Klimata un enerģētikas
ministrija

ON-BILL FINANCING IN LATVIA

Ministry of Climate and Energy of Republic of Latvia

23.10.2025.

[1] COMMISSION RECOMMENDATION DEFINITION

COMMISSION RECOMMENDATION OF 12 DECEMBER 2023 ON TRANSPOSING ARTICLE 30

ON-BILL FINANCING IS A METHOD OF FINANCING ENERGY EFFICIENCY RENOVATIONS IN BUILDINGS THAT USES THE UTILITY BILL AS THE REPAYMENT VEHICLE.

AN ADVANTAGE OF ON-BILL FINANCING SCHEMES:
USE UTILITIES' EXISTING PAYMENT SYSTEMS TO REDUCE TRANSACTION COSTS.
LEVERAGE THE UTILITY'S KNOWLEDGE OF THEIR CLIENTS' ENERGY CONSUMPTION PATTERNS AND BILL REPAYMENT HISTORY TO IDENTIFY EFFECTIVE ENERGY EFFICIENCY MEASURES WHILE REDUCING A POTENTIAL DRIVER OF LOAN DEFAULT RISK.
LOWER TRANSACTION COSTS AND REDUCED RISKS, ON-BILL FINANCING SCHEMES CAN OFFER ATTRACTIVE TERMS SUCH AS LOW INTEREST RATES AND LONG MATURITIES AND BE BROADLY ACCESSIBLE, PROVIDED ROBUST RISK ANALYSIS AND MITIGATION MEASURES ARE PUT IN PLACE.

THE STRUCTURES OF ON-BILL FINANCING SCHEMES VARY SIGNIFICANTLY.

Box 3. Latvian Sunshine programme and Latvian Building Energy Efficiency Fund

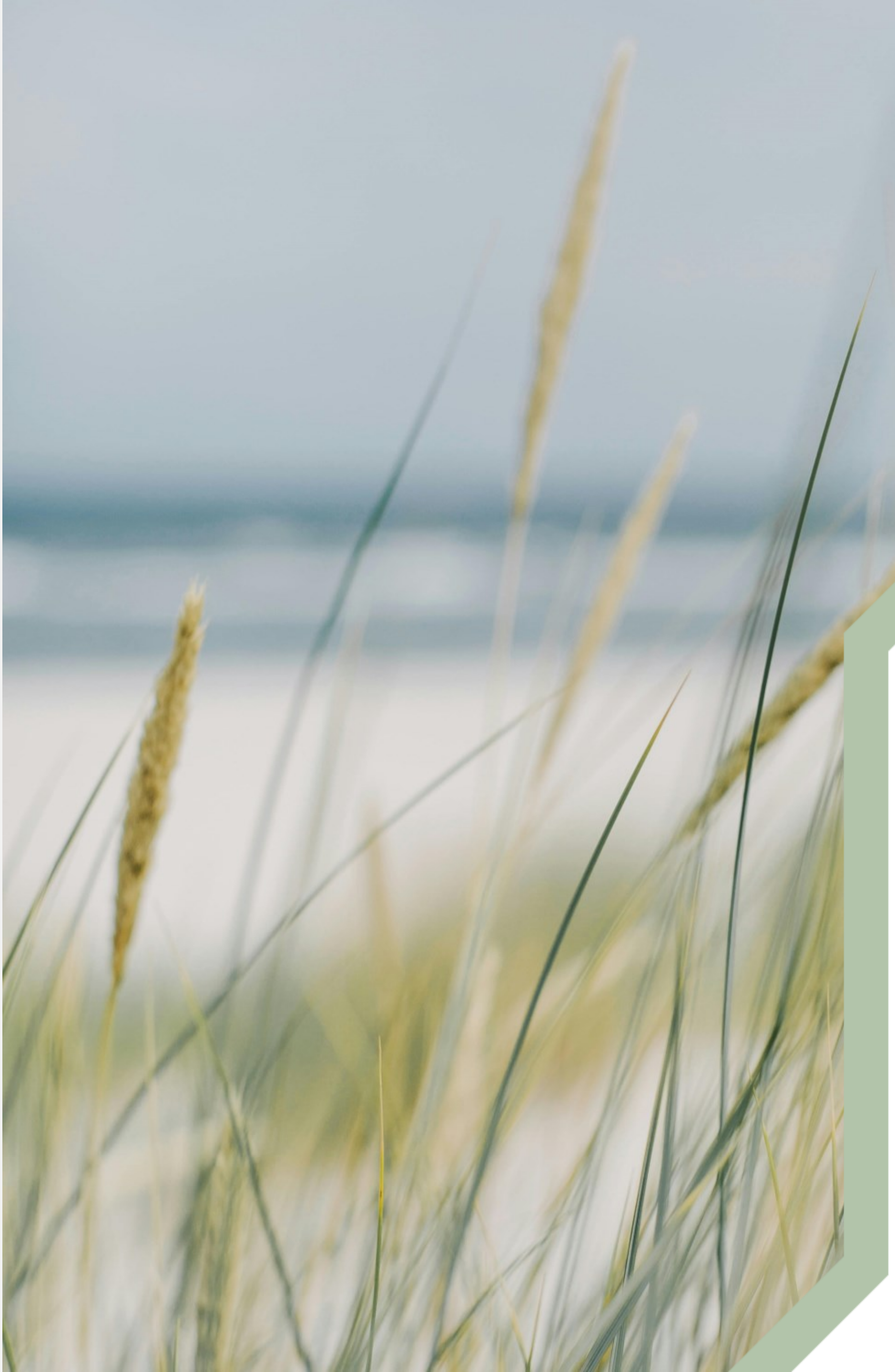
The Sunshine programme was initiated as a Horizon 2020 project to support the deep refurbishment of Latvia's relatively inefficient building stock [17]. Each project is delivered by an ESCO, [18] which implements large renovations of multi-family residential buildings, such as retrofits to the building envelope, insulation of heat distribution pipes, installation of control systems, etc. The projects hinge on an Energy Performance Contract, in which the ESCO guarantees that renovations will achieve a specified level of energy savings. The projects are financed up to 40 % with funds from the European Regional Development Fund and the remaining part is obtained through on-bill financing.

End users continue to pay the same monthly bill as prior to the renovation. The bill is paid to the House Management Company, which uses the savings from the energy efficiency renovations to pay the ESCO. These on-bill financing arrangements are agreed for the first 20 years. As the renovations have an average operating life of 30 years, the end users will benefit from future energy savings. Dwellings in renovated buildings tend to see an immediate increase in value by 20 %-30 %.

SUNShine SAVE YOUR BUILDING BY SAVING ENERGY

SUNShine Report EN

Commission Recommendation of 12 December 2023 on transposing Article 30 on national energy efficiency funds, financing and technical support of the Directive (EU) 2023/1791 on energy efficiency (EED recast)



[2] INTRODUCTION TO ON-BILL FINANCING

INTRODUCTION TO ON-BILL FINANCING

Simplified Financing Process

Repayment Through Utility Bills

Prioritizes energy efficiency

[3] CURRENT STATUS OF ON-BILL FINANCING

CURRENT STATUS OF ON-BILL FINANCING

FOCUS ON MULTI-APARTMENT RETROFITS

PART OF FINANCIAL INSTRUMENTS

BENEFITS AND CHALLENGES

[4] WHY ENERGY EFFICIENCY MATTERS

BARRIERS AND CHALLENGES

Aging Housing

Building regulations

Energy Poverty

Financial Access

Lack of Motivation and Awareness

Benefits AFTER Renovation

Societal Resistance and Skepticism

[5]

ENERGY EFFICIENCY PROGRAM FOR MULTI - APARTMENT BUILDINGS

2021-2027

FUNDING AND STATUS

AND

STATISTICS

Program was launched on April 3, 2025 & suspended acceptance of new applications on May 13, 2025

Total Funding

173 million €

Available funding has been reserved by 352 applicants

Energy savings

> 30 %

Amount of capital rebate

40 – **50 %**

CONCLUSIONS

PROGRAM ACTIVITY

REDUCED ADMINISTRATIVE BURDEN = INCREASED ACTIVITY

SUPPORT ACCORDING TO THE GOAL

HIGHER ENERGY REDUCTION – MORE % OF CAPITAL REBATE AVAILABLE

PAYMENT STABILITY

INCLUSION OF PAYMENTS IN UTILITY BILLS

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THANK YOU!