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SMILEGOV

**Enhancing effective implementation of sustainable energy action
plans in European islands through reinforcement of smart
multilevel governance**

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**Manual for Sustainable Energy Projects
Implementation**

Cluster of Greece

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Part. N°		Partner's name	Short name
CO1		Network of Sustainable Aegean Islands - Greece	DAFNI
CB2		Conference of Peripheral & Maritime Regions	CPMR
CB3		Region Gotland – Sweden	GOTLAND
CB4		Ölands Municipal Association - Sweden	ÖLAND
CB5		Hiiu Municipality - Estonia	HIIUMAA
CB6		Saare County Government – Saaremaa - Estonia	SAAREMAA
CB7		European Small Islands Federation	ESIN
CB8		Samsø Energy Academy - Denmark	SE
CB9		Canary Islands Institute of Technology - Spain	ITC
CB10		Regional Agency for Energy and Environment of the Autonomous Region of Madeira - Portugal	AREAM
CB11		Cyprus Energy Agency	CEA
CB12		Local Councils Association – Malta	LCA
CB13		Scottish Islands Federation	SIF

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1 Introduction

This manual is intended to provide support on how to approach different barriers within a good Multi-Level Governance (MLG) project. Multi-level governance can be explained as the effective interaction between different political levels for an improved coordination and coherence between the local, regional, national and European policy level. Also good relations must be in place within each level, for example between different activity areas within a municipality, for processes to run smoothly. This we call Multi-Lateral Governance.



In short, good cooperation is vital for the success of a project. Both multi-level and multi-lateral governance are key concepts for SMILEGOV and for this manual. The examples of projects included in this manual are the ones concerning the Greek Cluster. The manual points on known barriers and suggests a number of different solutions that can be used to overcome them.

This manual does not provide all the answers and tools needed but it presents a context on why MLG is crucial together with good examples, and how the MLG work could be organized in order to overcome barriers.

2 Outline of the Projects and Barriers

In the Greek cluster, the main bankable projects that were worked out in the context of SMILEGOV were:

- Desalination with RES (horizontal project, concerns all islands)
- Promotion of electric vehicles (Lesvos, Lemnos, Kythnos, Milos, Santorini)
- Geothermal District Heating (Lesvos)
- Street lightning energy saving (Lesvos, Lemnos, Kythnos, Milos, Santorini)
- Wind park installation (Andros)

For each project barriers were identified and analysed. In this process it was highlighted that the origin of barriers are in most cases the same. The most common barriers to project development can be grouped in three categories:

- Information and communication
- Regulatory
- Financing

3 Barrier A – Information and communication

Information and communication barriers relate to the lack of technical knowledge of and experience with technologies, uncertainty about the economic feasibility of a project and available financial instruments, including innovative ones, and the potential risks. Little information and insufficient communication make the situation worse, strengthening local resistance to energy projects.

Islands' small market size, lack of technical capacity at the local level, remoteness coupled with a strong local identity and vested interests that become even more prominent in a small society are important dimensions one should take into account to ensure the successful implementation of a project. This entails, making an extra effort to engage local stakeholders and facilitate the communication between different levels of administration in order to avoid unnecessary conflicts and instead highlight the win-win potential of a project.

3.1 Examples from good practices

Experience in Greece shows that engaging stakeholders early and in an effective way is a fundamental precondition for the successful promotion of a project. In the case of geothermal district heating in Lesvos, different stakeholders came forward with the intention to defend their own interests, putting the project on hold for some time. To overcome this, DAFNI acted as a facilitator through local workshops and bilateral meetings establishing links of communication between the different players, resolving technical questions, exploring different funding opportunities and highlighting the positive impact of the project for the island as a whole. As a result significant progress has been made with the involved parties now agreeing on the need to proceed with the project. Local society and stakeholders have been engaged and there are on-going discussions on the possibility of financing the project through a joint venture among a local cooperative including the citizens and the greenhouse owners the municipality (owner of the drill)



and the private investor (partial owner of the pilot infrastructure). The project enjoys political support from both the local and regional authorities and the feasibility study and master plan prepared demonstrate good technical and economic feasibility.

Even though this project was technically mature, stakeholders' engagement was lagging behind. So it is important to note that DAFNI gained valuable insights from SMILEGOV partners, mainly Samsø and Gotland, on how to involve stakeholders and manage to unlock the development of a project.

3.2 The role of Multilevel Governance

Uncertainty about the feasibility of a project and the benefits it will bring to the local population can be overcome through enhanced information exchange between stakeholders such as local and regional authorities, technology suppliers, installers, project designers, private investors, institutions like universities and end-users. For complex projects involving many actors, the communication and cooperation to share information and discuss the project from different angles is fundamental to overcome barriers and to obtain the best results.

A facilitator like DAFNI that can be an outsider (not being a local stakeholder) as much as an insider (having the bigger picture in mind and providing local authorities with hands-on strategic and technical advice) is instrumental in nourishing cooperation between stakeholders and ultimately helping projects move forward.

3.3 Step-by-step methodology to overcome the barrier

The Strategic Guidelines provided a dedicated methodological tool that proved very useful on how to enhance communication and information sharing between different stakeholders. The main steps proposed in the guidelines and pursued through SMILEGOV are:

1. Hold open discussions with stakeholders through bilateral and broader meetings to make sure everyone understands the added value of the project and has no objection to it.
2. Analysis of information and communication barriers to identify drivers and solutions.
3. Discussion of solutions to overcome barriers, including creation of communication links, sharing of information and experiences, and training courses.
4. Continuous assistance and follow-up to ensure communication, information and effective cooperation.

4 Barrier B - Regulation

In Greece it can be argued that regulation does not generally embrace technological development; on the contrary it often creates unfavourable conditions for the penetration of innovative technologies, especially in island markets, thus discouraging private investors from getting involved. In the case of desalination with RES the existing legislative framework poses restrictions on the installed capacity of RES and the amount of produced energy that is eligible for compensation according to the feed-in-tariff system. This reality does not make such kind of investments attractive enough. Same is the case with Energy Performance Contracting (EPC) where the regulatory environment has not been conducive to the development of this kind of market in Greece yet.



4.1 Examples from good practices

The solution here is to be in direct contact with the national regulators, providing them with feedback on the implications their decisions have on islands. DAFNI is acting on behalf of island authorities sustaining open channels of communication with RAE (Regulatory Energy Agency) and HEDNO (the Greek Distribution Network Operator) and also with other stakeholders from the private sector and the research community. In the case of electric vehicles for instance, regulation is now in place, though local authorities need to devise or at least contribute to the set up of feasible business plans for the deployment of EV chargers on the islands. A good and inspiring practice is that of Samsø EV project where the municipality and the post office were the initial EV users on the island. A draft scenario for the penetration of EVs in the local market has been already in place for the island of Kythnos identifying also the adequate locations for installing public EV charging infrastructure

4.2 The role of Multilevel Governance

Deploying innovative technologies on islands is not an easy task; on the contrary, it can prove quite challenging. For this good communication links need to be in place among different levels of governance (national, regional and local) and stakeholders. At least in the case of Greece, where there's limited devolution of power, the national regulatory framework plays a major role in pushing forward or impeding sustainable energy projects at the local level.

4.3 Step-by-step methodology to overcome the barrier

The main steps adopted under SMILEGOV to overcome regulatory barriers were:

1. Conduct, monitor and promote prefeasibility studies to demonstrate the potential and build the case for the project.
2. Organize roundtables and bilateral meetings with national regulators and other stakeholders (market actors, local authorities etc.) to clearly identify barriers and suggest concrete solutions to overcome them.

5 Barrier C - Financing

Financing is a common barrier for all projects and is the result of liquidity constraints and lack of trust in the market due to the financial crisis, coupled with limited information regarding mainstream and/or more innovative financing instruments. For example when it comes to EPC contracts with ESCOs there is lack of experience within the municipality on the tendering process, while the instrument itself might be seen as a debt trap for the public budget.

5.1 Examples from good practices

Experience in Greece shows that in order to tackle financing issues in different projects a one-size-fits-all approach does not apply. Instead a combination of financing tools should be prioritized, each addressing a different stage of the project development. For example subsidies or donations can be used for the installation of pilot EV chargers, whereas leasing of EVs by the local authorities and/or



the rent a car companies is an option to consider for spreading the use of the technology at the local level. Also the geothermal district heating in Lesvos is a good example of applying more than one financing option: the project is to be financed by a joint venture among a local cooperative including the citizens and the greenhouse owners the municipality (owner of the drill) and the private investor (partial owner of the pilot infrastructure). From the good practices of SMILEGOV partners, the experience of Gotland in the procurement procedures to create a biogas market from scratch is an inspiration on how to create opportunities for private investment that supports a public policy to reduce fossil fuels and CO2 emissions. The experience on street lighting shared by SMILEGOV partners in Madeira and Cyprus also provided useful insights.

5.2 The role of Multilevel Governance

Economic and financial risk perception and knowledge about financing instruments can be improved with information and more effective communication between stakeholders on different levels of governance, including local and regional authorities, technology suppliers, installers, project designers, planners and users. Cooperation and partnerships among organisations to develop joint initiatives can help create economies of scale, thus minimizing the risk and spreading the benefits. This is even more relevant for islands, where the market size is small.

5.3 Step-by-step methodology to overcome the barrier

The main steps adopted under SMILEGOV to overcome the barriers related to financing were:

1. Local workshops and bilateral meetings with concerned stakeholders to confirm the need for and common interest in the bankable projects, undertake a SWOT analysis and identify possible financing means.
2. Analysis of the economic feasibility of projects, available resources and financing barriers.
3. Discussion of solutions to overcome barriers, including alternative and innovative financing schemes also as a means to enhancing the sense of local ownership.
4. Continuous assistance and follow-up to ensure local authorities are aware and take advantage to the extent possible of public investment programmes, EPC contracts with ESCOs and cooperatives, loans etc.



6 Summary table

Barrier	Examples	Role of MLG	Key steps of the methodology
Barrier A - Information and communication	<ul style="list-style-type: none"> • A facilitator in the process establishing links of communication between the different players, resolving technical questions, exploring different funding opportunities and highlighting the positive impacts of the project for the island as a whole. • Increase sense of ownership of local community by exploring innovative and more participatory financing schemes. 	<ul style="list-style-type: none"> • Information sharing and recurrent communication between stakeholders on different levels of governance. 	<ul style="list-style-type: none"> • Conduct stakeholders' analysis and proceed with engagement through bilateral and broader meetings to make sure everyone understands the added value of the project. • Identify reason behind barriers and suggest solutions. • Continuous assistance and follow-up to ensure communication, information and effective cooperation.
Barrier B – Regulation	<ul style="list-style-type: none"> • Desalination with RES. • Deployment of EVs and relevant infrastructure. • Energy Performance Contracting with the use of ESCOs. 	<ul style="list-style-type: none"> • Establish transparent and strong communication links among different levels of governance, national, regional and local, and different actors (market, research, community). 	<ul style="list-style-type: none"> • Conduct and circulate prefeasibility studies to build the case for the project. • Organize roundtables and bilateral meetings with national regulators and other stakeholders (market actors, local authorities etc.) to clearly identify barriers and suggest concrete solutions to overcome them.

		<ul style="list-style-type: none"> National regulatory framework plays a key role, in light of the limited devolution of power in Greece. 	
Barrier C - Financing	<ul style="list-style-type: none"> Combination of different financing options. Financing scheme for street lighting in Madeira and Cyprus. Creating a (biogas) market from scratch project in Gotland. 	<ul style="list-style-type: none"> Information and communication between stakeholders on different levels of governance. Cooperation and partnerships among organisations for common initiatives creating economies of scale. 	<ul style="list-style-type: none"> Analysis of economic feasibility of the projects, available resources and financing barriers. Dedicated toolbox including guidance on innovative financing schemes to raise awareness among local authorities through local workshops and bilateral meetings. Continuous assistance and follow-up.

