

Internal Regulation of the Fund for Energy and Water Efficiency (FEWE)

Article 1 (Object)

This Regulation aims to establish a set of rules and procedures defining the constitution, management, strengthening and regulation of the Fund for Energy and Water Efficiency (FEWE), created with the purpose of financing investments to increase energy and water efficiency of the municipal facilities by reducing the consumption of electric energy, gas and water, and measures to contribute to the fulfillment of the Municipality objectives and sustainability commitments.

Article 2 (Constitution)

- 1- The FEWE has no legal personality and is formed by the transfer to a bank account, established for this purpose, of an initial funding created by the Municipality, as well as those financial reinforcements necessary to attain the objectives.
- 2- The bank account mentioned in the previous paragraph is autonomous and exclusive to banking transactions of FEWE, while creating a sub-account at the Portuguese Official Plan of Accounting of Local Government, known and hereafter referred to as POCAL (Account Class 12 - Bank Deposits) denominated "FEWE Bank Account".
- 3- All payments and deposits related to the FEWE must always be made through that bank account, and it is not possible to make any payments in cash or through other bank accounts, except for investments subsidized by other entities.
- 4- The movement of the bank account follows the procedures established in the Internal Control Regulation.
- 5- For subsequent monitoring and analysis, the FEWE must have an associated autonomous "bookkeeping" (non-POCAL), which notes and records inflow and outflow of the FEWE, as detailed in Article 6.

Article 3 (Financing)

- 1 - In addition to the initial allocation referred in Article 2, the FEWE will be funded by:
- a) A value corresponding to water and energy savings. This value is calculated according to the following expression:

$$V = (C_i - C_f) \times C_{esp}$$

V – The value of energy savings in €;

C_i – Energy or water consumption of the reference period (kWh and or m³);

C_f – Energy or water consumption of the period in which it is carried out the analysis (kWh or m³);

C_{esp} – The specific cost of energy and or water resource of the period in which it is carried out the analysis, in euros.

- b) Additional appropriations made by the Municipality;
- c) Reimbursement of Community funds associated with eligible investments in energy and water efficiency;
- d) Other income that is associated with the eligible investment in energy and water efficiency, including proceeds from the sale of energy.
- e) Other income that may be assigned by decision of the Municipal Board;

2 - The savings associated to investments in energy and water efficiency prior to the constitution of the fund, will also provide additional allocation to the FEWE.

3 - The remaining balance at the end of the financial year will be transferred to the following year.

Article 4 (Use of the FEWE)

1 - The FEWE may only be used for the following situations:

- a) Investments that is eligible for the promotion of energy and water efficiency;
- b) Maintenance and preservation of such investments.

2 - All the services of the Municipality may present proposals to be included as an eligible investment in energy and water efficiency, and should provide all the necessary elements for the analysis of the proposals, in particular those indicated in Annex I.



3 - The proposals mentioned in the previous paragraph shall be forwarded to the Division of Environment and Sustainability (DV-AS) for information;

4 - The preceding paragraph also applies to expenses on maintenance and repairs.

5 - After the President decision, the proposal is forwarded to the corresponding services.

Article 5

(Document and hardcopy workflow – energy and water savings)

1- The invoices (electricity, gas and water) will enter the computer application on *Attendance*, following the pre-defined circuit in order to be checked by the DV-AS.

2- It is at this stage of the checking by the DV-AS, that it is determined whether or not there are the water and energy savings referred in paragraph 1 of Article 3. From the results obtained a report/information shall be prepared every semester, which shall include the results and support maps for the calculations performed, which will be sent by the DV-AS to the Financial Division (hereafter DV-AF).

3- For purposes of the preceding paragraphs are considered invoices received by the DV-AS until the last working day of the previous month prior to the preparation of the reporting / information, or of the data collected by the existing intelligent monitoring system corresponding to this same period.

4- If no energy and water savings exist, additional investigations shall be made, which include request of information and clarifications from the related services, and the DV-AS shall prepare information about this to the Municipal Board. In case of existence of energy and water savings, based on the maps, the DV-AF makes its registration as revenues earned from the FEWE.

5- Subsequently, the DV-AF transmits the value to the Treasury Service to transfer to the bank account of the FEWE, resulting from energy and water savings. Held transfer, this should be communicated to the DV-AS in information with details of the amount transferred and the total existing in FEWE bank account, which will serve as a fund drive conference.

6- Every semester the DV-AS should prepare information with the project results (FEWE).

Article 6

(Accounting Movements of the FEWE)

1- All revenues and expenditures of the FEWE shall be accounted, as well as the depreciation of related investments.

2- The table below contains the most common accounting movements, which shall be used:

Description	POCAL	FEWE
Initial Funding	Debits account 12 – Bank account of the FEWE; Credits account 12 – Bank Deposits	Debits account 12 – Bank account of the FEWE; credits account 51.1 – Initial funding of the FEWE
Investment / Invoicing	Debits account class 4; Credits account of the supplier	Debits account class 4; Credits account of the supplier
Investment / Payment	Debits account of the supplier; Credits account 12 – Bank account of the FEWE	Debits account of the supplier; Credits account 12 – Bank account of the FEWE
Community appropriations	Debits account 12 – Bank Deposits; Credits account class 7 or the account for Deferred Income (subsequently transferred on a systematic basis into class 7, as the amortizations of the asset elements to which they relate are counted). – for the total of the investment	Debits account 12 – FEWE Bank Deposits; Credits account class 7 or the account for Deferred Income (subsequently transferred on a systematic basis into class 7, as the amortizations of the asset elements to which they relate are counted). – for the amount of Community co financing associated with the investment in the FEWE.
Energy and water savings	Debits account 12 – FEWE Bank Account; Credits account 12 – Bank Deposits	Debits account 12 – FEWE Bank Account; Credits account 7 – Energy and water savings income.
Maintenance and preservation /Invoicing	Debits account class 6; Credits account of the supplier	Debits account class 6; Credits account of the supplier
Maintenance and preservation /Payment	Debits account of the supplier; Credits account 12 – FEWE Bank Account	Debits account of the supplier; Credits account 12 – FEWE Bank Account



Depreciation	Debits account class 6; Credits account class 48	Debits account class 6; Credits account class 48
Sale of Energy	Debits account 12 – FEWE Bank Account; Credits account 12 – Bank deposits	Debits account 12 – FEWE Bank Account; Credits account class 7 – Revenue of the sale of energy.
Additional allocation	Debits account 12 – FEWE Bank Account; Credits account 12 – Bank deposits	Debits account 12 – FEWE Bank Account; Credits account 51.2– Additional allocation of the FEWE

- 3- The balance of the POCAL, 12 - Bank Deposits – FEWE bank account, must be always strictly equal to the balance of 12 – FEWE Bank Account.
- 4- Monthly bank account reconciliation of account 12 - Bank Deposits/FEWE Bank Account, between POCAL and FEWE records shall be prepared.
- 5- Every semester a balance sheet with the FEWE accounting must be submitted to the Municipal Board, as well as the demonstration of the respective results.

Article 7

(Transitional and Final Provisions)

- 1- It is the responsibility of Municipal Board of the Municipality of Águeda to make decisions regarding anything left unstated in this Internal Regulation.
- 2- This Regulation shall enter into force on the day following its adoption.



Annex I

The services of the Municipality should make applications for funding of projects / actions in energy efficiency according:

Internal information with associated documents where it shows a description of the projects and actions to be developed, with particular reference to:

- Initial Investment (€);
- Energy Consumption Reduction (kWh);
- Expected CO2 emissions reductions (tCO2);
- Estimated Payback (years);
- Maintenance value (€ / year).