

Annex I : Description of the Project Development Services and the planned Investment Programme

1. Location
Location of the Project Development Services
Province of Savona, Italy
Main purposes of the Project Development Services
<p>The project development services are needed for the preparation and implementation of EE measures in buildings and public lighting, the production of renewable energies through biomass, solar thermal collectors and PV, and energy recovery through mini hydro power plants on drinking water supply systems. The Province of Savona will support these investments to be implemented in 33 associated municipalities and by greenhouse farmers.</p>
Description of the Final Beneficiary
<p>The Province of Savona is located in the North West of Italy, and it is one of the 4 provinces in which Liguria Region is divided into, with 286.000 inhabitants and an area of 1,500 square kilometres of valleys and mountains facing the Mediterranean Sea. 69 municipalities all together make up the Province, whose capital city is Savona (62,000 inhab.).</p> <p>Italian Provinces are currently living an organization change: the national law nr. 56 approved on 7th April 2014, called "Dispositions about Metropolitan Cities, Provinces and Unions among Municipalities" transforms Provinces into "second level institutions" which means their political administrators aren't elected anymore by direct suffrage; they will instead be selected among the mayors (and councillors) of the municipalities forming the Province. Since October 2014 the Province of Savona is led by a President (a Mayor) elected through the new assembly (comprising all the mayors of the municipalities in the Province).</p> <p>Regarding functions and powers of the Province defined in the new organisation system, the most important articles are 85 and 88.</p> <p>Art. 85 lists fundamental functions:</p> <ul style="list-style-type: none"> • Coordinated land planning and environment protection • Transport planning, provincial streets • Data collection and technical-administrative support to municipalities • School buildings management • Gender issues and employment <p>Art. 88: the Province, on behalf of municipalities, can elaborate tender documents, launch calls and competitions, monitor contracts.</p>
Role of the Final Beneficiary in the Investment Programme to be prepared
<p>The Province of Savona will coordinate and supervise the whole ELENA Technical Assistance facility, by means of a newly established Project Development Unit (PDU), supported by some external experts. The Province will also coordinate the Municipalities participation to the investment programme through the setup of a Steering Committee where each municipality will be represented.</p> <p>After having obtained the ELENA grant, the participating Municipalities will sign with the Province an agreement that specifies each other's duties during the technical assistance process. The agreement, that will need to be approved by each Municipal Council, will request municipalities to:</p> <ul style="list-style-type: none"> - actively cooperate with the PDU eg. in the initial assessment stages by supplying further data, organising field trips, etc.;

- participate in the Steering Committee to be set up to monitor the whole ELENA programme and to take any needed deviation decisions
- secure the needed investments budget in due time, if any
- cooperate in finding funds for implementation where needed
- launch call for tenders (if any) according to the scheme adopted during the Elena process
- support the monitoring of investments implementation
- give prompt authorizations where needed
- sign contractual arrangements with ESCOs where needed.

The Province will:

- Chair the Steering Committee
- Launch most calls for tenders
- sign a framework contract with the winning ESCOs. Then each municipality will sign its own contracts where details specific to that municipality will be inserted.
- coordinate, through the PDU, the technical assistance process development and oversee investments implementation and contracts.
- keep contacts with the EIB offices
- keep contacts with the Regional government for promotion and facilitation
- select the financial intermediary for an indirect loan, if needed
- carry out communication and dissemination actions as well as information workshops for facilitating the overall process. Targets will be the involved municipalities, citizens as well as companies and ESCOs for raising their interest in participating in the calls.

The signed agreements between the involved municipalities and the Province will be presented at the latest with the Inception Report.

2. Description of the Project Development Services

Aims and objectives of the Project Development Services

This project development support will overcome the difficulties of the municipalities to prepare investments, which are foreseen to be implemented mainly through Energy Performance Contracting (EPC). For a smaller part of the investment national subsidy schemes will be used and co-financing through ERDF funding is planned. Most of the municipalities are of small size and have neither the capacity nor the competencies to implement a larger investment programme. In addition they have difficulties to hire new staff. Thus the Province will assume the role of a support and coordination entity for the associated municipalities making available the necessary know-how, in particular for EPC, and the preparation capacity for the planned investments

The Province will set up a Project Development Unit (PDU) directed by a permanent civil servant and staffed with four additional persons: one lawyer, one engineer for EE and RE, one accountant and finance manager and one administrative and communication assistant. As regards the external expertise the assistance will be mainly dedicated to preparing the technical parts of the tender documents for the EE measures in public buildings and public lighting. Technical know-how will be required for preparing the design of the renewable energy plants (e.g. biomass boilers, PV plants and mini-hydro power plants). For the legal aspects of the tender preparation, tender evaluation and contract negotiation external support is needed.

Indicative activities included in the Project Development Services (personal costs, external services, etc.) and main justification. Estimated total budget for the assistance including a detailed budget breakdown according to activities

The organisation for the management and implementation of the investment programme foresees the set-up of a Project Development Unit (PDU) inside the Province and the support of external experts. They will be chosen on the basis of public transparent procedures, according to Italian law.

To prepare the planned investment programme the **Project Development Unit**, supported by

the external experts, will deal with:

- organisation of meetings with the involved municipalities and with farmers
- keeping contacts with municipalities and farmers to get necessary data, permissions, etc.
- coordination of the finalization of energy audits and calculations and detailed definition of interventions
- setting up of a monitoring system for monitoring/managing the whole process and reporting to EIB
- preparation of tenders (technical, financial and legal documents) for the procurement of activities in collaboration with the other offices of the Province
- organisation of meetings to inform the ESCOs market about the tenders.
- research of a possible loan to support project implementation and subsequent selection of financial partner.

The additional staff will be organised in a Project Development Unit led by the chief of the Environment, Mobility and Buildings Department of the Province and supported by internal personnel for assuring a link between the PDU and the other Provincial offices involved (Contracts and tenders, Environment, O&M, Authorizations, etc.). The Province foresees the recruitment of additional staff with temporary contracts with the following characteristics:

- 1 Lawyer (Degree in Law with experience of public procurement and EPC) for 32 months – level D in the hierarchy.
- 1 Engineer (Degree in Engineering with experience in energy and projects financed by Structural Funds) for 32 months - level D in the hierarchy
- 1 Accountant-finance manager (Degree in Economics or Accounting with experience in public procurement, EPC and financial reporting) for 32 months - level D in the hierarchy
- 1 PDU administrative-communication assistant for 32 months level C in the hierarchy.

The additional staff will be selected in the first four months of the contract through public procedures according to the Italian legislation.

The PDU will also function as secretariat for the Strategic Steering Committee. This Committee is composed of one representative from each municipality involved. It will deal with key decisions such as major work programme changes, difficulties with non performing municipalities or conflicts of any kind that might arise between any municipality and the PDU. Decisions will be taken with the majority of the votes.

The PDU will overview the work of the **external experts**, with daily contacts and periodical meetings. The experts will carry out assessments and calculations, to deliver in depth documentation and feasibility studies to be integrated into the calls for tenders that have to be prepared. Different types of experts are foreseen: technical, financial and legal. These experts will work in close cooperation with the municipalities involved.

The general tasks planned have been organised according to main expertise sectors:

Technical expertise

- finalisation of energy audits and energy saving potential calculations
- finalisation of energy efficiency interventions and RE plants design
- assessment of maintenance contracts already in place
- delivery of proposals to be submitted to national/regional calls
- support tendering documentation elaboration
- support bids evaluation procedure
- support negotiation and contracting procedure
- support to municipalities for dialogue with ESCOs regarding technical supervision of the works implementation.

Financial expertise:

- development of energy cost baselines
- business plan elaboration, also grouping buildings and public lighting into sensible lots
- support for tender documents preparation regarding financial terms
- support for bid evaluation
- support contract negotiation

- contribution to delivery of proposals to be submitted to national/regional calls for grants or subsidies
- support to municipalities in their budget management (only related to this investment programme)
- financial monitoring and auditing of the overall process and investment implementation
- support for the selection procedure for the recruitment of the financial intermediary.

Legal expertise:

- draw up tender documentation using specific documents already developed in Italy under other ELENA contracts
- support tendering procedures (launch calls, deliver info to potential bidders, etc.)
- follow bid evaluation procedure
- support negotiation and contract assignment procedure
- monitor and evaluate contract implementation
- support to municipalities for dialogue with ESCOs regarding the contracts
- assist in developing solutions to potential controversies or conflicts that may arise during the tendering process (this is a very important and delicate role in Italy where often there are legal enquiries that can stop or delay tendering processes/contract signatures, etc.)
- support the selection procedure for the recruitment of the financial intermediary.

The above mentioned competences will be teamed up as follows:

- Legal and financial experts group: with a horizontal role, they will deal with all the tenders and with the preparation of the tender documents (ex. legal and financial terms). They will supervise the tendering processes and will assist during the contract negotiations.
- Public lighting experts group: with technical expertise to develop the technical features of the related call. They will draft the lighting technical assessments on which the calls for tenders will be based, and contribute to the definition of the technical specifications for the tenders. During project implementation, they will check the technical compliance with the contracts.
- Buildings renovation experts group: with technical expertise to describe the technical features of the related calls. They will draft the technical assessments of the buildings and the RE plants on which the call for tenders will be based, and contribute to the definition of the technical specifications. During project implementation, they will check the compliance with the contracts.
- RE experts group: with technical expertise to describe the technical features of the related calls. They will design the RE plants (biomass, mini-hydro, PV) on which the calls for tenders will be based, and contribute to the definition of the technical specifications for the tenders. During project implementation, they will check the compliance with the contracts.

In total, 2230 expert/days are foreseen, at an average cost (comprising junior and senior profiles) of 500 EUR/day. The breakdown of the expertise required is presented in the following table:

	person/day	Cost	
Public lighting experts (technical)	609	€ 304,500	27%
Buildings experts (technical)	732	€ 366,000	33%
RE experts (mini-hydro, biomass and PV; technical)	192	€ 96,000	9%
Legal and financial experts	697	€ 348,500	31%
	2230	€ 1,115,000	

Synergies with other ongoing ELENA projects in Italy

Currently several ELENA supported projects in Italy are also working on energy performance contracting. PROSPER will continue the contacts already established with these projects and will strive to use as much as possible already acquired experience. In particular the documents such as standard contracts or tender norms already developed by the Province of Milan and Modena will be used as a starting basis.

Indicative implementation timetable for the Project Development Services, indicating the link between the Project Development Services and the Investment Programme

The planning for the implementation of the work programme as planned as follows:

- An average of 3 months for the final calculations and detailed intervention definition for public lighting, greenhouses and minihydro
- About 8 months for the final calculations and detailed interventions definition for buildings
- An average of 6 months for each public tender, comprising publication and selection phases
- An average of 3 months for each contract signature and works assignment (this duration comprises the stand still and the check against the antimafia law)
- As per the biomass on greenhouses, a much shorter period for the tender and the work assignment is foreseen, as it is going to be a private selection procedure (total of 4 months overall)

Regarding the organisation of the tender lots, for public lighting and buildings the creation of 3 different lots each is foreseen. The related tenders can be launched one after the other. The first public lighting tender will be launched in month 10 while the first building tender will be launched in month 13. The biomass for greenhouses calls for tender should be launched in month 10 while the mini-hydro call is planned to be prepared immediately after, with launch in month 15th.

An overview of the indicative implementation time table is presented in the table on the following page.

Milestones:

- end of the second year: works contracted for biomass in greenhouses, for mini-hydro, for 2/3 public lighting and for 1/3 buildings.
- end of the third year: all works assigned; all biomass heaters in greenhouses installed, 60% of public lighting installed, all interventions on buildings initiated and 30% terminated, mini-hydro plants installation initiated.
- first half of the second year: projects submitted to the regional calls in the framework of the ERDF Operational Programme
- First half of the third year: municipalities launch calls for tendering the works financed by ERDF

Indicative implementation timetable for the ELENA assistance

