian Tourism Development Strategy sets out the guidelines and goals for the overall development of tourism, and recognises the introduction of green business practices, which implies the synergy of economic profit in the widest sense of care for the environment and

corporate social responsibility. Owing to the constant increase in the number of tourist stays and modern way of life, it is positive that the demand for electricity in the tourism sector will grow, so in the upcoming period the structure of electric energy sources should see a significant transformation with the aim of a targeted reduction of the use of fossil fuels in all types of energy conversion and boosting the available energy potential. The Republic of Croatia has vast potential to use solar energy. However, at the moment Croatia is not sufficiently using solar power to generate all useful forms of energy (heating, cooling, electricity), and it is falling behind other EU countries in terms of use of the solar thermal collectors for domestic hot water and heating, and in terms of using photovoltaic power plants to generate electricity. Under the negative impact of climate change, the importance of using solar energy in the tourism business seems as highly justified and necessary.

Between May and September: Tourist traffic flow is very intensive, which coincides with sunshine duration in Dalmatia (Adriatic coast). Due to this, the Fund is preparing the public call for small property owners renting accommodation and family farms (small holdings) to stimulate the use of solar energy, i.e. installation of photovoltaic power plants. The overall allocation of this call in 2020 amounts to € 2 million, with the resources earmarked in the 2020 Financial Plan, and in the 2021 and 2022 projections. According to the requirements of the call, eligible applicants include registered owners renting accommodation and family farms (small holdings) engaged in tourism activities, which can be granted no more than € 27 000 to cover the costs of installing a photovoltaic power plant. The call was planned to be launched in September 2020, and it will be opened until the resources are used up or until the end of 2020.

All potential applicants will be informed through the media about the possibilities of co-financing the installation of photovoltaic power plants and the application process, which will be online through the web application in order to ensure equal treatment of all interested parties.

Stakeholder input

The Ministry of Regional Development and EU Funds - responsible for the planning and implementation of the regional development policy, and management and financing of regional development.

The Ministry of Environment and Energy who is responsible for the general environmental and energy policy, which, among other things, includes defining the strategic determinants of sustainable development based on the green economy concept, with the aim of promoting the creation of added value in the energy, transport, and tourism sectors.

HBOR - Through, its business operations HBOR supports the responsible conduct for improving and preserving the environment, it promotes the introduction of renewable energy sources and achieving energy efficiency according to EU standards. Through its Loan Programmes, HBOR approves loans for investment projects aimed at promoting cleaner production, avoiding and reducing waste generation and emissions in the production process; implementing national energy programmes; promoting the use of renewable energy sources (sun, wind, biomass, etc.); promoting sustainable construction and cleaner transport; promoting other projects aimed at environmental protection, energy efficiency, and introducing RES. The aim of HBOR's Loan Programmes is to achieve the goals set in the Energy Strategy of the Republic of Croatia, to develop the market of energy services and renewable energy sources, and to boost the overall economic investment cycle in Croatia. In addition, HBOR is offering the possibility to finance energy efficiency projects through financial instruments "ESIF Loans for Energy Efficiency of Public Sector Buildings", and "ESIF Loans for Public Lighting", while the financial instrument "ESIF Loans for Energy Efficiency for Entrepreneurs" is being prepared.

Interregional learning

During the 2nd Interregional event in Poland, the following best practice example was presented: Prosument – Programme of financing small and micro RES installations. The Polish programme was established so as to allow the households and apartment building homeowners to apply for a loan with one of the six partner banks for installing solar collectors. The households were granted 40% through the National Fund for Environmental Protection and Water Management, through the partner bank, while the remaining 60% of the loan was borrowed from the partner bank with a 1% interest rate. The Programme budget for the period 2014 – 2020 is PLN 800 million, i.e. € 200 mil. The concept of this programme inspired us for this action.

During 6th Interegional event FIRESPOL in Fabruary 2020. in Latvia, we visit Company Altum who has developed good mechanisms for combining different sources of finance in order to obtain greater budget to finance certain more significant infrastructural projects, which are mainly long-term and challenging.

Stakeholders Involved

Environmental Protection and Energy Efficiency Fund (Grant - 60% of investment)

Bank (Loans with low interest rates - 40% of investment)

Subactions

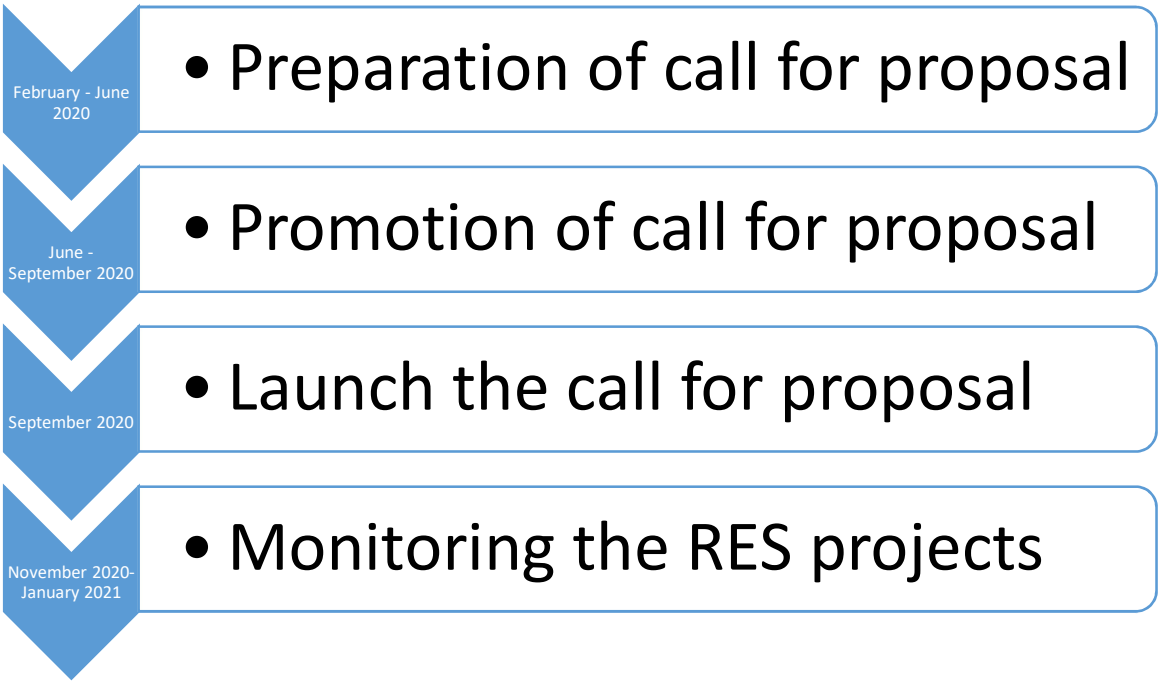
2.1. Preparation of call for proposal: Define eligibility criteria and eligibility cost and other requirement

2.2. Promotion of call for proposal: All potential applicants will be informed through the media about the possibilities of co-financing the installation of photovoltaic power plants and the application process.

2.3. Launch the call for proposal which will be online through the web application in order to ensure equal treatment of all interested parties.

2.4. Monitoring the RES projects

Timeframe



Costs

2 mil. €/year (Grant)

Funding Sources

Environmental Protection and Energy Efficiency Fund will provide grant and Commercial banks loans with low interest rates.

Performance Indicators

Contract No.

Regional Action Plan Endorsements

Name & Organisation:

Date: _____ Signature: _____

Name & Function:

Date: _____ Signature: _____

Glossary of Terms

Acronym	Meaning
CBRD	Croatian Bank for Reconstruction and Development
EE	Energy efficiency
ERDF	European Regional Development Fund
EPEEF	Environmental Protection and Energy Efficiency Fund
EU	European Union
FI	Financial Instrument
MEE	Ministry of Environment and Energy
MCPP	Ministry of Construction and Physical Planning
MRDEUF	Ministry for Regional Development and EU Funds
OP	Operational programme
OPCC	Operational programme Cohesion and Competitiveness
RES	Renewable energy sources