

# Thermal & Refurbishment Subsidies in Local Government Policy

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## Thermal & Refurbishment Fund

Since 1998 Bank Gospodarstwa Krajowego (BGK) has been servicing Thermal & Refurbishment Fund (TRF).

The Fund supports an accomplishment of thermo modernization and refurbishment undertakings.

Its framework covers, among others:

- thermal refurbishment of all types of residential buildings (excluding state owned buildings);
- **buildings used by municipal entities for purposes of public services (schools, hospitals etc.);**
- local district heating network and local heat sources;
- installation of renewable energy sources or high efficiency.

## Thermal & Refurbishment Fund

Thermal subsidy available to:

- home owners associations,
- cooperatives,
- commercial companies,
- natural persons,
- municipalities, local authorities (gminas),

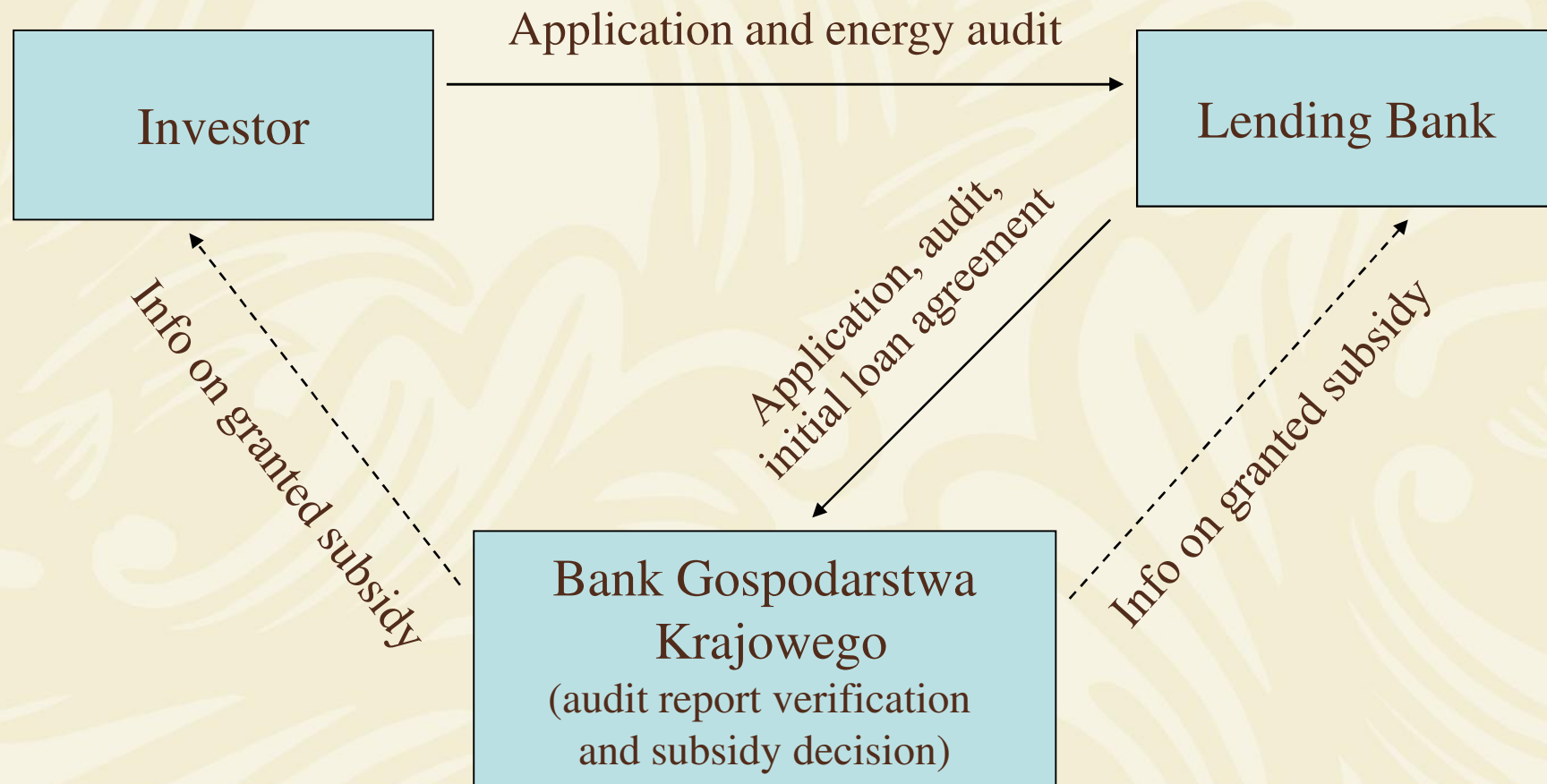
who carry out thermal building refurbishing measures for:

- residential buildings,
- non-commercial buildings,
- public buildings,
- local heating networks,
- local heating sources.

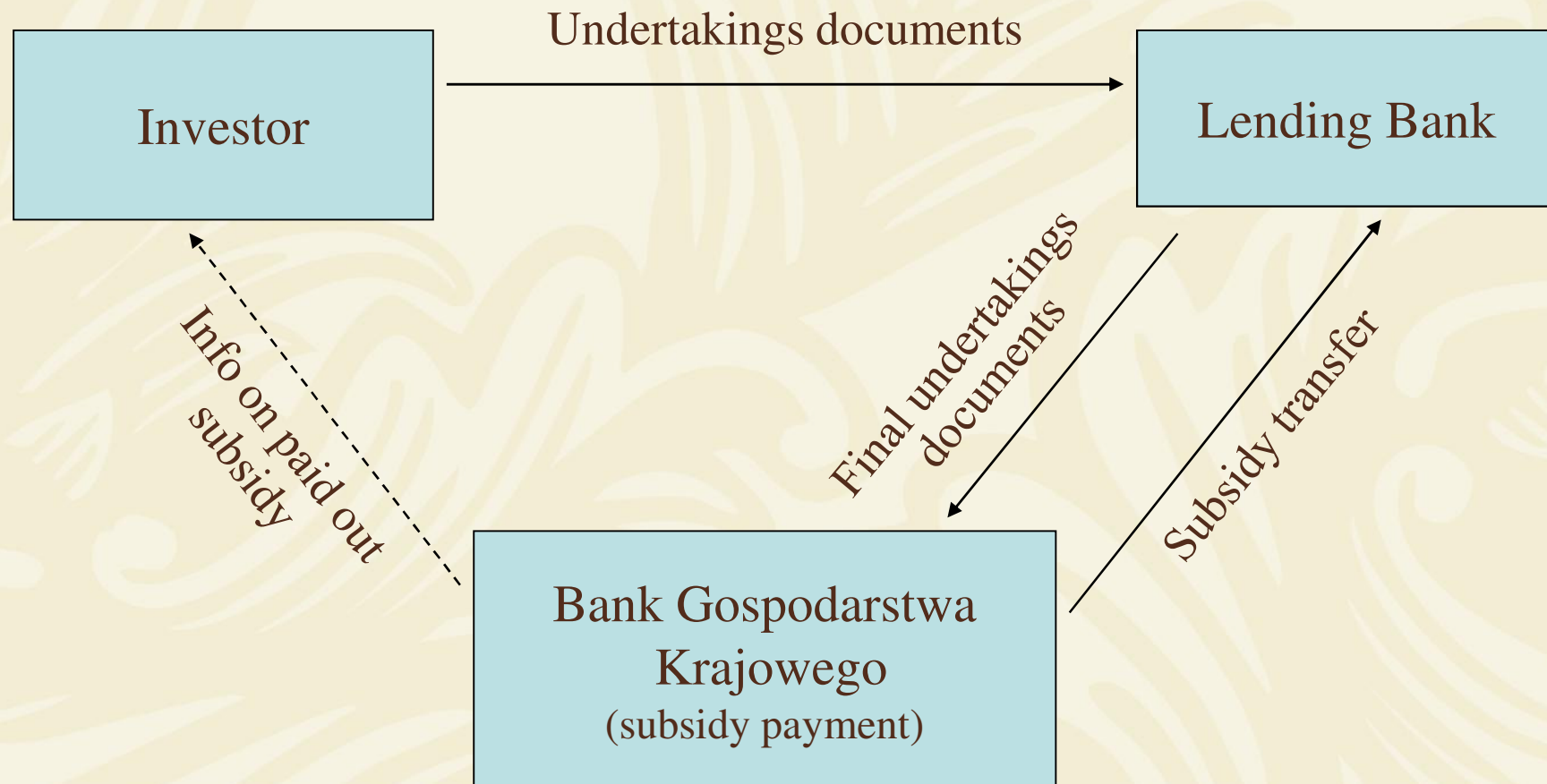
## Thermal & Refurbishment Fund – Legal Framework

- The Act on supporting thermal performance improvement projects – 1998
- The Act on supporting thermal performance improvement projects and refurbishment – 2008/2010
- Ministry of Infrastructure Ordinance on the scope and form of the energy effectiveness audit, thermal and refurbishment subsidies, and thermal undertakings effectiveness calculation – 2009
- Ministry of Infrastructure Ordinance on verification of the energy efficiency audit, verification entity requirements – 2009

## Thermal Subsidy Scheme



## Thermal Subsidy Payment



## Lending Institutions (as of March 31, 2010)

### **BGK cooperates with 15 banks:**

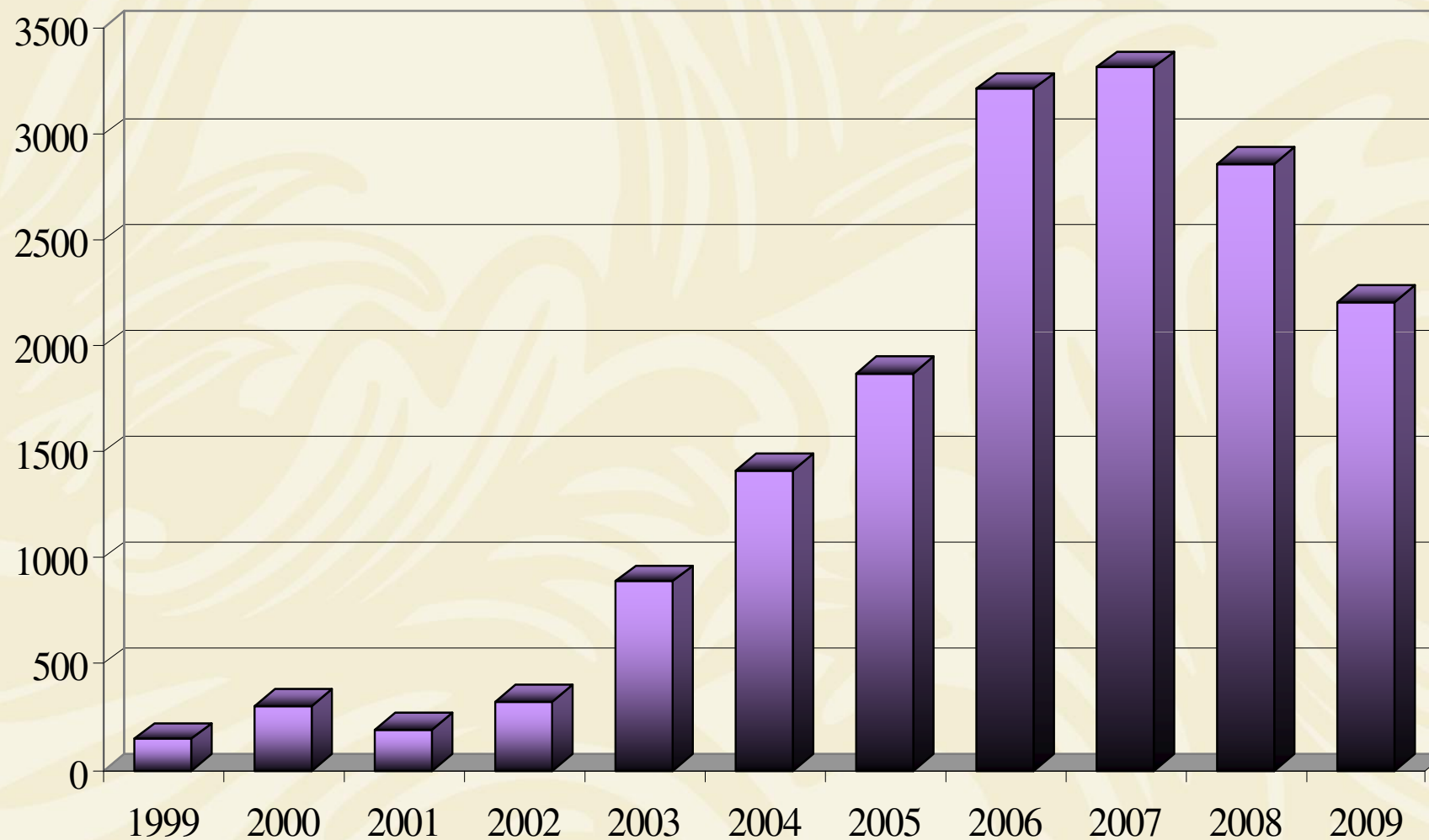
- Bank BPH SA
- Bank DnB NORD Polska SA
- Bank Millenium SA
- Bank Ochrony Środowiska SA
- Bank Pekao SA
- Bank Pocztowy SA
- Bank Polskiej Spółdzielczości SA
- Bank Zachodni WBK SA
- Gospodarczy Bank Wielkopolski SA
- ING Bank Śląski SA
- Krakowski Bank Spółdzielczy
- Kredyt Bank SA
- Mazowiecki Bank Regionalny SA
- Nordea Bank Polska SA
- PKO Bank Polski SA

# Thermal & Refurbishment Fund – Subsidies Program

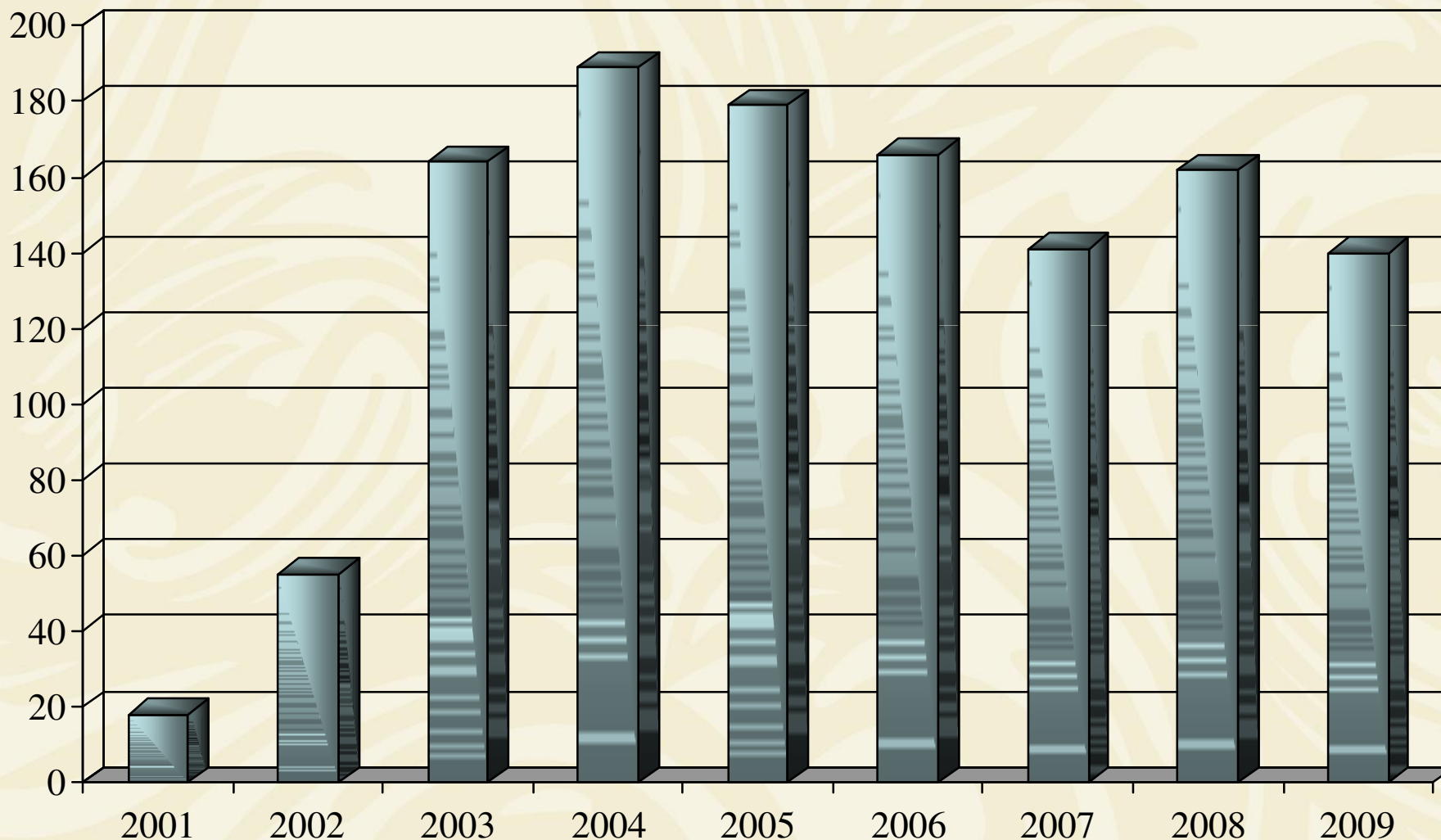
Thermal Refurbishment Fund provides financial support from the state budget in a form of subsidies:

- 25% Thermal subsidy rate (until March 18, 2009) of the commercial bank loan value and could not exceed 20 % of the total cost of undertakings.
- 20% Thermal subsidy rate (after March 19, 2009) of the commercial bank loan value and could not exceed:
  - 16 % of the total cost of undertakings
  - double expected annual energy costs savings (set in energy audit).
- 20 % Refurbishment subsidy (it does not concern public buildings) of the commercial loan value and could not exceed:
  - 15% of the total cost of undertakings
- Compensation subsidy depends on:
  - Municipal rental housing area
  - Term of rental
  - Regional location

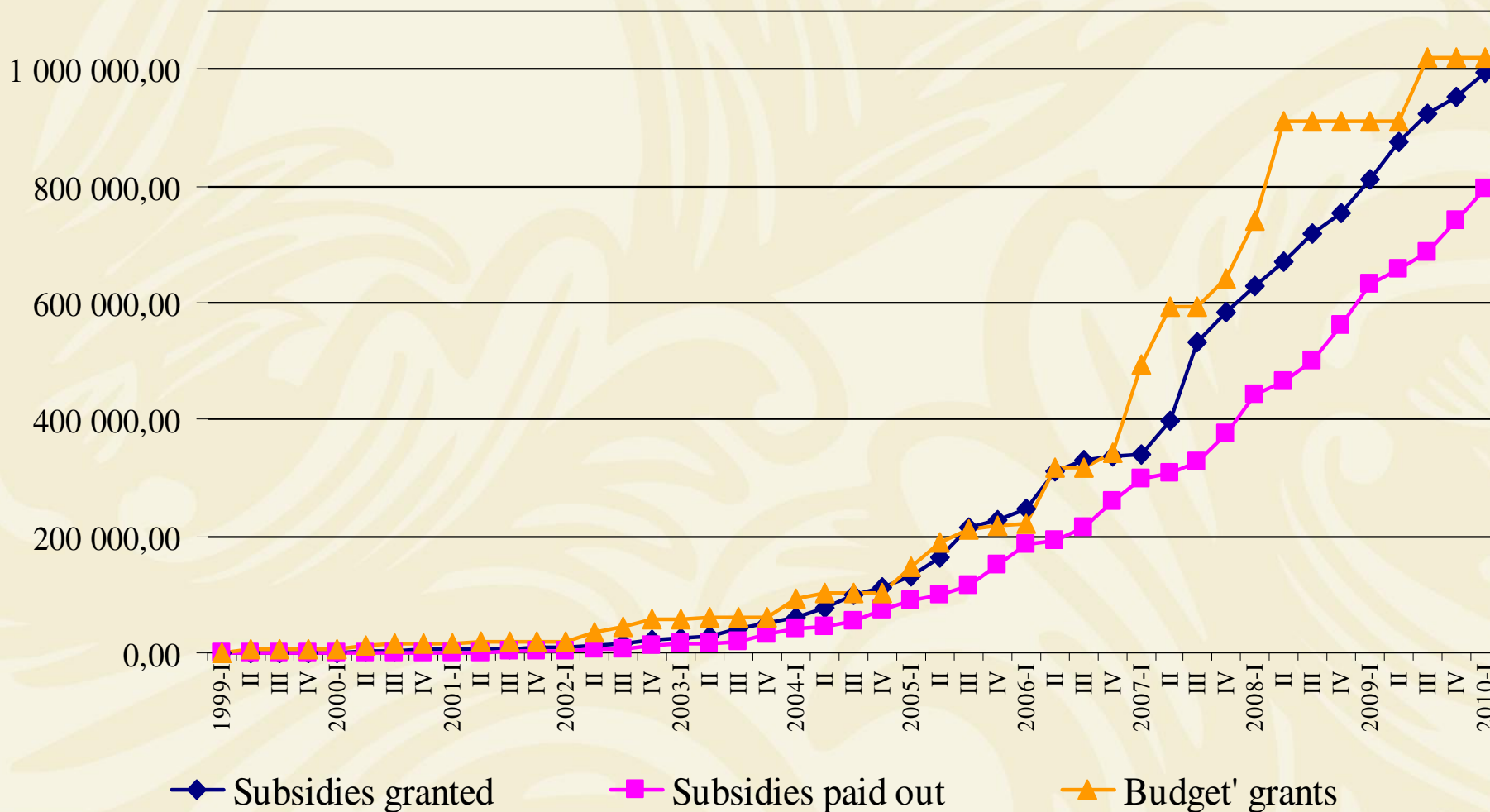
## Applications for Thermal Subsidies in 1999-2009



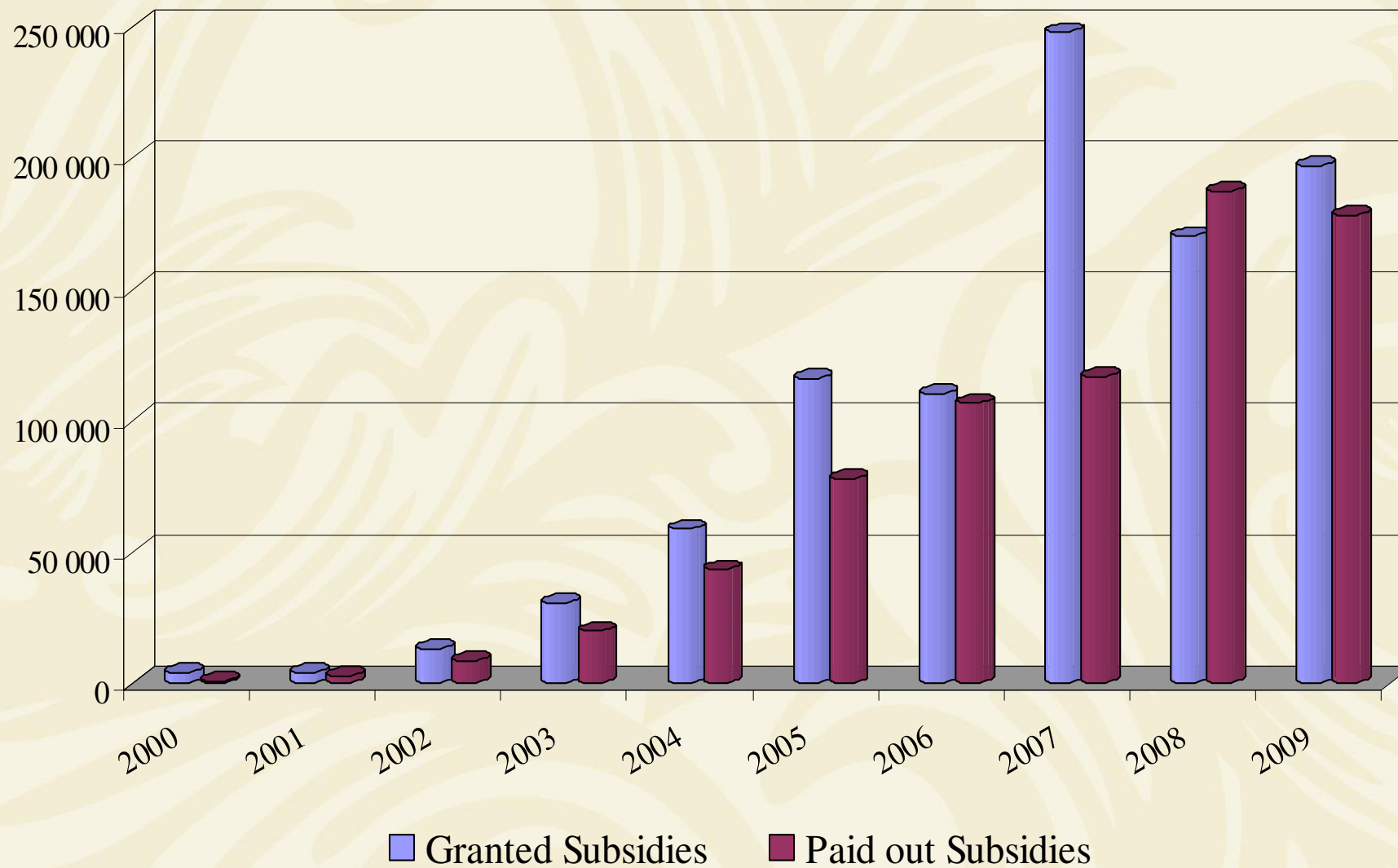
## Applications for Thermo Subsidies – Public Buildings in 2001 – 2010



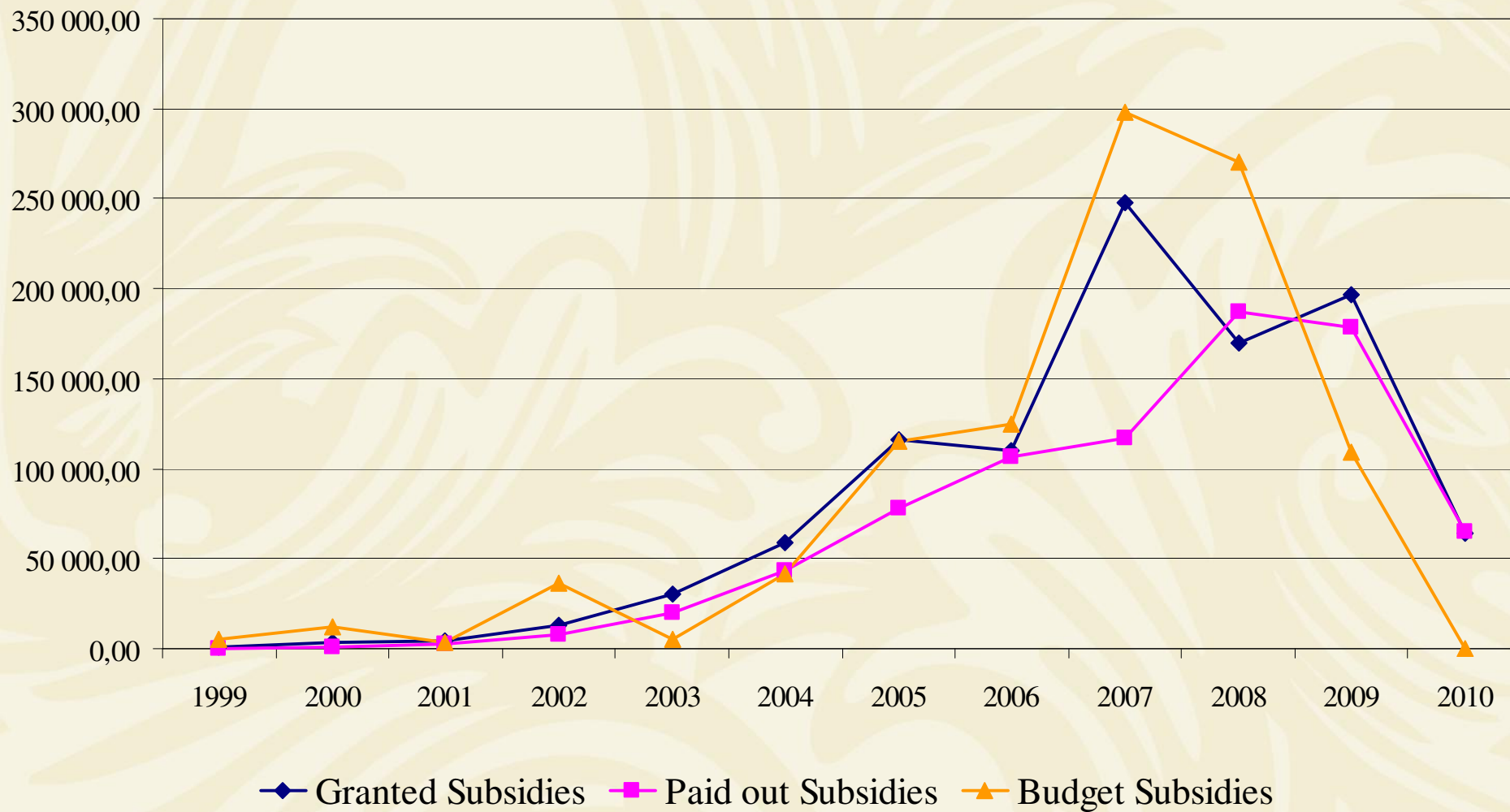
## Value of Granted and Paid out Thermal Refurbishment Subsidies and Budget's Grants ('000 PLN)



## Value of Granted and Paid out Subsidies



## Correlation between Granted and Paid out Subsidies and Budget Subsidies

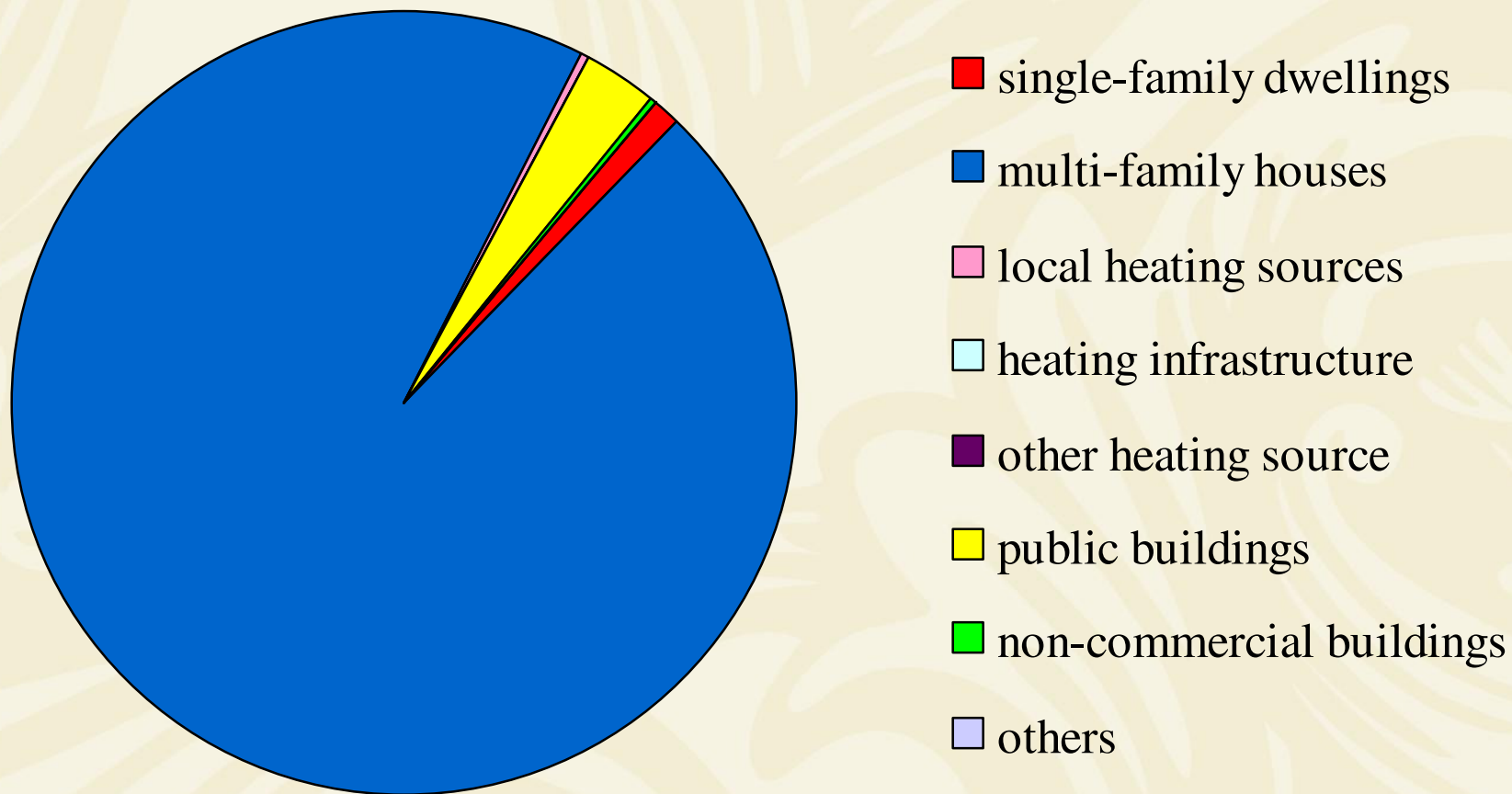


## Undertakings Value, Loans and Subsidies Value (as of March 31, 2010, PLN)

	<b>1998 Act – Thermal Subsidy</b>		<b>2008 Act – Thermal Subsidy</b>		<b>Refurbishment Subsidy</b>		<b>Compensation Subsidy</b>	
<b>Items</b>	<b>Value</b>	<b>#</b>	<b>Value</b>	<b>#</b>	<b>Value</b>	<b>#</b>	<b>Value</b>	<b>#</b>
<b>Undertakings</b>	5 297 601 183		553 360 264		49 555 088		299 793	
<b>Loans</b>	3 659 966 085		463 784 577		41 680 691		158 800	
<b>Subsidies granted</b>	914 447 905	15 796	74 046 670	1 627	7 050 675	138	115 365	1
<b>Paid out Subsidies</b>	779 486 417	14 135	14 471 750	349	836 195	22	-	0

1 EUR = 4 PLN

## Applications for Thermal Subsidies by types of buildings and heating infrastructure



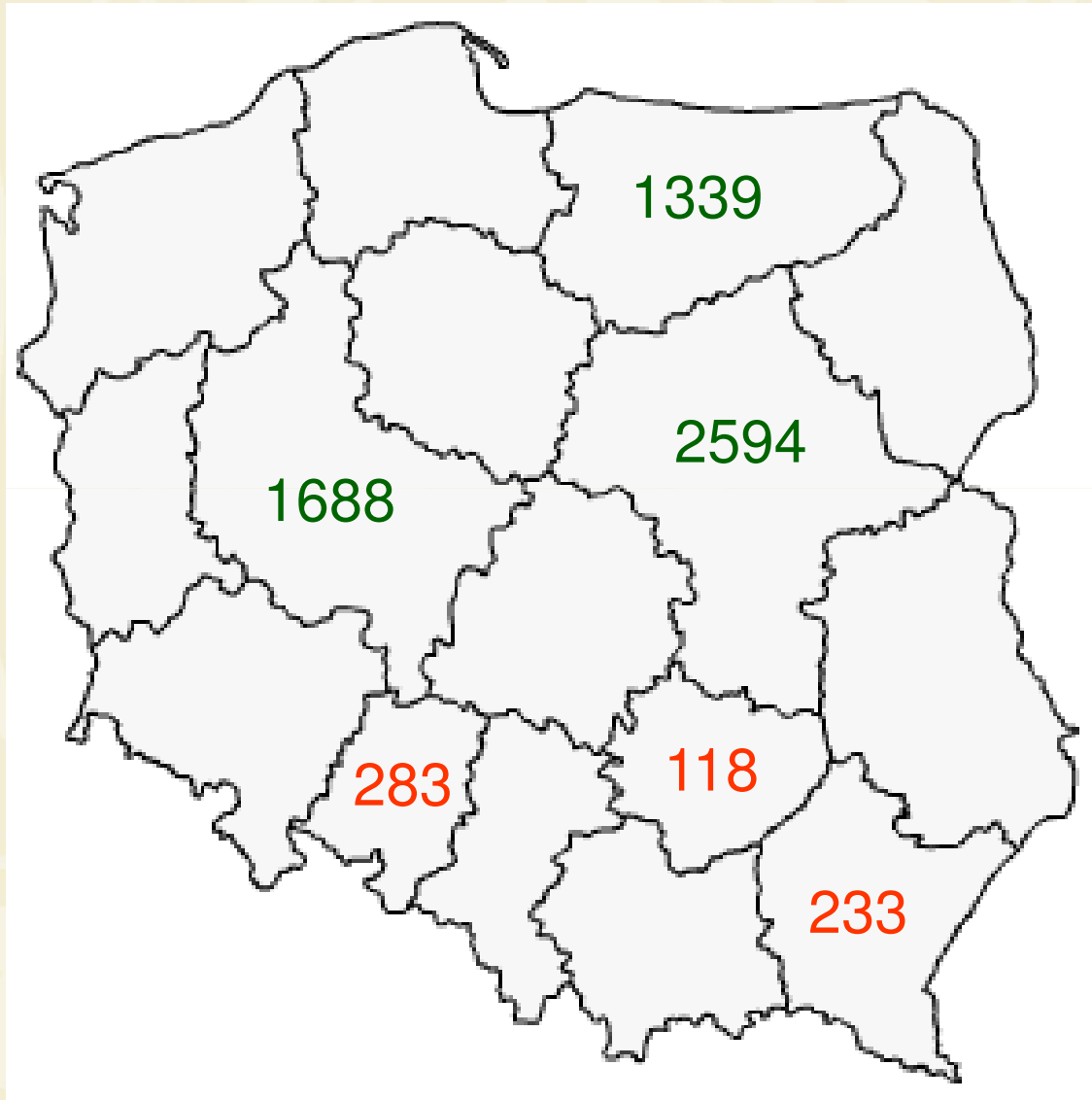
## Thermal Subsidy

- The minimum calculated energy savings after thermal refurbishment should exceed 25%/a (in average in Poland for housing stock it is app. 40%/y).
- The subsidy is given to the bank, which finances the refurbishment in given building, in amount 20% (previously subsidy was 25%) of the loan.
- The fundamental document necessary for obtaining the state support is the **energy audit**:
  - Technical assumptions for the refurbishment
  - Estimates the cost of measures and their effectiveness
  - Calculates the monthly rate of repayment of the loan
  - Required own sources
  - Amount of the loan
- The energy audits are subject of verification their compliance with Law by the national Bank Gospodarstwa Krajowego.

## Conditions of the state aid to thermal refurbishment of buildings

Thermomodernisation project	Type of savings	Savings achieved
modernization of heating system in building, exclusively	reduction of annual energy demand	at least 10%
comprehensive modernization	reduction of annual energy demand	at least 25% or at least 15% when the heating system was modernized after 1985
modernization of local heat source and district heating networks	reduction of annual energy losses	at least 25%
connection to district heating network due to liquidation of local sources	reduction of annual heat costs	at least 20%
conversion of conventional energy sources into renewable (unconventional) ones	-	-

## Applications by voivodships (under 1998 Act rules)



- **most active:**

- Mazowieckie
- Wielkopolskie
- Warmińsko-Mazurskie

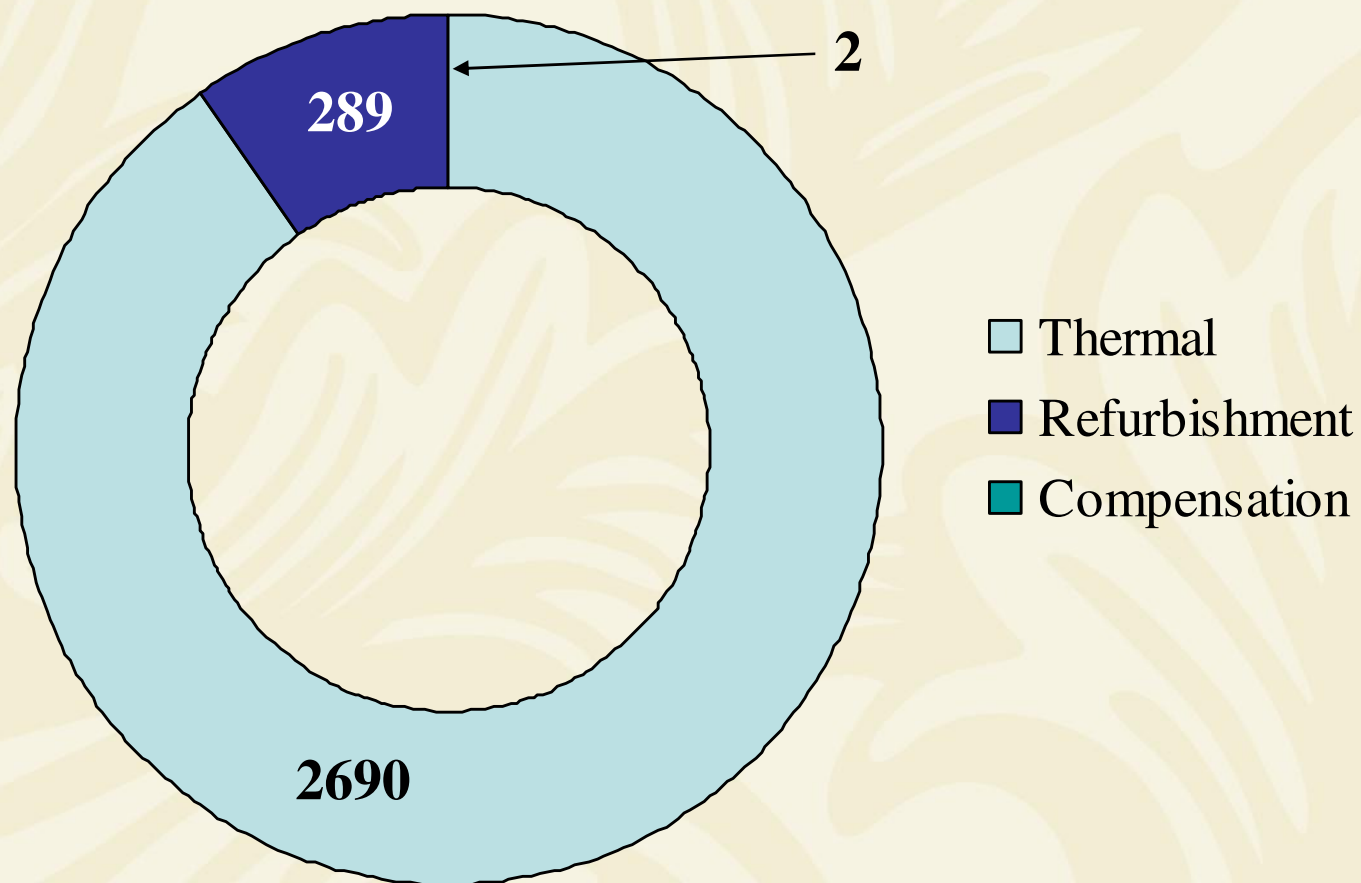
- **less active:**

- Świętokrzyskie
- Podkarpackie
- Opolskie

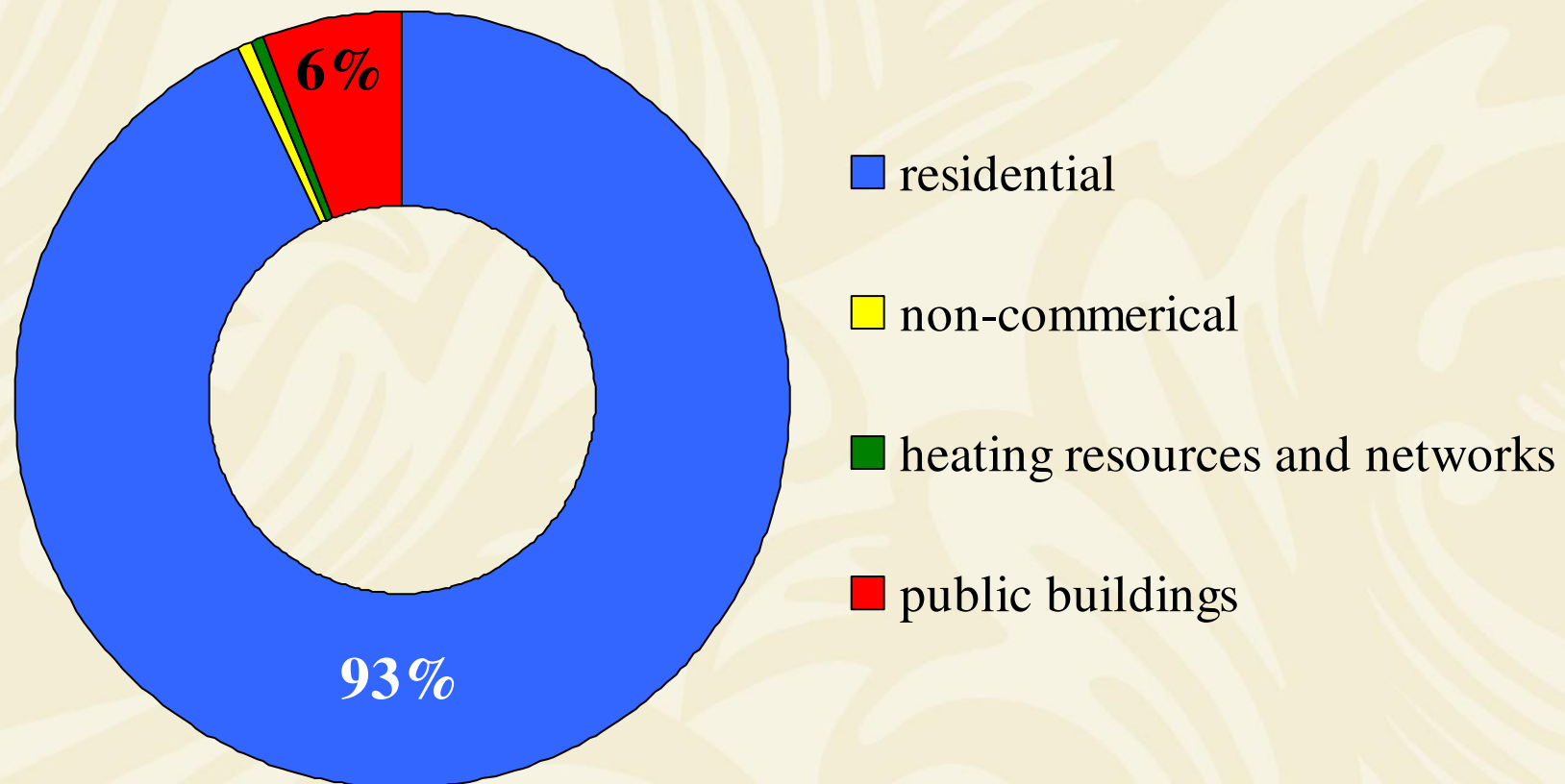
## Refurbishment Subsidy

- loan is to be used for multi-family buildings raised before August 14, 1961
- the subsidy is given to the bank, which finances the refurbishment in given building, in amount of 20% of the loan, but not exceeding 15% of the undertaking cost

## Applications by type of subsidy



## Thermal Subsidies Structure by Type of Buildings



**KB6**

Spośród wszystkich wniosków o premie, które wpłynęły od początku funkcjonowania programu największą część stanowią wnioski na modernizację budynków mieszkalnych - ponad 93%. Wnioski na budynki użyteczności publicznej stanowiły ok. 6%. Wnioski na pozostałe budynki, a także źródła ciepła (kotłownie) i sieci ciepłownicze stanowiły poniżej 1% wszystkich otrzymanych wniosków.

Krzysztof Baranowski; 19.05.2010

## Energy Efficiency (PLN)



**KB14**

Spośród wszystkich wniosków o premie, które wpłynęły od początku funkcjonowania programu największą część stanowią wnioski na modernizację budynków mieszkalnych - ponad 93%. Wnioski na budynki użyteczności publicznej stanowiły ok. 6%. Wnioski na pozostałe budynki, a także źródła ciepła (kotłownie) i sieci ciepłownicze stanowiły poniżej 1% wszystkich otrzymanych wniosków.

Krzysztof Baranowski; 19.05.2010

## Financing Energy Efficiency – summary

- Public buildings in Poland are in very bad condition
- Most of public buildings need to be totally refurbished
- Public buildings energy consumption is 3 times higher than it is required by Polish regulations.
- The space of public buildings is big, which translates into the amount of energy usage
- Poland needs activities to increase awareness of the Polish society concerning energy efficiency.
- Government and local authorities staff should be aware of the energy usage

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