



## Project Fact Sheet



### Good practise of Multi-Level Governance

<b>Key Action:</b>	Financing scheme for efficiency on street lighting (deliverable from task 3.2)
<b>Cluster of</b>	Portugal and Cape Verde
<b>Island</b>	Madeira and Porto Santo
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### Summary

Street lighting represents 10% of electricity demand in Madeira and 7% in Porto Santo and has a high potential for action to improve energy efficiency.

Street lighting is managed by municipalities which are organised in an association of municipalities – IPM – Iluminação Pública da Madeira, Associação de Municípios – where all 11 municipalities of Madeira and Porto Santo are represented. There is an agreement with EEM – Empresa de Electricidade da Madeira, S.A. (utility) for street light maintenance.

Concerning billing, for one side municipalities pay for energy to EEM and on the other side EEM pays to the municipalities the right to use electric infrastructures in the municipal territory. This billing agreement is managed by IPM and the balance was nearly zero until 2011, but with increase of energy costs, municipalities have now to pay the difference.



Municipalities are interested in reducing street lighting costs but don't have the financing capacity, because of high debt and crisis restrictions. An energy performance contract with an ESCO could be an option, but projects are too small and the risk is too high for an ESCO. Furthermore, Portuguese legislation for public procurement is complex for ESCO schemes and there is lack of experience.

The solution was to involve regional and municipal actors to discuss the problem. After discussion, an agreement was established between AREAM (regional energy agency), IPM and EEM, where AREAM and EEM will implement the solutions for energy efficiency. Investment costs will be reimbursed during 5 years in order that savings are higher than the fraction of costs and the municipalities will have a reduction on their energy costs since the implementation of the operation. AREAM will provide technical studies and EEM will be responsible for the installation of the technical solutions. As EEM is the energy supplier and a public company under the Regional Government, the public procurement is less complex. Furthermore, as EEM and AREAM will seek no profit from this operation, the risk is reduced.

### Project's results

Result 1	A protocol was signed between AREAM, IPM and EEM.
Result 2	EEM and AREAM started to make a survey on the street lighting system to identify the energy efficiency measures to implement.
Result 3	EEM and AREAM made an application for a grant to support energy efficiency pilot action on efficient luminaries and lamps and for light control systems.
Result 4	AREAM made an application for a grant to support a master plan for street lighting.

### Lessons learnt

Lesson 1	An identified barrier was solved using multilevel cooperation. Key factor to the agreement to be succeeded was the involvement of multilevel actors and the discussion to understand how to implement and minimize risks for every parties. AREAM has the know-how on energy efficiency, EEM has the technical experience and financing capacity and municipalities represented in IPM need to reduce costs on energy.
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Lesson 2	The fact that the financing scheme proposed has no profit ends for AREAM and EEM make municipalities to be more confident on the results. As AREAM is a nonprofit organization and EEM is public company some constraints of public procurement requirements are overcome.
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