

Internal contracting for energy-saving

STUTT GART, GERMANY

KEYWORDS: ENERGY RETROFIT; INNOVATIVE FINANCE

DURATION: 1998-2013

WHO: City Council

BUDGET: € 11,8 million euros in the revolving fund in 2013

SUMMARY

Stuttgart has successfully implemented an instrument to improve the energy performance of its municipal building stock, and significantly reduce its CO2 emissions: **internal contracting**, or “**Intracting**”. Internal contracting allows the city to fund energy-saving and efficiency projects for buildings owned by the city, and is part of **Stuttgart’s Climate Protection Programme**. The internal contracting is funded through a revolving fund, which is a stable fund that operates without any fiscal year limitation: it is replenished by repaying money used from the account. As a result, **no interest or banking fees** have to be paid for these investments, and projects can be started faster. In this case, the money used for the replenishment were the savings made thanks to the renovations. Between 1995 and 2013, the fund’s worth increased from € 9,5 million euros, to € 11,8 million euros. It is estimated that the programme resulted in a total of **18 million euros of energy costs saved**, within the time frame of 1995-2013 only.

GOALS

- Retrofit and renovate public buildings;
- Implement improvement of energy performance through internal contracting;
- Initiate **awareness-raising** activities

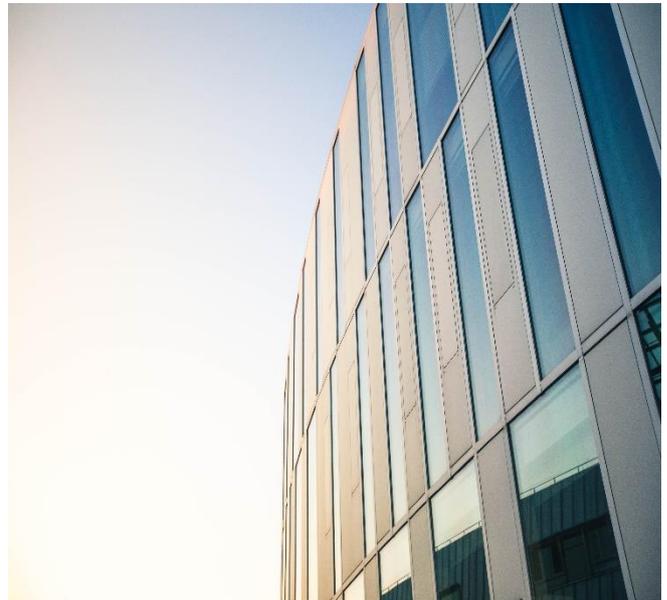


HOW IT WORKS

The Energy Department, which falls under the Office for Environmental Protection, manages this fund and finances energy efficiency projects, which otherwise would have to be contracted externally.

From investing in saving energy, to the actual costs that are saved through reduced energy consumption, all these financial flows remain within municipal control. The main step of the process are the following:

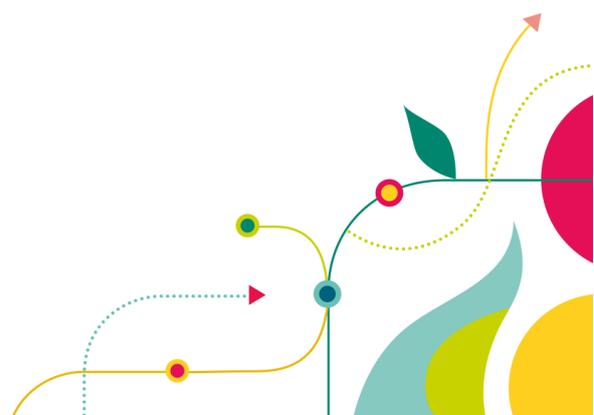
- To determine what properties were suited for internal contracting, the energy department performed data analyses and energy audits, and monitors what construction or renovation plans are set out for public buildings. As such, it has an integral vision on the management and energy efficiency of public buildings.
- The energy department then calculates costs with the construction department and contracts the facility department, which owns the housing stock, to have the construction department implement the renovations or energy saving project.
- Finally, the facility department pays back the investment to the energy department's revolving fund.



Examples of how internal contracts were implemented range from lighting controls to buildings a new heat and power plant for a public swimming pool. A key element for internal contracting is a **well-coordinated administrative process, well-defined roles, responsibilities and communication** between the parties involved

TRANSFORMATIVE POTENTIAL

The example of Stuttgart is used as a pilot model for Internal Contracting. As part of the EU funded “Infinite Solutions” project, the Stuttgart model has been implemented in several cities: Udine (Italy), Águeda (Portugal), Koprivnica (Croatia), and Almada (Portugal). The details on this replication are available in the publication **“Infinite Solutions Guidebook - Financing the energy renovation of public buildings through internal contracting”**.



MORE INFORMATION

[Energy Cities Case Study](#)

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