

CASE STUDY

SUPPORT FOR ENERGY EFFICIENCY IN
HOUSING SECTOR IN OLAINĒ, LATVIA

*Olaine county municipality / Ltd. "Olaine
water and heat"*



OLAINE COUNTY MUNICIPALITY

- **9 mln. investment for energy efficiency with the help of municipality**
- **19 houses renovated in 5 years**
- **Clear priorities as the key for success**

PITCH-TALK SUMMARY

Olaine county is one of the front-runners in Latvia as very active supporter for multi-apartment housing renovation. Even though, most of the housing is privately owned, Olaine county municipality together with its owned company “Olaine water and heat” (which is responsible for heating and house-keeping) in the last decade has managed to involve many local housing associations in renovation projects. Olaine county municipality has showed straight-forward strategic planning and political, financial support for energy efficiency projects. One of the main success keys was strong involvement of public sector professionals engaging with inhabitants, helping to organise the implementation of projects, and creating technical documentation at first hand.

CASE CONTENT AND ISSUE

Latvia has a substantial volume of run-down housing from which most is older than 50 years. Additional support is needed to prevent these houses turning into dangerous for living and even more important – energy efficient. Co-ownership of these houses and the need to make decisions with support of majority residents often are delaying implementation of renovation projects.

Olaine is located just 25 km from Riga city centre and is part of the Riga Metropolis inner circle which means at least half of towns and counties' inhabitants commute to Riga on a daily basis to work, study or use services. Amount of population in Olaine is stable, in the beginning of 2021 there lived 10 393 people. In comparison with shrinking towns and counties (most territories in Latvia are shrinking, projections say total population will decrease by 30% in the period 2015-2030), current socioeconomical aspects create higher demand for municipal services, also energy efficiency in the times when central heating gets more and more expensive. Most of central district heat energy in Ltd. "Olaine water and heat" is produced by natural gas. Inhabitants experienced high rise of central district heating prices (+158%) due to the energy crisis in the beginning of 2022.

Therefore, energy efficiency projects are even more important.

Regional policy in Latvia divides municipalities by their size, their meaning in local, regional and national level and adapt financial support programmes according to these three levels. In energy efficiency for housing sector Liepaja city municipality is one of the best known in Latvia as front-runners, they have also been part of RoundBaltic project. However, we should mention Liepaja has way more grant opportunities than Olaine county, because Liepaja is the centre of national importance, but Olaine – local importance with less grants from state and EU available. The case of Olaine – how rather small municipality with stable population and economic growth (yearly tax income for municipality is stable and growing) has created successful framework for implementing energy efficiency projects for housing, and how to apply for additional financial instruments from state and EU. In order to reach national climate goals, there should not be separation by available financial instruments for energy efficiency projects by the level of municipality. Multi-apartment housing creates emissions in the same way in Zilupe, Olaine and

Riga. With new EU planning period 2021-2027 this separation of centres is lowered. However, the last years in the EU planning period 2014-2020 have been basically lost due to the lack of available financial instruments for smaller meaning centres, such as Olaine too.

Ltd. “Olaine water and heat” maintains 149 multi-apartment houses in Olaine county, from which most of them are located in Olaine town and Jaunolaine village.

Around $\frac{3}{4}$ of all residents live in these two settlements, and also – multi-apartment houses. Therefore, Olaine municipality has seen high importance of supporting implementation of energy efficiency projects and has acted accordingly. Olaine municipality council has had stable political situation for the last 10-15 years which means strategic planning also is on higher level than in the municipalities with shifting leaders and priorities.

SOLUTIONS APPLIED

Olaine county municipality has dedicated yearly funds from annual budget to support creating various technical documentation – energy audits, technical documentation, also project management, author supervision of the implemented projects and construction supervision. In the period 2016-2020 municipality spent 113,400 EUR for the

maintenance of bank loan contracts and interest payments.

Energy efficiency has been set as one of the top priorities for the work of municipality and subsequently yearly funds followed.

Olaine experienced domino effect – there were the first renovated houses 10 years ago already, and inhabitants with seeing good examples from their neighbours became more supportive to make long-term commitment and investment in renovation project for their own houses. Olaine key success factor was strong involvement of public sector professionals engaging with inhabitants, helping to organize the implementation of projects, and creating technical documentation at first hand. Financial help from municipality already reaches over 1 mln. EUR since 2016.

Olaine county council approved Olaine county Sustainable Energy and Climate Action Plan (SECAP) in the end of 2021. SECAP provided comprehensive analysis and set the following action points and goals in energy efficiency until 2030. Ltd. “Olaine water and heat” as municipality owned company also has mid-term strategy for the development.

RESULTS

With the support of the municipality 38 multi-apartment houses with 1787 apartments (managed by municipality owned companies) were renovated in the whole Olaine county between 2017 and 2023. Main results for all 38 multi-apartment houses:

- the total investment reached 18 690 658 EUR from which 50% were granted from EU funds;
- the total amount of CO2 emissions per year is 2575,13 tons which is 40% less than before renovation;
- the total heat energy savings per year is 6,856 MWh;
- the average spent heat energy before renovation was 118,3 kWh/m² per year, after renovation the average is 52,98 kWh/m² which is 55% saving.

In addition to that in the period from 2017 to 2021, for 90 multi-apartment houses energy audit documentation were developed, for 62 houses technical documentation was developed with the support of municipality. Project management was given to 104 houses. For 23 houses municipality covered bank loan maintenance and interest payments. 15 houses received real estate tax rebate. For 11 already renovated houses municipality supported renovation of stairwells. The total municipal support in 2017-2021 reached 1 million EUR. As mentioned before, central district heating price starting from 2022 has increased by 158%. Since then already two multi-apartment houses have made decision for renovation.



LESSONS LEARNED

This case study is more related to the connections of clear goals, plans and the implementation of them, than the energy savings and higher life quality which is the end result. Olaine municipality had strong will to support implementation of renovation projects, however, higher availability of funds would have helped a lot. With this saying, we want to emphasize most of municipalities have the same legal and financial opportunities but the main difference in ones succeeding in energy efficiency and others not is clear priorities and work and dedication towards them. Other municipalities in Latvia should follow which is very important in the current energy crisis and unstable geopolitical situation.

Olaine county municipality has showed straight-forward strategic planning and political, financial support for energy efficiency projects. One of the main success keys was strong involvement of public sector professionals engaging with inhabitants, helping to organise the

implementation of projects, and creating technical documentation at first hand.

We see Olaine can be analysed further in RoundBaltic project and the best practices for creating municipality support framework could be shared with other municipalities. These practices include strategic planning, analysis, political will, professional and dedicated communication by municipality, yearly financial support.





NEXT STEPS

Olaine county municipality with “Olaine water and heat” are planning to continue providing annual support for preparing project documentation to implement energy efficiency projects for apartment houses.

Olaine county development program is being developed in 2021-2022. It is planned to increase the energy efficiency of municipal buildings, to continue improving the energy efficiency of apartment buildings and arranging the housing stock.

Olaine county has approved their 10 years Sustainable energy and climate action plan in 2021, with which

municipality plans to establish, implement and maintain an energy management system in the Olaine county, as well as to continuously improve the energy performance indicators and the operation of the Energy management system in accordance with the requirements of the LV EN ISO 50001: 2018 standard.

The goal for Olaine county is to become climate neutral by 2050.

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This Case Study was elaborated as part of the RoundBaltic project bringing together representatives of the financial and energy efficiency sectors at regional and national roundtables to discuss and find solutions to the challenge of energy efficiency finance in the three target countries Poland, Latvia and Denmark.

Key focus areas have been to ensure an investment friendly framework along designing of financing instruments in accordance with the EU financial pillars more effective use of public funds, aggregation and project development assistance and de-risking.



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