

Municipal Network for Energy Efficiency (MUNEE)

EXPERTS ADVISORY WORK GROUP

MINUTES FROM FIRST MEETING
on the MUNEE Studies

**The Urban Heating Sector in Europe and Eurasia: Experience from the Transition and
Future Directions**
The Energy Efficiency and Urban Residential Utility Affordability Study

**A Side Meeting of the
United Nations Economic Commission for Europe (UNECE)
16th Meeting of the EE21 Steering Committee**



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**Organized by Alliance to Save Energy
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I. Executive Summary

The Alliance together with USAID and selected experts are undertaking an extensive policy analysis that will examine two of the most important development areas for energy efficiency opportunities in the Europe and Eurasia (E&E) region: (1) urban heating policies and programs, as well as (2) actual energy and water efficiency measures as a means to ease the impact of rising utility tariffs on vulnerable urban households. This work is being conducted within the framework of the Municipal Network for Energy Efficiency (MUNEE) Program of the Alliance to Save Energy that is funded by USAID.

For this purpose, a group of prominent experts in the respective areas (heat policy, energy restructuring, tariff & subsidy reform, etc.) was identified and invited to serve as Expert Advisors for the two MUNEE studies. The Alliance held the first meeting of these Expert Advisors on July 1st as a side-event of the UNECE 16th Meeting of the Energy Efficiency 21 (EE21) Steering Committee. A total of 28 people participated in the Experts Advisory Work Group meeting, including many of the pre-selected Work Group members, as well as others interested in the topics of the studies who happened to be in Geneva for the UNECE events. The list of participants is attached in Annex I.

The meeting lasted for about four hours. The discussion encompassed: the scope of research and data collection concerning the studies; key focus areas and depth of analysis needed; and logistics, timeframes and implementation details. Some general conclusions from the discussions are:

- The Urban Heat Study should aim to develop a summary of what has been done already, and to structure the collected data into an easily discernable and informative format. The information should be divided into positive, negative, and best practices in a non-uniform format, as inconsistencies in country circumstances and project-related data availability may exist.
- The non-district heating focus of the Urban Heat Study is instrumental, since district heating (DH) has been the main focus of many previously conducted studies, while non-DH is growing fast as a sector and is under-analyzed.
- Important factors to address are the macroeconomic indicators, local energy planning as well as social and health implications.
- As part of the recommendations, the participating experts in this meeting said that it would be best to include standard solutions for typical problematic situations, as opposed to country-by-country solutions. Highlighting sub-regional similarities would be useful to show interconnectedness, as well as a more tailored approach without necessarily detailing each country.
- Partners such as the UNECE, Euro Heat & Power, IEA, Energy Charter Secretariat, RENEUER have indicated their readiness for participation in further meetings. They will be sharing respective findings, and assisting in the dissemination of those findings. UNECE had expressed interest to publish the studies in conjunction with the USAID/Alliance team.

The following were the recommendations and clarifications resulting from the July 1st meeting for each respective study.

Urban Heating Sector in Europe and Eurasia: Experience from the Transition and Future Directions

- Consider the trend toward regional energy market integration, the experts at the meeting recommended that the studies consider how the integration process will affect, and is already affecting, the urban heat markets. In addition, some of the experts suggested that the studies address the gas market as a driver of heat markets.
- The development of a benchmarking system was suggested.
- Development and testing of a hypothesis that "the right quality and comfort will improve payment" was proposed.
- The need to analyze heat supply with respect to total energy supply and planning was highlighted.
- It was agreed that the research team needs to limit time and effort devoted to data collection, as privatization of heat companies makes data unavailable and statistics inconsistent. The Alliance should concentrate its efforts on systematizing existing data into one comprehensive document for analytical purposes.
- The Alliance team was asked to specify the dissemination methods for the studies' results. A discussion forum, websites, MUNEE newsletter, Euro Heat & Power and EE21 network, publications and workshops were suggested.

The Energy Efficiency and Urban Residential Utility Affordability Study

- The Affordability Study will improve understanding of the characteristics of vulnerable households, and will ensure that households that do not receive DH¹ are appropriately evaluated in terms of how EE improvements could benefit them.
- It was recommended that the studies utilize appropriate economic indicators of EE projects (IRRs, etc.).
- Greater focus was suggested for EE in public buildings as a means to reduce state (municipal) subsidies for utility services.
- Several experts expressed interest in learning more about the feasibility and benefits of low-income weatherization programs in the region.

At the meeting, the Alliance and USAID also asked for recommendations about dates for the 2nd Advisory Expert Panel Meeting, which will most likely be held once again in conjunction with another regional event. Several options were proposed, including:

1. October 4-5, 2005. ESCO Europe Conference in Vienna (<http://www.esco-europe.com/Programme.asp?Menu=145>)
2. October 26-28, 2005. BISE workshop in Sofia (EnEffect coordinating)
3. November 17-18, 2005. Energy Charter Conference in Brussels: Meeting of the Working Group on Energy Efficiency and Related Environmental Aspects, where Energy Charter reports on DH/CHP and Residential EE will be presented.
4. November, 2005. ESCO workshop in Budapest (suggested by Ira Birnbaum)

¹ A couple of the experts in this meeting said that income data and heat compensation data often omit some of the most vulnerable populations, i.e. households who are not even connected to DH.

5. December 1-2, 2005. UNECE interim EE21 Steering Committee Meeting

Other suggested locations were Ukraine and Russia, depending on what type of participation we anticipate and what balance of experts from CIS and South East Europe we can ensure. Alliance's REEEP² seminar which will focus on barriers to residential energy efficiency will be held in either of the two above-mentioned countries in early 2006.

II. Introduction

*Ira Birnbaum, Energy Efficiency and Global Climate Change Coordinator
Europe and Eurasia Bureau. U.S. Agency for International Development*



Ira Birnbaum's presentation addressed both studies. In the presentation, he mentioned that USAID recognizes the fact that much more work has been carried out on urban heating than on affordability. Through the heating study, USAID aims to identify gaps in and requirements for improvement of urban heating systems; to detect the most effective means of attracting investment; and to evaluate most valuable communal enterprise management processes. This is an opportunity to reach out to a new audience, which does not otherwise take into consideration energy efficiency.

However, there have not been many studies regarding affordability of utilities in pertinence to energy efficiency. Nonetheless, some attention has been devoted to the energy efficiency from the perspective of tariff subsidies and social programs. The existing information provides options for answering whether energy efficiency can reduce bills by the same amount as the instituted subsidies. This question is important to understand because subsidies are difficult to sustain in the long term, whereas energy efficiency is perpetual. USAID and MUNEE are working to produce a case study demonstrating the affirmative answer to the above question.

III. Presentations

i. Overview of Urban Heating Study

Astghine Pasoyan, MUNEE Regional Program Manager

The Expert Working Group (WG) is instrumental to the Urban Heating study. Thus, the objective of the first Expert Advisory Panel meeting is to discuss implementation, approach, timeline, and outputs as are envisioned by USAID and the MUNEE team.

The heating study will provide the audience with a comprehensive assessment of all the trends in heat restructuring; changes in subsidies; financing, economic performance, and the resulting budgetary/investment implications; regulation by local authorities and ownership changes; changes in costs vs. quality of heat supply service; commercialized heat market experience; and emerging decentralized systems where DH is not functional in CEE & CIS. There will be an analysis of fuel competition, technical/commercial losses and potential for energy efficiency, assuming heat to be a service that is sold based on cost recovery and profit.

² Renewable Energy and Energy Efficiency Partnership. The Alliance received a grant for a workshop that will complement the USAID-funded study on Utility Affordability.

Recently, a trend and the desire to intensify decentralization of heating systems have become apparent. For example, dozens of Moldovan cities have had district heating throughout the past; only six cities should have centralized district heating according to the cost-benefit analysis. The heating study will work to analyze fuel competition, in particular the issue of cheaply priced Russian gas in autonomous gas heating systems competing with district heating, as well as fuel switching. The study will analyze the issue of energy loss resulting from the antiquary state of the infrastructure, while attempting to assess the potential of energy efficiency assuming the functioning of proper policy and financing schemes.

The heating study will become a repository of information as it will catalog all the case studies and lessons-learned which have been carried out on the subject of heat sector restructuring and modernization. In conjunction with partners, USAID/MUNEE will provide recommendations of further reform, best practices to be carried out, private investment potential, and key policy directions. The recommendations will highlight countries which require timely intervention, followed by reform and technical assistance (TA). The recommendations will encompass institutional development needs, pricing policies, subsidy removal, metering, billing and collection. In addition, the study will evaluate financing requirements for modernization of the heating infrastructure, and will provide recommendations including those for all the funds that are being established.

The study will mention the role of public-private partnerships in the heat sector reform. In order to stimulate a change in consumer behavior and facilitate responsible decision-making by consumers who will ultimately be the drivers of change, the study will identify a role for energy efficiency equipment and services

The above information, when assembled together, will allow for a broad perspective and identification of the type of assistance that governments require, in addition to other necessities that should facilitate full delivery of municipal services (i.e. health care).

Throughout the lifecycle of the studies, the experts will make presentations on key topics and address the many questions which need to be considered. The input of the experts on other ongoing issues that are related to the studies is requested. The participants need to be careful to avoid duplications, and strive to learn from one another. The tasks of the experts, such as white papers and draft reports, should strive to facilitate further discussion. Information such as past programs implemented in the heating sphere and their results; case studies, which the experts recommend for analysis in this study; and recommendations of partners we should work with are welcome. Finally, it is important to mention that all experts will endorse all policy and investment recommendations.

Completion Schedule of the Study:

Period I: July 1st – September 31st

During this period, preparation of the methodology, research, and templates for questionnaires will be carried out. The first White Papers on urban heat study are due at the end of September from those who have taken on the writing tasks.

Period II: October 1st –December 31st

During this period, papers will be collected from consultants for review. Draft chapters will be circulated for comments. There will be another meeting in mid/end of November, which will facilitate a thorough review of the first draft, followed by the 2nd Expert Advisory meeting.

Period III: January 1–March 31, 2006

The third, and the last period will be completed with revision of the papers, and another round of comments. Although depending on funding, the final draft is expected. In addition, a conference will be held in order for experts to present and comment on the findings and recommendations. The schedule for the affordability studies will be shifted by one month.

In sum, the study will cover CEE and CIS. It will amass existing data, conduct surveys to fill the gaps, interview local partners (utilities, implementers, the respective governments), coordinate with partners doing related work. An e-forum will be started shortly after the meeting [Munee_Studies@yahoo.com], allowing for real time discussion and exchange of ideas among the experts. More events similar to this one will be held on the side of other meetings for simplicity of logistics.

The affordability study will consider all utilities in coordination with the urban heating study. MUNEE requests the input of all experts with data collection. Indicators are needed in order to enable cross-countries/cross-regional comparison as concerns generation, ESCO development, subsidies, billing & collection, etc.

The White Papers should be drafted by December, and finalized in March. As a result of the meeting, the outlines will be revised.



Pictured from left to right: Duncan Marsh (UN Foundation), Davor Percan (Croatian Energy Institute – EIHP), Trond Dahlsveen (Norwegian consultant), Judith Barry (Alliance), Witold Cherubin (Polish consultant), Edmond Hido (Albania-EU Energy Efficiency Centre).

Questions

What does CHP, HCA, TRV mean?

Combined heat & power; heat cost allocators as concerning individual apartments; and thermostat regulatory valves respectively.

Robert Archer

What are the priority areas for these analyses? What are the gaps which exist? What has little importance? What are the primary policy and institutional issues which need to be addressed?

Comment from Alexander Kovacevic

Distinguishing between tariffs is still important, and in particular it is important to differentiate between CHP and other district heating systems (non CHP). In Serbia, a large number of individuals, especially in new or semi-new suburbs use solid fuels and electricity directly for

heat - a case largely overlooked by official statistics. A large amount of the fuels are smuggled, or originate from unofficial sources. There is a large discrepancy in Serbia between official statistics and the ground surveys. The situation is similar in Macedonia, Bulgaria, Romania, etc. Those who are disconnected from district heating use other means of warmth provision, and as a result resort primarily to a shadow market for the source.

Another aspect of affordability in many cities and suburbs is not simply the issue of bill-paying, but the ability to afford the other ancillary effects such as indoor pollution from solid fuels. There are numerous difficulties with district heating systems and subsidies. For example, the subsidies are provided only to those who are connected. This significantly impacts affordability in social terms – many are unable to pay the bills. Appropriate technology is another issue which can help replace unsustainable practices whilst being affordable. As the analysis of district heating systems shows, there are huge capital costs which impact the society directly and indirectly. The systems are unaffordable and are low in energy efficiency. Macroeconomic data conveys the effects well.

Robert Ichord

What is needed is a well-fitted benchmark system in the form of a survey, querying the customers and those who directly deal with customers in order to supplement the insufficient official statistics. It is hoped that the officials will take on the lead in conducting surveys of such nature in the future. UNDP in Serbia & Montenegro conducted a study “Stuck in the Past”, which can be used for brainstorming. The IEA is analyzing energy and development issues, addressing particular cities, and how the national energy policies will affect urban development. The work is related to the USAID/MUNEE studies.

Bernard Jamet

In disagreement with the above-said, Jamet believes it is important to clarify the reasons why the work will be undertaken because it is necessary to better understand the specific expectations and the final objectives. For example, one objective is to recommend key policy directions to improve urban heating; in this instance, what does improve mean?

The experts, USAID and MUNEE already know a lot about EE, and thus should instead focus on the technical issues such as financing. Most importantly, how will municipalities handle the accounts, transparency problems, and the lack of clarity on financial statements?

Ira Birnbaum

USAID/MUNEE is pursuing non-technical issues, such as: when was the quality of service improved, how and when will collections of payment improve; and what are the implications for district heating.

Astghine Pasoyan

The USAID/MUNEE heating study prefers not to focus extensively on the technical aspect, as difficult as it is to separate the issues. The key priority is policy restructuring and property rights issues which will drive the technical and technological improvements. For example, wood fuel efficiency improves affordability in terms of employment as well as indoor pollution.

Transferring subsidies from DH where they are not necessary to the assistance of better stove provision improves living standards significantly in the rural areas.

ENSI, Norway

Trond Dahlsveen

With experience in Croatia, Dahlsveen suggested that legislative frameworks are very important, particularly the case of the energy reform process which allowed for provision of gas heating. It is also necessary to clearly outline the information which allows accessible knowledge of the concessions' and tendering procedures as related to heating service provision. ENSI has experience with network utilities which can be shared with USAID/MUNEE.

Witold Cherubin

Cherubin suggested considering heating options other than DH. He emphasized that total energy supply is the key: cost should be one of the most important factors in the energy supply planning. Poland just started supply planning. The supply side management results are based upon cost: improving EE, reducing costs and increasing consumer payment collections.

EnEffect

Zdravko Genchev

EnEffect expressed their uncertainty about the audience of this study – donors, policymakers? It would be difficult to outline a new strategy of DH development in such a short time span.

EnEffect held up the point put forth by Dr. Cherubin that DH is only one option among many; it constitutes a mere 20 percent of the heating market in Bulgaria and is declining.

Astghine Pasoyan

The task is very broad, covering both DH and non-DH, and the importance of it is widely acknowledged. However, additional focus is needed to address the IFI and government decision-makers as the audience which would then implement the best policy tools and reforms.

Therefore, it is a guide for local policymakers as well as donors and investors since it will address financing.

Ira Birnbaum

The large set of data, which USAID/MUNEE will collect, can be used at both levels - in-country, as well as by donors. However, there is a need to be careful in terms of how the information will be presented to different audiences; the results should be tailored to the specific audiences.

ii. Energy Efficiency and Residential Affordability Study



Angela Morin Allen, MUNEE Program Manager

As the goals of the affordability study have already been presented, I will comment on discussions of the last several days. There has been much conversation regarding financing and project pipelines. EE is part of a large market, but is also a big part of sustainable development, so USAID/MUNEE are considering this issue from the standpoint of quality of life, health indicators which are not always quantifiable.

It would also be important to link the EE benefits (market benefits) to the social benefits (health, school attendance, indoor air quality). Emerging economies are following the lead of the new EU member states. The goal of the study is to assure that the EE policy case includes EE as part of the social safety net issue; and to compare it to the more traditional approaches such as subsidies (social tariffs), incorporating the issues into the Athens process. The audience of the

affordability study will include national governments, new partners (who will be attracted), NGOs, donors, investors.

As the saying goes, a rising tide lifts all boats. The ulterior motive of the studies is to assure that all boats are raised, including the poorer segments whose needs have not been addressed sufficiently by EE efforts. The study will focus on multi-family buildings in urban areas, identifying areas where most vulnerable households are located, and establishing whether these households are mixed among other social strata or are segregated. The study will identify who these marginalized individuals are, and where they live, and how easy it is to access/reach them.

The studies are looking to uncover the real-life examples of EE projects, the net financial gain or loss of households and governments that adopt EE measures. Are the studies seeking to reveal whether the EE programs in Bulgaria, Romania, Poland, Albania target the right (vulnerable) households; are EE programs a way to supplement the impact of social safety nets?

The data, which the study will seek out, will be collected on poor households. Some data says that only 10 percent truly cannot afford utilities, which the study will verify. In addition, the studies will address social compensation for those who can't pay bills, assessing what percentage of municipal budgets is devoted to these compensations, and whether EE be a better user of those finances.

The research approach and methodology will consist of collecting case studies of actual projects; and if available, tariff schemes that have targeted vulnerable households. A comparison of approaches that have been used will be conducted. A recently received REEEP grant will be utilized to conduct a workshop in late 2005, early 2006.

The experts' role in this is to aide in filling the gaps, to engage influential decision-markers and partners, and to provide peer review. A draft of the study is requested by end of the year, whilst the white papers should be submitted by October.

Questions/Comments

Ira Birnbaum

As far as the residential affordability study, USAID/MUNEE assumes that in order to help low income families, there needs to be an effective method of reaching the residential sector with EE improvements, for example through HOAs. However, what should be done in the case of absence of HOAs within a particular country?

Bernard Jamet

Both studies will be carried out in parallel, because affordability is a key component of the heating study. Therefore, an important link must be established because if we want to improve the DH system, it must be managed in a way that recovers cost. But how would one then support those who cannot afford market price for energy? What is the meaning of production costs? Perhaps it would also be wise to distinguish between the support needed for a central network versus a decentralized one.

Trond Dahlsveen

Dahlsveen inquired how much data is really needed to come up with recommendations. How reliable (old) will it be? He said that more general recommendations would be better than country-specific ones.

Robert Archer

There will be two data sets - income data and EE data, with the former coming from the World Bank and other existing data. The expertise of the Alliance is to document residential EE experience, impact on bills.

Angela Morin Allen

Indeed, the study will evaluate the experience with EE projects on a regional basis, identifying typical buildings. This will then be used for recommendations to sub-regions.

Ira Birnbaum

There are a few countries where the government has made the effort to provide assistance to low income populations. The exemplary countries are Albania and Romania. In those cases, USAID/MUNEE would like to persuade them to specifically make it possible to use those funds for EE, not just bill paying.

Astghine Pasoyan

The heat study will aim to provide a menu of options, which have worked in given situations, including macroeconomic analysis. There won't be a lot of data-gathering involved as the World Bank, GEF, EIA already have data. The study will attempt to blend the various data into a synthesized picture and identify gaps. There are Alliance staff in many of these countries who can readily get data in case any identified gaps need to be filled.

Ira Birnbaum

The studies aim to understand the percentage of the household income which is being spent on utility services; some of this information has been collected, although much yet remains to be done.

EnEffect**Zdravko Genchev**

As far as Bulgaria, there is a Ministry which helps low-income households pay bills. EnEffect had done a study of low-income households, and uncovered that the EE potential in those families is very low because they consume very little. Some have disconnected radiators, others have only one lamp; and where possible many have already improved their windows. Therefore, the funds could be used for other things, such as decreasing heating subsidies to municipalities so that the money can instead be directed to low-income households. This of course can only occur if all of governmental officials are cooperating. This cooperation requires the competent involvement of all relevant Ministries.

Ira Birnbaum

DH is a step ahead in Bulgaria because the country requires all households to install TRVs, etc.. Therefore, low-hanging fruit has already been picked there.

Witold Cherubin

Poland is full of solutions which are useful for other countries. One of the solutions is the organization of multifamily housing which is not based on subsidies but on modernization of housing to reduce heat losses, improve water, etc. The premium from the government does not come until the project is completed! Details of this will be provided in Cherubin's report.

iii. Euro Heat & Power

Norela Constantinescu

Euro Heat & Power is an association of associations, working to promote CHP, DH. The association has members in 32 countries. Several of the countries on the USAID/MUNEE study are members of Euro Heat & Power, mainly in the CIS.

The following are the references which would be useful for the studies: District Heating and Cooling country by country 2005 survey; projects financed by the EU such as EUROHEATCOOL, and the IEA study “Coming in from the Cold” (See slides for further details www.munee.org).

When considering the main goals that the USAID/MUNEE study is trying to accomplish, it is important to concentrate on energy policy and legislative frameworks when dealing with DH. A distinction needs to be made between the countries, which are already members of the EU because these have certain criteria to meet, as well as easier access to funds. DH assures heat load of the CHP units. DH is a heat supply option while emissions trading provides incentives through market-oriented mechanisms.

District Heating and Cooling: Country by Country 2005 Survey – EHP

Commission for Energy gave priority to energy efficiency within the EU. There are two ways of achieving this - through security of supply, and reduction of CO₂ through renewable energy and DH, which is particularly important in CEE and should not be disregarded. The survey also looks at national legislative framework, renewable energy, and DH; prices of tariffs, regulation and taxation.

Competition aspects

In CEE, DH competes with national gas. In Hungary and Romania, this is one of the main reasons why people disconnect from district heating. In Romania, the natural gas services are owned by foreign companies, stimulating households to consider seriously before disconnecting.

The EUROHEATCOOL project identifies a lack of information regarding the market, and that data is not comparable. The project is aimed to analyze heating and cooling markets to assess energy and environmental efficiency of different district schemes and to recommend policy strategies. So far, it has been concluded that end use of electricity and heat per capita is low, and that GDP will increase which will increase the end use indicator. When countries with similar climates are assessed, there are very few differences that are evident. However, Denmark’s energy use is significantly lower due to its building codes.

Ira Birnbaum

Euro Heat and Power looks very relevant to what USAID/MUNEE is doing.

iv. International Energy Agency

Robin Wiltshire

The IEA has committed a large international effort to research of DH, which integrates technology and end users. As a large number of stakeholders are involved, it is difficult to make progress.

Heat demand density is fundamental for DH and cooling. DH provides a stable long-term load, which contributes largely to energy security because the type of fuel utilized is flexible. DH & Cooling helps address the three elements of sustainability - economic, environmental and social.

The mission of IEA is to provide high quality research and policy recommendations. The key goal is to concentrate on issues, which are very relevant to CEE countries. In addition to its cooperative relationship with Euro Heat & Power, the IEA has done research that will be helpful for both studies.

For project selection, a competitive bidding process is used. Each project is supported by a Panel (one per country). IEA functions on cost-sharing mechanisms, and has an Executive Committee with representatives from each country who meet twice a year to steer projects and ensure high quality outcomes. Membership enables a country to have direct influence over the research that IEA conducts.

A lot of work has been done regarding integration of cooling systems with district heating. The United Kingdom is a just a beginner as far as DH is concerned, and can learn from others. Also, DH is often overlooked by decision-makers.

The IEA Secretariat initiated “Coming in the From the Cold” studies. It was a project of universal relevance - a large-scale project with small scale systems. BRE had produced a set of guides as part of an EU project on ownership, rehabilitation and modernization, and management. There are also case studies – the Hungarian one might be of particular interest. This can be found on the IEA website.

v. Poland

Witold Cherubin

In 2001, the World Energy Council organized a workshop in CEE to provide an overview of DH and CHP in CEE countries. It addressed the status of technical development and the status of ownership and restructuring of the sector. As a result of the workshop, the Neptune Declaration was assembled a year later. It addressed decision-makers regarding municipal policy and policy for DH companies.



Cherubin explained that in the past he had chaired a study involving 11 countries, including Denmark and Finland.

A *Moscow Statement* portrays DH as one of most efficient and environmentally friendly, with high heat density. The Statement asked decision-makers to make DH a priority, and that regulators should assure equal treatment for all forms of heat. The statement said that DH companies should be profitable with the pricing mechanisms established to reflect all costs. Incentives for investment should enable payback periods that attract investment, and that issues related to low income require further undivided attention.

Ira Birnbaum

This issue certainly opens up an issue which hasn't yet been discussed - how heating is regulated.

vi. Energy Charter

Valya Peeva (in lieu of Tudor Constantinescu of Energy Charter)

The Energy Charter encompasses a wide region throughout Eastern Europe. Its work consists of studies and reviews, and advising on policies. Two analyses of countries have been done. One has been conducted to assess the municipal role in heating (DH and cogeneration), including building maintenance. It is now being edited, and is scheduled for release in autumn.

In addition, there are two case studies on the financial sector and energy efficiency in the development stage. The scope of the case studies ranges between residential energy efficiency, appliances, and includes affordability.

Peeva expressed a desire for clear goals to be set for the USAID/MUNEE studies. She suggested beginning with identification of current problems instead of collecting data, pointing to the fact that if research were to query for existing problems, then the research process would be easier. Also, a clear distinction needs to be made between urban heating and DH. The studies will require a specific “country approach”. It is also necessary to make clear divisions in regard to ‘low income’ terminology. Peeva pointed out that it is necessary to clearly state how the studies will be disseminated, and how the target groups will be reached.

Astghine Pasoyan

Workshops and the MUNEE web site is one of the ways to reach out to our audience, as there will be interactive discussion groups set up. MUNEE has an extensive network in the field, which will facilitate dissemination. In addition, there is the MUNEE newsletter, which is issued once every two months, as well as a budget to publish the reports.

IV. Moderated Discussion (based on sub-region)

EnEffect

Zdravko Genchev

Genchev stated that he foresees his role as a coordinator of the activities related to the study within the region. Thus far, EnEffect has formulated several suggestions based on the



questionnaire. The first one is on what kind of study this should be. EnEffect considers that it would be best to summarize what has been done in the field, and consequently to present a compendium of good practices and failures [case studies]. EnEffect views the result to be a relatively short text describing the main conclusions of studies which have been done; in addition to a good collection of practices that addresses the various scenarios. The examples can be presented by scenario.

As far as data, there probably is not much accessible data because companies consider the information proprietary. In addition, some data is scattered and has not yet been compiled. Data collection is expensive and there is not much time; the need for data is small in this case. Another important issue to consider is that it is difficult to compare different DH companies because DH differs by fuels, ownership, size, and clear answers are difficult if not impossible to obtain from such comparisons.

Astghine Pasoyan

Pasoyan explained that what EnEffect and the rest of the advisory panel received was not a questionnaire but a set of questions to structure today's discussion. The questionnaire will follow later and will be based on input from the Expert Panel.

Zdravko Genchev, contd.

EnEffect will organize a brainstorming session with specialists from Ministries, DH companies, universities, and other necessary parties within Bulgaria as EnEffect is unable to fully answer all the questions on its own. This will be done so as to insure that the answers they provide are the best possible. EnEffect expects to complete this by the end of the summer.

However, several clarifications are desired regarding South East Europe. It is necessary to say which countries will be included, and how will it be organized financially? Will there be any direct financing for a representative from each country, etc.? And finally, please note that in addition to MUNEE web site, the entirely new RENEUR web site can be also used for the discussion platform.

Romania

Marian Dobrin

Note - not speaking for his organization. He believes that the two studies are complicated because the situation relating to DH in Romania is changing fast. This is because data, which was collected two years ago and published last year, is now outdated as many changes have taken place since then. For example, there is now an EE law; the recommendations published in a study last year have already been implemented with respect to heat supply and DH. Therefore, to possess quality data it will be necessary to collect it again. Dobrin offered help, but USAID/MUNEE will have to tell him exactly what is needed.

Albania-EU Energy Efficiency Centre (AEEC)

Eddie Hido

Hido had expressed his interest to work on the studies, though no there is no DH in Albania as everything is shutting down due to old technologies. However, the new Energy Strategy has emphasis on CHP, which he hopes will be implemented in the near future. There is, however, some data on low-income households. Nonetheless, it might not be a good representation of current situation. Hido will provide everything AEEC has.

Romania

Robert Gavriiliuc

Availability of a good questionnaire would be a helpful guide for the experts in the search for data from different sources.

Arena Eco

Sergey Surnin (pictured on right)



The problems being discussed at this Experts Advisory Work Group meeting are extremely complicated, and therefore the studies should concentrate on concrete directions. The question is good but answers are complicated.

UNEP and Independent Consultant

Bernard Jamet (pictured on left)

Jamet suggested that while creating the structure of the studies, USAID/MUNEE should try to consider how this would be disseminated so that the EU can be included in the activities of mutual interest. The overlapping activities with UNDP include the priority policies, identification of the priority technical analysis, identification of commercial opportunities. The studies could be considered as an EE21 and UNECE joint issue, although the feasibility of this idea is still uncertain.

Ira Birnbaum

Birnbaum had agreed that UNECE, among others, can effectively reach out throughout the region, and appreciated the offer.

VI. Conclusions & Summary

Astghine Pasoyan

Target audience of the studies consists of national governments and IFIs. It is now clear that USAID/MUNEE needs to restate the emphasis of both studies. Thank you for the suggestions on data collection – USAID/MUNEE now understands that data collection process can be complicated as a result of changes and different statistics. Therefore, existing data will be used where it already exists, but new collection will be done in order to fill the gaps.

As far as the methodology, USAID/MUNEE will take into account the need to focus more on policy analysis and energy management. The suggestion to utilize macroeconomic indicators is a good one. The way subsidies are being addressed today certainly distorts the market towards the DH customers, excluding many from the social safety net. A compendium of good practices will undoubtedly be collected.

As far as distinguishing between urban and DH heating, the study concentrates on Urban Heating, and is thus titled the Urban Heating Study. The outline of the way each report will be structured [as in the outlines circulated prior to the meeting and which will be revised if necessary after this meeting] shall be a guide for the experts. Please let the Alliance know of any events which might be relevant during the timeframe mentioned at the beginning. This includes meeting of Energy Charter, Euro Heat & Power, etc; MUNEE would like to coordinate with those meetings which will facilitate collection of input at minimal cost.

Ira Birnbaum

The experts have a lot to offer in terms of inputs, in addition to the ability to reach critical audiences. USAID/MUNEE will follow up with all of you, as the suggestions are further incorporated and a more precise timetable is established. USAID/MUNEE looks forward to your continued participation in the process.

EnEffect

Zdravko Genchev

What are the next steps?

Astghine Pasoyan

MUNEE will revise outlines to address comments, and then will use the finalized outlines as roadmaps for implementation. Questionnaires will be sent for feedback. Those who have extensive writing to do shall commence. MUNEE will amass a list of possible events which could be used in the similar manner as the EE21 taking place at the moment, and determine which one has larger priorities for a larger group.

EnEffect

There are two events which should be considered:

- Meeting of financial experts on 1-2 Dec, 2005
- The BISE Forum in Sophia in October.

This concludes the Meeting.



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Annex I
MUNEE Expert Advisory Panel Meeting
List of Participants
July 1, 2005
Geneva, Switzerland

	Advisory Group Members	Position, Organization	Email	Signature
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