



GOVERNO  
DOS AÇORES



European Union  
European Regional  
Development Fund

**RESOR**  
Interreg Europe

Interreg RESOR

# Azores Action Plan

May 2021



## General information

Project acronym	RESOR
Index number	PGI05092
Partner organisation	Regional Directorate for Energy Secretariat for Transport, Tourism and Energy Azorean Government
Country	Portugal
NUTS 2 Region	PT20 – Autonomous Region of the Azores
Contact person	Miguel Mendes Quinto Regional Directorate for Energy dren@azores.gov.pt +351 296 304 360
The Action Plan aims to impact	Investment for Growth and Jobs program
Policy instruments addressed	Azores 2014-2020 Operational Program Azores 2021-2027 Operational Program Azores post-2027 Operational Program
Edition	May 2021
Reference	Azorean Directorate for Energy, <i>Interreg RESOR Azores Action Plan (2021)</i>
Official signature	Joana Ferreira Rita Regional Director for Energy Regional Directorate for Energy – Azorean Government

## Abstract

The efficient use of public funding is a recurring concern of the Government of the Azores, representing a major undertaking by authorities and strongly affecting the structure and regulations of the funds themselves. In order to optimise the use of ERDF funding for 2014-2020, the Interreg Europe program co-finances project activities carried out by partnerships between policy organisations based in different countries across Europe. RESOR, one of these projects, aims to support energy efficiency and renewable energy use in businesses of the secondary and tertiary sector through the improvement of current regional policies. The Autonomous Region of the Azores, through the Regional Directorate for Energy, has focused on optimising the Azores 2014-2020 Operational Program (OP), which assembles most interventions co-financed by EU structural funds in the archipelago.

Several obstacles and related solutions for the efficient use of ERDF funding were identified through an interregional learning process that involved staff from public authorities and representatives of relevant stakeholder groups, as well as local seminars and site visits. This includes: sectoral gaps on energy efficiency requirements, inappropriate types of funding and the lack of information and qualified personnel. To counter these obstacles, and taking into consideration what has been learnt, two actions are proposed: awareness campaigns and technical support as well as a reinforced collaboration with the Managing Authority.

(This page is intentionally left blank)

## Index

1	Introduction .....	3
2	Local meetings, seminars and regional analysis.....	5
	Participation .....	6
	Results .....	8
3	Best practices and interregional learning .....	11
4	Taking action .....	13
	4.1 Action 1 – Awareness campaigns and technical support.....	14
	4.1.1 Scope and description of the Action.....	14
	4.1.2 Lessons learnt from RESOR project.....	14
	4.1.3 Budget and funding .....	15
	4.1.4 Deadline for implementation of the Action.....	15
	4.2. Action 2 – Reinforced collaboration with the Managing authority.....	16
	4.2.1. Scope and description of the Action.....	16
	4.2.2. Entities involved in the development of the Action.....	17
	4.2.3. Lessons learnt from RESOR project .....	17
	4.2.4. Budget and funding .....	17
	4.2.5. Deadline for the implementation of the Action .....	17
5	Conclusion .....	19

(This page is intentionally left blank)

# 1 Introduction

The European Regional Development Fund (ERDF) provides financial support for the development and structural adjustment of regional economies, economic change, enhanced competitiveness, as well as territorial cooperation throughout the EU. In order to get maximum return from the EUR 359 million financed by ERDF for 2014-2020, the Interreg Europe program helps regional and local governments across Europe to develop and implement improved policies by offering the opportunity for regional and local public authorities to share ideas and their experience on public policy, therefore presenting improved strategies for citizens and their communities.

Interreg Europe co-finances project activities carried out by partnerships between policy organisations based in different countries in Europe. Through interregional cooperation projects, partners must identify a common interest and then work together for three to five years. Initially, partners will share experiences, ideas and expertise on how best to deal with the issues at hand, producing an action plan such as the one presented in this document.

RESOR is one of the projects co-financed by Interreg Europe. The objective of the project is to support energy efficiency and renewable energy use in businesses of the secondary and tertiary sector of the partner regions by improving current regional policies. RESOR activities envision an interregional learning process involving staff from public authorities and representatives of relevant stakeholder groups. This learning process results in the identification of best practices for the improvement of regional policy instruments supporting energy efficiency and the use of renewable energy sources. A key element of the project is in the form of interregional site visits, where project partners share strategies and experiences on specific themes and brainstorm with policy-makers and stakeholders to select a number of best practices. Together with the interregional site visits, partner regions organise seminars with local stakeholders to present the results of the interregional learning process and to develop guidelines for the drafting of the action plans.

RESOR brings together a total of eight partners. The Regional Directorate for Energy (*Direção Regional da Energia*, in Portuguese) is the entity of the Azorean Government (*Governo dos Açores*) responsible for all energy-related matters. It follows-up on all energy vectors within the Azores, as well as their local production and use. It oversees energy-related installations such as those of the local electricity utility, filling stations and gas networks. It is responsible for adopting European and national legislation to the regional context, as well as proposing its own. It mobilises the regional programs for energy, namely on energy efficiency, renewable energy production, energy transition, sustainable mobility, promotion of energy literacy and cooperation with other regions. This Regional Directorate is composed of around 40 people with a multidisciplinary background

that have the support of a widespread network of diverse stakeholders. The main challenges for this Directorate are related to its mission of balancing out a secure, accessible, and sustainable energy system in the Azores. The small dimension of the islands hinders economies of scale while the distance to the mainland and the geographical dispersion of the nine islands makes for an even greater challenge. Specific market solutions must be adopted, encouraging private investment within a public framework, making for a unique Living Lab. Today, the Regional Directorate is focused on the development of a long-term energy policy towards decarbonisation that promotes stability and reduces uncertainty relative to the energy supply. This policy promotes energy efficiency and the use of renewable electricity, the transition to electric mobility and the development of energy storage to reduce the need for grid stabilisation from thermal power plants. New legislation is also underway, envisaging a higher degree of market liberalisation.

The policies addressed by the Regional Directorate within the context of RESOR concern the Azores 2014-2020 OP. This program assembles most interventions co-financed by EU structural funds in the archipelago, with a wide range of goals and investment priorities that consider the diverse public policies towards smart growth, employment, social inclusion and sustainability, allowing local stakeholders to access financial resources that enable projects in the different economic and social sectors.

This Action Plan presents project activities regarding local meetings, seminars and regional analysis in section 2, followed by the best practices and interregional learning process in section 3, paving the way for the proposed actions in section 4 and summing up with the conclusion in section 5.

## 2 Local meetings, seminars and regional analysis

The local meetings and seminars are an essential tool of diagnosis that enable a greater participation and engagement from stakeholders. In total, five events have been organised so far (Table 1). Throughout the first phase of the project, two local meetings took place. Although the project initially planned for only one of these events, it was later decided that this useful experience would have a second date in a different setting, targeting different topics and groups of stakeholders. While the first meeting focused on a wide range of participants, the second one focused on the dairy industry, given its economic, social and energy relevance in the Azores.

Event	Date	Location	Designation	Target
1	2018-10-26	São Miguel Island	1 <sup>st</sup> Local focus group	All
2	2019-05-05	São Miguel Island	2 <sup>nd</sup> Local focus group	Dairy industry
3	2019-06-14	São Jorge Island	1 <sup>st</sup> Local seminar	Public services
4	2019-12-02	São Miguel Island	2 <sup>nd</sup> Local seminar	Hospitality sector
5	2020-08-06	Online	3 <sup>rd</sup> Local seminar	Companies

Table 1 – Local meetings and seminars.

RESOR also planned for three local seminars, one per semester, from semester 2 to 4. Three local seminars were organised, again within different settings and targeting different groups. With time, it became clear that extending the scope of the local seminars, by introducing related topics such as energy efficiency, not only increased participation but also promoted debate, becoming a preferred way of organising the meetings. The first seminar took place on the island of São Jorge and focused on public services. The second seminar was organised on the island of São Miguel and focused on the hospitality sector. The final seminar targeted private companies, mainly through science and technology centres, and was successfully organised online following the Covid-19 pandemic.

## Participation

To ensure representative participation, a quadruple helix framework was used to identify potential participants and to organise the topics of the different events (Figure 1). Overall, it was possible to reach a widespread audience, with relevant participants in all sectors, especially the secondary and tertiary sectors targeted by RESOR, bringing together academia, industry, government and civil society.

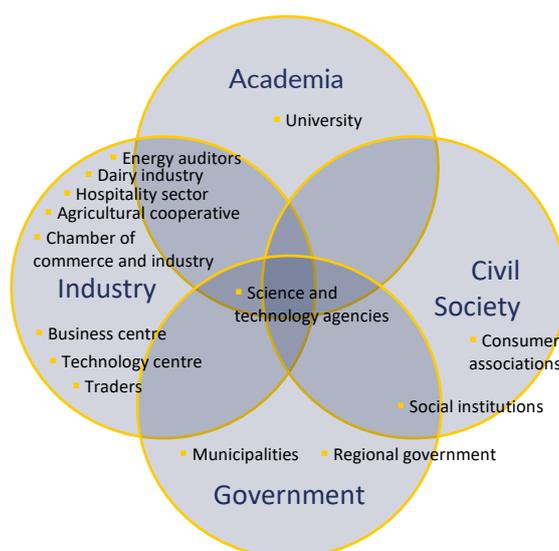


Figure 1 – Range of participants within the quadruple helix framework.

The events counted with a total of 55 participants (Table 2) that provided very helpful feedback on the project, as well as invaluable information for analysing the current situation and identifying possible solutions. In order to ensure participation, it is essential to invite participants in advance, remind them a couple of days before the event and ensure that the subject is relevant to the participants. This was done by intertwining RESOR with other related topics such as energy efficiency and existing funding mechanisms. For events 4 and 5, charging stations for electric vehicles were also awarded, following a competition on the analysis of energy efficiency and renewable energy measures listed by participants and a pledge to their implementation. This initiative not only accomplished RESOR activity goals but also promoted the installation of charging stations for electric vehicles and ensured commitment from stakeholders.

Stakeholder	Event				
	1	2	3	4	5
Consumer associations	1				
Social institutions			1		
Chamber of commerce and industry	1				
Dairy industry		2			
Energy auditors		1			
Hospitality sector				14	
Traders					4
Business centre					2
Technology centre					2
Agricultural cooperative					2
Regional government	8	3	1	3	3
Municipalities			1		
Science and technology agencies	1				
University	1	4			
<b>Total</b>	<b>12</b>	<b>10</b>	<b>3</b>	<b>17</b>	<b>13</b>

Table 2 – Participants in local meetings and seminars.

In future events, participation of academia and civil society must be reinforced, ensuring that all sectors are adequately represented, which will provide greater legitimacy to the results obtained. The role of entities such as NGOs or local communities must be strengthened by inviting them to join projects at earlier stages.

## Results

RESOR began with an overall analysis of the existing challenges to the implementation of energy efficiency and renewable energy sources in the secondary and tertiary sectors. This analysis was based on the existing literature, previous work and, most importantly, on the organised events, where the participants provided major feedback on these obstacles as well as possible solutions.

Overall, the following aspects were identified:

- **There is a sectoral gap on energy efficiency requirements.** Large industry is under scrutiny by EU law on large consumers, while residential and commercial buildings are under the EPBD directive. However, there is a gap regarding agroforestry, small-scale industries and certain services. These gaps distort markets and discourage excluded sectors from promoting energy efficiency and using renewable energy sources.
- **SMEs do not present the necessary economies of scale** to engage in most energy efficiency support programs that require expensive audits and/or only offer financial instruments. As SMEs represent a major share of employment, wealth and innovation in the EU, funds must reduce participation challenges for smaller entities, namely by adapting participation conditions to investment/beneficiary dimensions. Support measures must be implemented, focusing on energy literacy and technical support, together with a reinforced access to non-refundable grants.
- **Financial instruments**, one of the main types of funding available for energy efficiency and renewable energy sources, will not be utilised unless converted to non-refundable financial support as this type of funding proves to be bureaucratic and non-competitive in the current low-interest rate lending market conditions. However, small-scale private financing for energy efficiency and renewable energy sources could be strengthened.
- **Lack of information** as well as of technical personnel to support participation is a major market failure that needs to be prioritised.
- **Lack of qualified energy auditors** can be a major problem in an archipelagic, isolated region such as the Azores. Therefore, application requirements should be simplified. An example of this would be determining that an evaluation by a qualified engineer should be sufficient for the submission.
- **A generalised lack of personnel with basic technical skills on industrial maintenance** forces the industry to opt for high reliability solutions with very low maintenance requirements, reducing their competitiveness. More dedicated training and a larger body of able qualified technicians is mandatory.
- **Several parameters, other than cost, affect community choices**, especially in small, isolated regions such as the Azores. For instance, in the industrial sector, difficulties associated with

fuel quality used in boilers can be an important selling point for alternatives, such as biomass. However, the existence of a single supplier for biomass may hinder this choice. Long-term successful financing options must integrate all externalities, a calculation which often contrasts with the simplified selection procedures and average costs of available funding.

- **Differences in funding rates may distort market conditions** when these are granted to competing entities, according to the entity type (for instance private companies versus farmer associations).
- **Projects involving several entities are difficult to manage** given the lack of communication between these entities. An example is provided by the use of geothermal waste heat by industries and farms. These are major projects with not enough return. The government, or any other independent entity, must step in and create discussion groups for these larger projects that may then undergo financing.
- **Scheduling is of great importance** as most entities, such as social institutions or municipalities, work under strict financial calendars that must be well defined in advance. Often, beneficiaries feel that the calendar of funding calls is not aligned with their own financial calendar, hindering their participation.
- **Lack of accountability for energy expenses** is a major deterrent for behavioural change. An example is provided by the final users of science and technology parks who rent space/services on a fixed rent basis. Externalities must be internalised, namely by adopting the user-pays principle.

(This page is intentionally left blank)

### 3 Best practices and interregional learning

One of the major goals of Interreg is to promote interregional learning and the sharing of best practices. This is an especially relevant goal for a region such as the Azores, where the transmission of best practices is partly hindered by the geographical isolation. Any possible exchange with other regions becomes a major advantage as it provides a unique learning and improvement opportunity on region where a critical mass on public policy is unavailable. This exchange process is especially relevant within the context of the partner regions of RESOR that share specificities that are often not as relevant for continental Europe.

RESOR currently has several project meetings scheduled (Table 3). This schedule went largely according to plan until the Covid-19 pandemic restricted in-person meetings as well as travelling, resulting in the postponing the 5<sup>th</sup> study visit to Reunion Island in the beginning of 2020 and subsequent events that have been partly replaced by online meetings.

Event	Starting date	Location	Designation
1	2018-02-27	Canary Islands (ES)	Kick-off meeting   1 <sup>st</sup> SG meeting
2	2018-07-11	Canary Islands (ES)	1 <sup>st</sup> Study visit
3	2019-05-15	Madeira island (PT)	2 <sup>nd</sup> Study visit   2 <sup>nd</sup> SG meeting
4	2019-09-18	Cyprus (CY)	3 <sup>rd</sup> Study visit
5	2020-02-05	Epirus (GR)	4 <sup>th</sup> Study visit   3 <sup>rd</sup> SG meeting
6		Reunion island (FR)	5 <sup>th</sup> Study visit   4 <sup>th</sup> SG meeting
7		Brussels (BE)	5 <sup>th</sup> SG meeting
8	Yet to happen	Azores islands (PT)	Project meeting
9			High-level political dissemination event
10		To be decided	Project meeting

Table 3 – Project meetings.

The interaction with other regions allowed for a generalised acknowledgement of the challenges identified in the Results section, which validates the different regional diagnoses. The study visits and workshops, counting on the participation of external stakeholders, served as excellent discussion points for further debate and learning opportunities. These interactions also included other aspects related to the scope of the RESOR project, building on the participants' shared responsibilities such as the drafting of legislation, the definition of public policies and the preparation of calls for the regional operational programs and other financing mechanisms.

(This page is intentionally left blank)

## 4 Taking action

After having completed the diagnosis of the major challenges and having learnt best practices from other regions, an Action Plan was established aiming to mitigate and overcome these challenges and optimise the allocation of EU funding, contributing to the achievement of the EU goals for energy efficiency and renewable energy sources. Therefore, two actions within the competence scope of this project partner are proposed:

- Awareness campaigns and technical support;
- Reinforced collaboration with the Managing authority.

Overall, these actions take advantage of already existing resources and are aligned with other proposed activities in the topic of energy efficiency and renewable energy sources. It should be noted that the current transition to the new 2021-2027 programming period overlaps with the 2018-2022 calendar of RESOR, so actions must also present the necessary flexibility to accommodate this transition (Figure 2).



Figure 2 – Proposed actions.

## 4.1 Action 1 – Awareness campaigns and technical support

### 4.1.1 Scope and description of the Action

An identified recurrent obstacle comes in the form of the lack of information and qualified personnel, a common market failure not only within the scope of RESOR, but also present in many other areas, especially novel ones. In order to counter the market failure of lack of information and of qualified personnel, several awareness campaigns will be organised, together with the necessary support for applicants.

**The campaigns will include short training sessions on energy efficiency**, organised and promoted by the Regional Directorate for Energy, as already foreseen in policy documents, as well as advertisement campaigns in the media, all linked to a centralised website that will serve as a hub for all of the information and will be anchoring the campaigns as a whole.

Starting in 2022, technical personnel of the below sectors will be targeted by adapting the content and means of the message to be conveyed, namely:

- Agro-industrial;
- Local administration (municipalities);
- Regional administration (government departments);
- Trade and industry;
- Schools.

**Addressing the identified sectors will be key to promote energy efficiency and to tackle energy poverty.** Also, the Managing Authority will be encouraged to participate in this Action.

The training sessions shall be run by certified entities, taking into consideration each sector and each training plan. Considering the work previously done, ADENE – *Agência para a Energia* and local entities will be contacted to perform such training sessions.

In addition to that, **technical support** will also be provided for possible applicants, either individuals or entities from the above identified sectors, as a free service, creating clear channels of communication, taking into consideration the existing funding opportunities (mainly to the Regional Operational Program) and major gaps identified. For that, the collaboration of regional partners and stakeholders will be key in order to implement the identified activities, especially the Regional Operational Program.

### 4.1.2 Lessons learnt from RESOR project

This Action 1 was inspired by two partners regions of the RESOR project:

- Reunion island, through the project “SLIME – *Service Local d’ Intervention pour la Maîtrise de L’Energie*”, a national information and action program in favor of controlling energy demand, which is part of the energy saving certificate scheme. It focus on technical visits

to households in energy poverty, energy audits, awareness-raising sessions and supply of economic appliances, funded 100% by the ERDF -Meeting PO 14-24, *Collectivité Territoriale de Reunion, EDF – Électricité de France S.A.*

- Region of Epirus, resulted from the learning of *Energy efficiency interventions in a Public building*, consisting on a practice that intends to design, to implement and to evaluate small-scale energy infrastructure interventions at representative public facility.

#### 4.1.3 Budget and funding

Pre-existing resources will be allocated. This action will also be integrated into future policy documents. A total of €100 thousand is expected to perform the identified awareness campaigns and short training sessions by the end of 2022. As a complement, a total of €1,5 million is expected until 2030.

#### 4.1.4 Deadline for implementation of the Action

By 2030, 1500 people are expected to have participated in these campaigns, creating a network of informed participants through which information will be disseminated, ensuring constant progress well beyond the end of RESOR in 2022. By the end of 2022, 100 participants are expected to have participated in the awareness campaigns and training sessions.

## 4.2. Action 2 – Reinforced collaboration with the Managing authority

### 4.2.1. Scope and description of the Action

Most identified challenges are typically associated with the high technical level of activities related to energy efficiency and renewable energy sources. Therefore, Managing Authorities must be able to count on the support of energy experts and public policy fields, in order to deliver optimised results, especially given the increasing relevance of Climate Change in EU funding.

Within the activities of the project, it was possible to develop a closer work connection between the Regional Directorate for Energy and the Managing Authority of the Azores OP. This work has proven to be fruitful in identifying available funding, preparing new calls, promoting them and supporting potential applicants. It is expected for this connection to be further improved, with the Regional Directorate assuming a more prominent role.

One can say that RESOR has contributed to the opening of calls on energy efficiency within the framework of the Azores 2020 Operational Program. This cooperation between the Managing Authorities and the government's energy department has been identified as a very important factor of success within RESOR, given the technical complexity of Axis 4. A total of 8 million euros has been estimated, according to the total budget of the three calls for proposals that have been impacted by the RESOR learning. Relevant public entities have successfully implemented initiatives and projects regarding energy efficiency within the framework of the Azores 2020 OP.

The Azores 2020 OP is at its end and calls on energy efficiency are unexpected at this moment. However, there has been a continuous work with applicants in order to identify barriers and proposed solutions to future calls, as well as supporting any required analysis on the upcoming operational program.

This collaborative work will be developed within the scope of the new OP that is expected to be available from 2021 to 2027, taking advantage of the existing human resources from the Regional Directorate for Energy in order to enable further financing. This action, similarly to the previous one, will also be integrated into future energy policy documents.

**Considering that the Azores 2020 OP and the Regional Directorate for Energy are dependent on the Organic of the Regional Government of the Azores, cooperation between them is assured via governance** since the beginning of Azores 2020 OP. Given the regional commitment towards clean energy transition policies, both entities are naturally linked, so collaboration between them is key to the launch of calls and consequent investment by public and private entities. In addition to that, the Managing Authority will also be responsible for the management of the Resilience and Recovery Plan. According to that Plan, significant investment will be made on energy transition in the Azores – in a total of €116 million. In this regard, continuous contact is being established between the MA and the Regional Directorate for Energy, both linked via governance.

Furthermore, weekly meetings are taking place until the Resilience and Recovery Plan starts. After that, monthly meetings will be developed until the end of 2025 with the aim of following the energy related investments and milestones.

#### 4.2.2. Entities involved in the development of the Action

The Regional Operational Program is involved in this Action given the continuous work between ROP and the Regional Directorate for Energy in the preparation of the future Operational Program.

#### 4.2.3. Lessons learnt from RESOR project

This action was inspired by the project partner AREAM, considering the technical support given to the Managing Authority of the Madeira OP, within the scope of the launched calls between 2014 and 2020.

#### 4.2.4. Budget and funding

Collaboration between the Regional Directorate for Energy and the Managing Authority is already in place, implemented by governance. Therefore, no budget is necessary to implement Action 2.

#### 4.2.5. Deadline for the implementation of the Action

Action 2 is already in place. An effective and constant dialogue has been carried out since the start of the preparation of the future Regional Operational Program and of the Resilience and Recovery Plan.

Considering that no new calls have been launched yet, there is no room to estimate the number of calls and investment in this regard so far. Nevertheless, the opening of calls (and consequent investment) on energy efficiency is highly expected, bearing in mind the regional, national and European commitment on this field. As previously mentioned, only €116 million is expected to be invested in the Azores related to energy transition. Besides that, significant investment is expected within the scope of the future Azores OP, albeit it is not possible to estimate by now.

(This page is intentionally left blank)

## 5 Conclusion

Interreg RESOR has provided an invaluable framework for better public policy through shared experience with interregional partners and local stakeholders. Several obstacles and proposed solutions for the efficient use of ERDF funding have been identified, namely sectoral gaps on energy efficiency requirements, inappropriate types of funding and the lack of information and qualified personnel. To counter these obstacles, taking into consideration what has been learnt, two actions have been proposed: awareness campaigns and technical support, as well as a reinforced collaboration with the Managing Authority.

The efficient use of EU funding is a recurring concern, representing a large undertaking by authorities and strongly affecting the structure and regulations of the funds themselves. We hope that this Action Plan has provided a humble contribution to this regular and major concern, optimising the use of ERDF funding in the upcoming programming period and in the future.

