

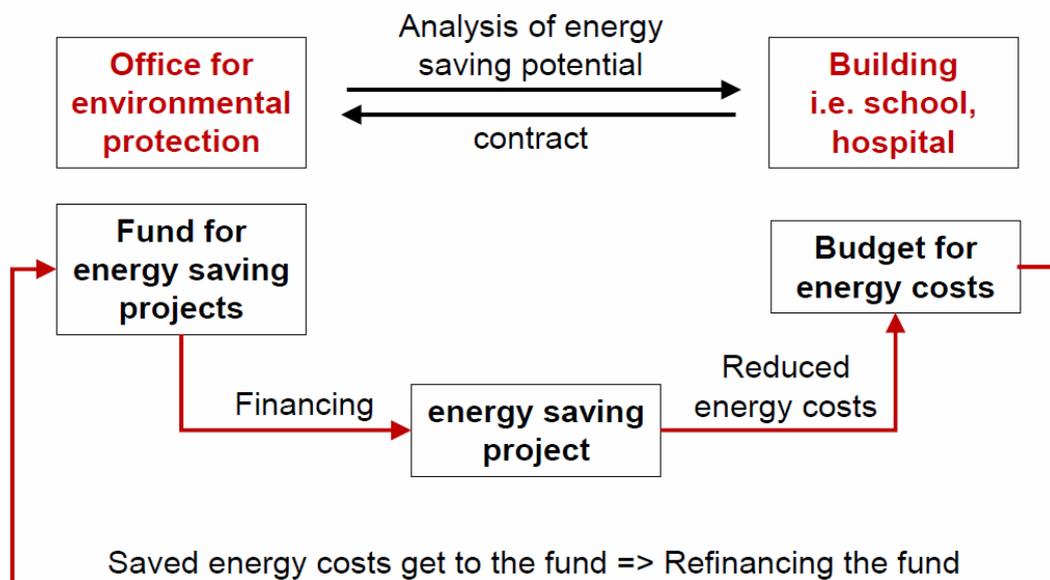
INTERNAL CONTRACTING (INTRACTING)

The city of Stuttgart (Germany) has set up a revolving fund and internal contracting (intracting) scheme aiming at increasing energy efficiency and the use of renewable energy in public buildings, equipment and facilities. The fund was set up in 1995 and has now a value of nearly EUR 9 million.

STÜTTGART



The principle of internal contracting



“Intracting” financing scheme was developed in Germany to overcome the **typical obstacle of separated operational and investment budgets** in local administrations, resulting in a well-known lock-in situation of public authorities. On the one hand, administrations have to pay enormous energy bills due to the poor condition of public buildings; on the other hand, the departments are not able to re-finance the urgently-needed saving measures by transferring the saved energy costs to the investment budget.

The “intracting” method is based on the idea of Energy Performance Contracting (EPC) but entirely operates within the city administration and with **operational accounts**. No external actor, such as an energy service company (ESCO), is involved. Cooperation is established between two separate organisational units of the same public administration. For example, the municipal department for the environment may serve as the contractor (ESCO) for the “customer department” without own investment funds.

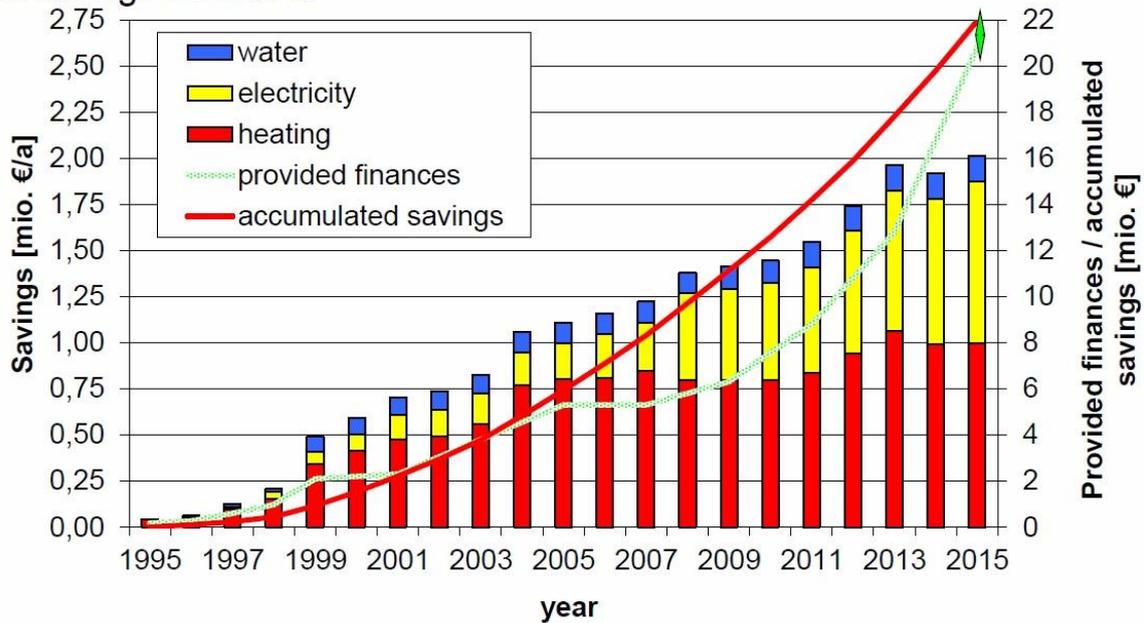
The money saved through energy efficiency measures flow back to a dedicated budget line – a **revolving fund (energy saving trust)** – until the investments have been paid off. Creating an initial revolving fund is a political decision, and a financial department responsible for budget issues is strongly involved in its development. This financing scheme has been **implemented in the city of Stuttgart (DE)** since 1995.

Key figures

Cost savings

Accumulated energy cost saving: 22 Mio. €

Net saving: 1.2 Mio. €



KEY FIGURES	KEY BENEFITS
<ul style="list-style-type: none"> • Current value of the fund: € 8.8 M • 273 contracts implemented • Average pay-back time: 7,2 year • Accumulated energy cost saving: €22 Mio. • Net saving: €1.2 Mio • Since 1995: 118.000 t CO2 reduction 	<ul style="list-style-type: none"> ▶ Small start-up budget ▶ No interest on the investment capital ▶ No additional risk-related costs ▶ Reduced transaction & admin costs ▶ Minimised preparation period ▶ Small-scale projects financed, not interesting for external contractors

Useful support materials on intracting:

Short presentation (June, 2016) : http://www.energy-cities.eu/IMG/pdf/zirkwitz_intracting.pdf

Energy Cities' study on intracting: *this study contains a detailed description and principles of intracting financing scheme, Stuttgart experience with intracting and other cities' and French universities' experiences with intracting*

▶ in English <http://energy-cities.eu/IMG/pdf/dos...>

▶ en français <http://energy-cities.eu/IMG/pdf/dos...>