



Polish Network Partnership: Environment for Development

# PUBLIC PRIVATE PARTNERSHIPS AND EU FUNDS (FOR GREEN PROJECTS)

In Cooperation with:



# Agenda

- Example Project 1 (Municipal – Grant – EU Funded)
- Example Project 2 (Public Private Partnership)
- Simple Financing Cycle
- Private Sector Capital Cycle
- Types of Public Private Partnerships
- EU Capital / Spending Cycle



Engro Power Gen Ltd. – 200 MWe CCPP

# Grue + Hornstrup A/S

**Founded over 30 years ago**, and “AA” rated, Grue + Hornstrup A/S (G+H) is a Denmark based engineering and consultancy company, which provides innovative solutions to the private, public, and financial sectors worldwide in the fields of:

- Automation
- Building Engineering
- Energy & Environment



Soliditet Reg No. 25379926



Head Quarters at Nupark Office Complex

## Successful Example:

# Biomass In Romania

- Five towns in Romania serving +30,000 persons.
- Biomass based heating plants
- Upgrading the district heating system
- Replaced oil and gas fired boilers
- Replaced old 4-line district heating
- Identification and structuring of local biomass
- Saving 750,000 tCO<sub>2</sub> (2004-2017)

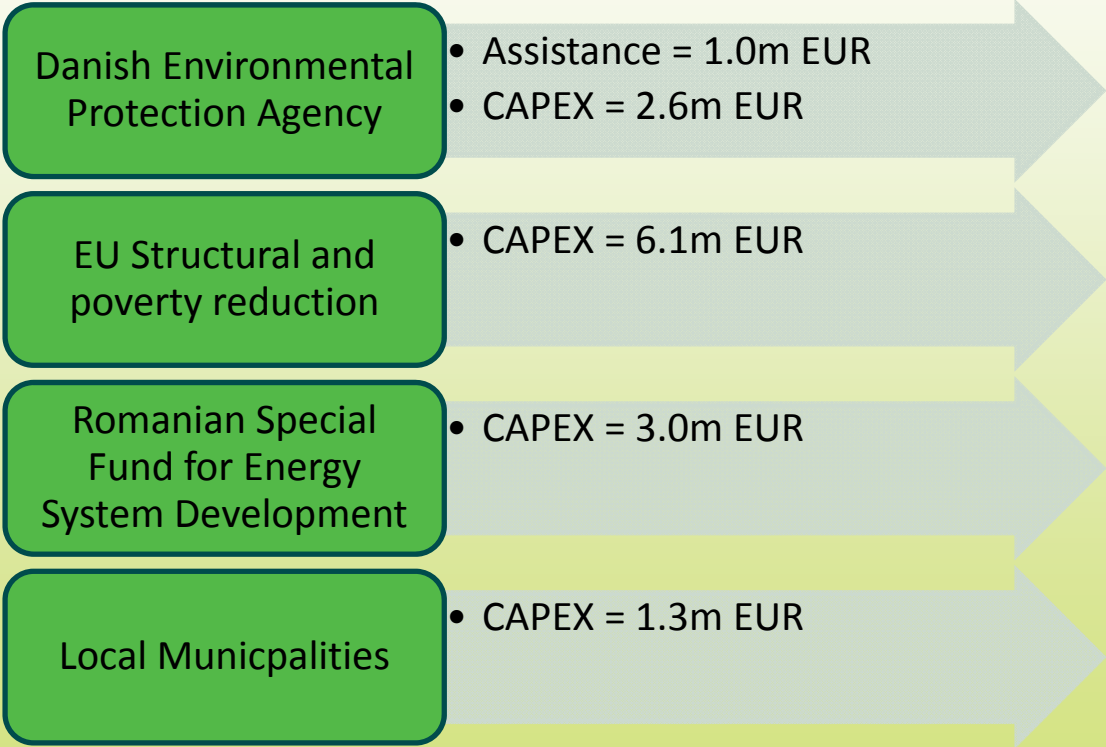


Vatra Dornei Biomass District Heating Plant

G+H provided the project assistance:

Project engineering, tendering, finance structure, and engineering supervision of the project during implementation and commissioning.

# Successful Example: Biomass cont.



**TOTAL BUDGET**  
Assistance = 1.0m EUR  
CAPEX = 13.0m EUR



Introsura Buzaului wood waste stockpiles

FULLY MUNICIPAL OWNED FACILITIES

# Successful Example: Geothermal In Romania

- Two towns in Romania serving +15,000 persons
- Geothermal based heating plants
- Upgrading the district heating system
- Replaced oil, coal and gas fired boilers
- Replaced and old 4-line district heating.
- Based on concession rights given to PPP
- Saving 150,000 tCO2 (2008-2012)

## G+H provided the project assistance:

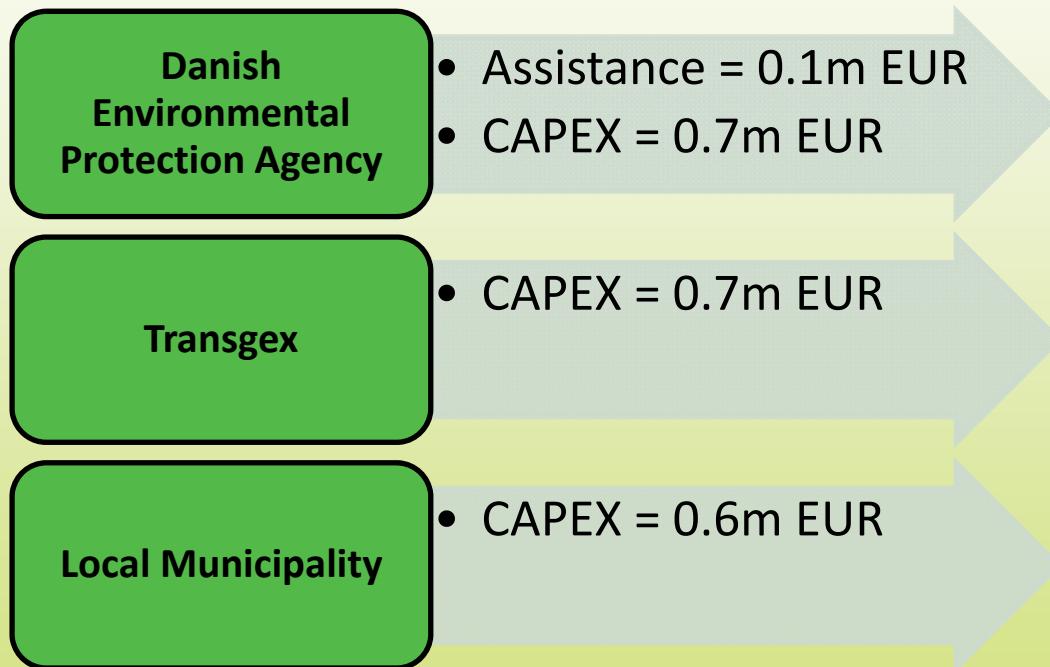
Project engineering, tendering, finance structure, and engineering supervision of the project during implementation and commissioning.

**transgex**



Beius Geothermal District Heating Plant

# Successful Example: Geothermal cont.



**TOTAL BUDGET**  
Assistance = 0.1m EUR  
CAPEX = 2.1m EUR



Oradea Geothermal Heating Plant

Started as Public/Private Company S.C. Transgex S.A

## Successful Example: Geothermal cont.

### EXPANSION SUCCESS!

Transgex has since more than tripled their customer service base and supply of heat. Improving the local economy and job creation. They have also implemented the innovative ElectraTherm technology to turn waste heat into grid-connected power generation (65 kWe).

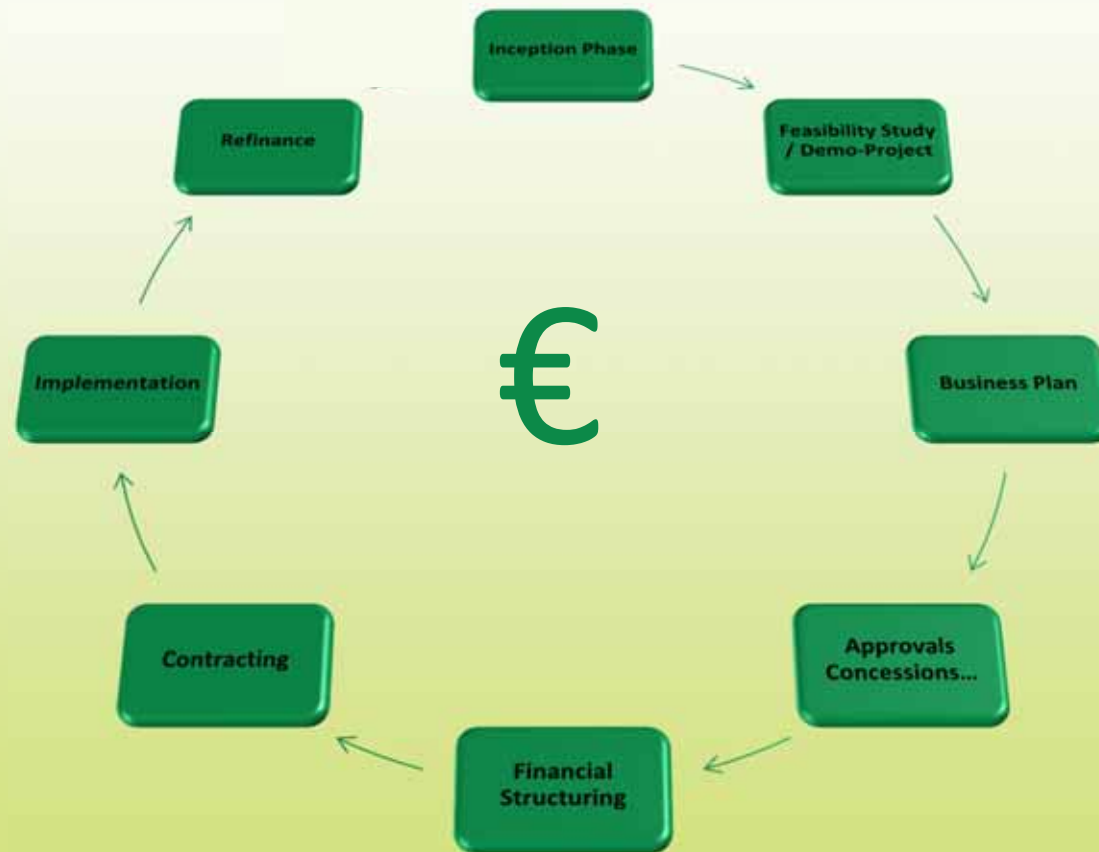
Transgex is now a listed private owned company.



ElectraTherm technology at Oradea



# Simple Financing Cycle



# Private Capital Cycle



# Private Capital: Perceived Min. Risk / Return Levels

	Low (AAA to AA-)	Medium (A to A-)	High (BBB to B-)
EQUITY: Equity IRR	5-10%	10-15%	15-30%
DEBT: PROJECT IRR	5 - 7%	8 - 10%	11 - 20%

# Public Private Partnerships (PPPs)

## TYPE 1

- Municipality gives only concession rights to a resource (land) or demand (users)
- Build Own Operate or no fee based (>25 yrs)

## TYPE 2

- Municipality gives only concession rights to a resource (land) or demand (users)
- Build Own Operate Transfer – BOOT (< 15 yrs)

## TYPE 3

- Municipality gives only concession rights to a resource (land) or demand (users)
- Municipality is given equity (>25 yrs)

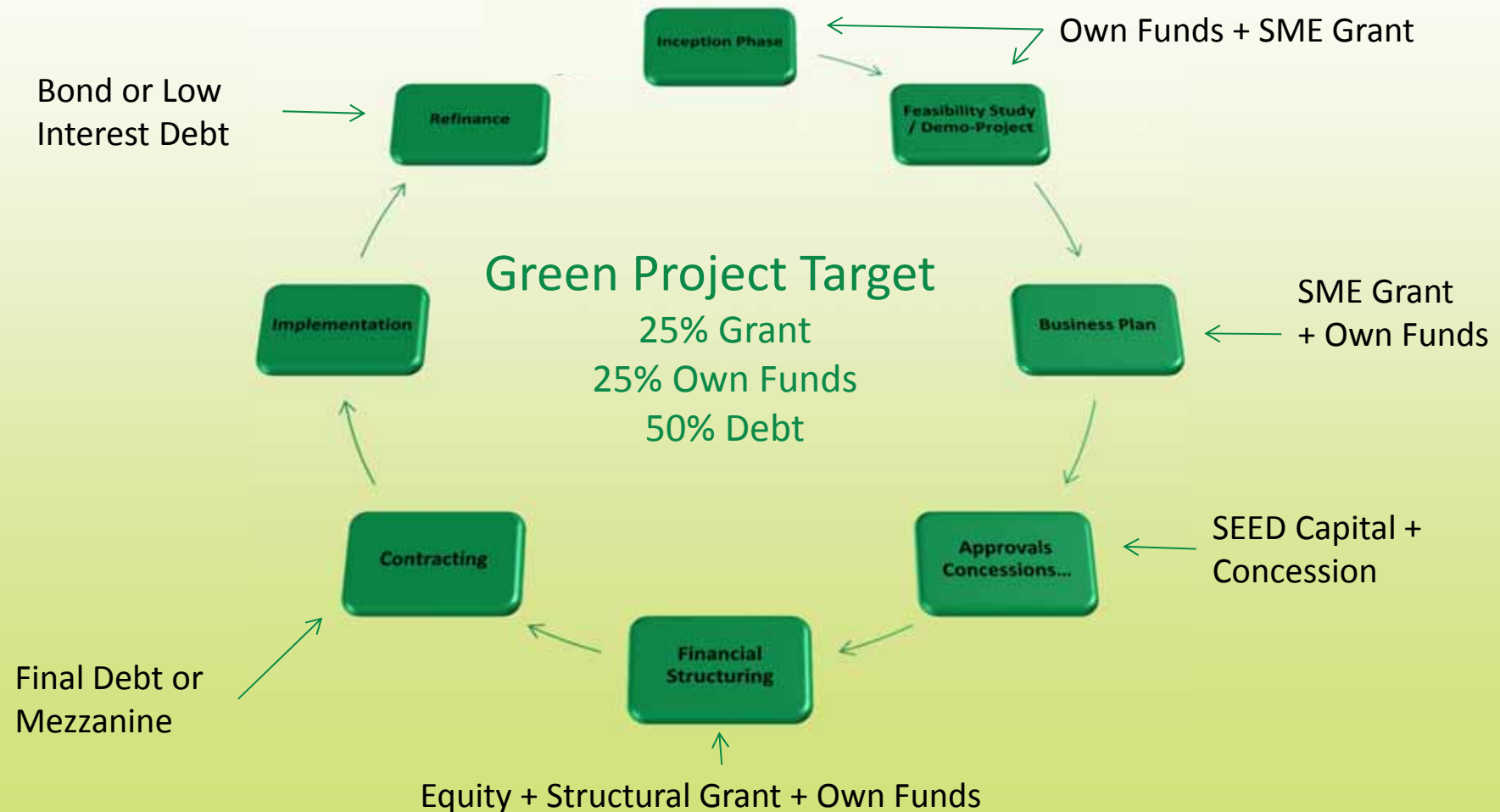
## TYPE 4a

- Municipality invests direct capital
- Municipality is given equity (long term)

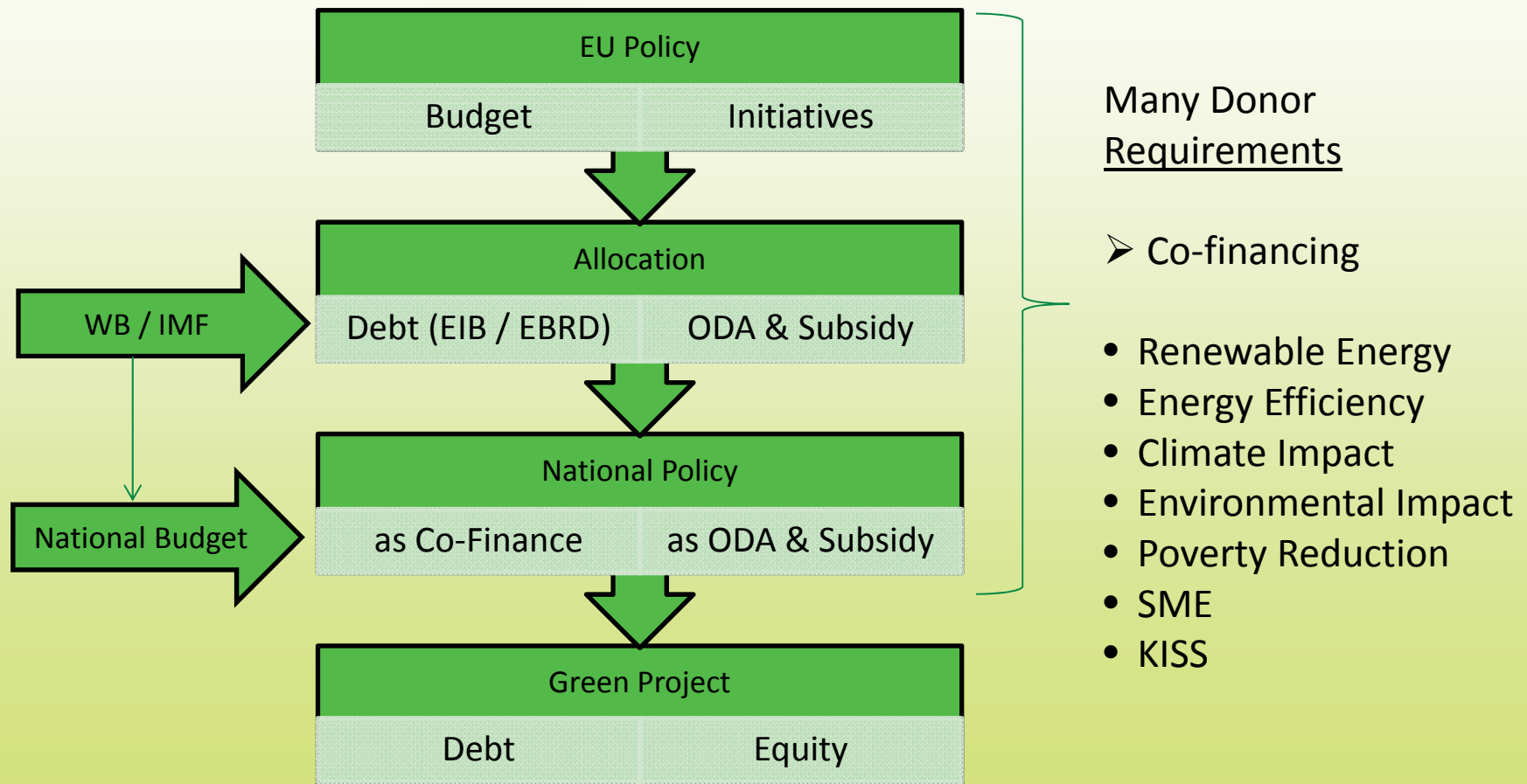
## TYPE 4b

- Municipality invests direct capital
- Municipality is given equity and clear exit (short term)

# Example Strategy to Use PPPs



# How EU Capital is Raised / Spent



# Some EU Capital Options

There are a mix of both loan and grant programs supported by:

- European Fund for Regional Development & European Social Fund (EUR 278 billion)
- European Cohesion Fund (EUR 70 billion)
- EBRD

- EBRD Municipal Finance Facility
- EBRD Municipal Infrastructure Facility
- EBRD Sustainable Energy Finance Facility
- Eco-Innovation
- Intelligent Energy Europe
- High growth and innovative SME facility
- The SME guarantee facility (SMEG)
- Thermomodernization fund

Many of these are for SMEs and/or private business, as well several programs run until the end of 2013 and may be renewed or replaced.

# Questions or Comments ?





# THANK YOU !

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