



DISTRICT ENERGY
IN CITIES
INITIATIVE

E-TRAINING PROGRAM DISTRICT ENERGY DEVELOPMENT



MODULE 2. STAKEHOLDER COORDINATION IN DES





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MODULE 2. STAKEHOLDER COORDINATION IN DES

LEARNING OUTCOMES

Objective: share tools to effectively undertake stakeholder coordination in district energy projects

By the end of this module, you will be able to:



Describe, understand and discuss the role of stakeholder coordination in district energy (DE) development;



Recognise and be able to apply key steps for stakeholder coordination in DE projects;



Become aware of best practices in stakeholder coordination in DE projects at national and local level;



Identify key measures to ensure strong stakeholder coordination in DE projects;

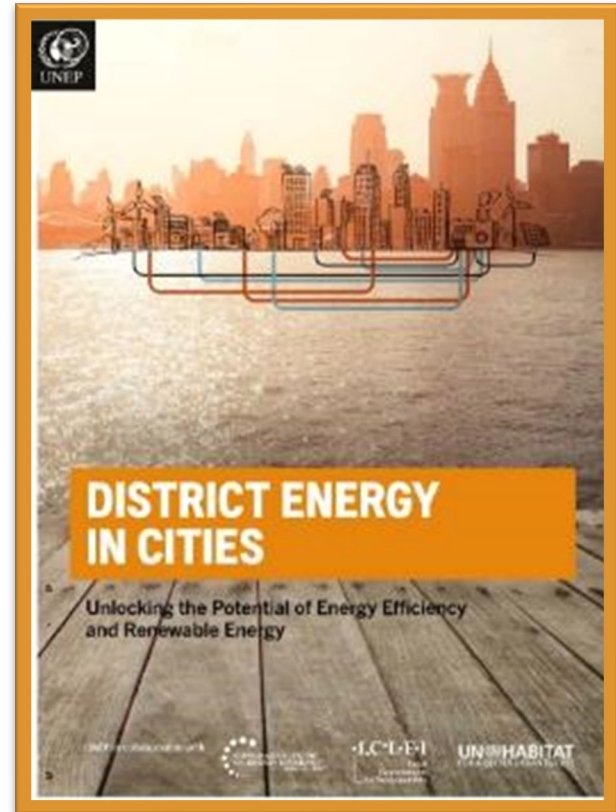


MODULE 2. STAKEHOLDER COORDINATION IN DES

KEY STEPS IN DISTRICT ENERGY PLANNING

Key Steps in District Energy planning

1. **Assess** existing energy and climate policy objectives, strategies and targets and identify catalysts
2. **Strengthen** or develop the institutional multi-stakeholder coordination framework
3. **Integrate** district energy into national and/or local energy strategy and planning
4. **Map** local energy demand and evaluate local energy resources
5. Determine relevant **policy design** considerations
6. Carry out **project pre-feasibility** and viability
7. Develop **business plan**
8. Analyse **procurement options**
9. Facilitate **finance**
10. **Replicate**



Source: District Energy in Cities. Unlocking the Potential of Energy Efficiency and Renewable Energy

MODULE 2. STAKEHOLDER COORDINATION IN DES ITS RELEVANCE

The need for stakeholder coordination in district energy systems (DES) projects

- DES are **inherently more complex than BAU** and higher efficiencies require **greater coordination**
- Not coordinating might lead to problems during project development.
- **Developing DES is multi-dimensional** and concerns all levels.
 - It also **requires the engagement of multiple stakeholders from different institutions** that are not necessarily used to working.
 - There are sector integration opportunities that need to be encouraged.



Source: Unsplash

MODULE 2. STAKEHOLDER COORDINATION IN DES DEFINITION

Stakeholder Coordination



Source: Rawpixel

- A stakeholder can be **internal or external** to an organization
- They are affected by the outcomes of a project or initiative and **can provide guidance** on the progression of a defined scope of work
- It is crucial to acknowledge and manage everyone's perspective and create a **common working framework** for values, rights, expectations and responsibilities

Refers to the process by which an organization involves people who may affect or be affected by actions derived from the project. Source: Carbon Trust, 2018

MODULE 2. STAKEHOLDER COORDINATION IN DES

DEFINITION

Stakeholder coordination: What it is – and what it is not

Stakeholder coordination IS

- Genuine multi-lateral process
- Meaningful dialogue where views are respected and taken seriously
- A collaborative exercise to reach a solution that works
- Focused on outcomes – e.g. a project that everyone buys into, general happiness
- Structured and systematic engagement
- Project development

Stakeholder coordination IS NOT

- One way communication
- Process where views are managed and people driven in one direction
- Pitching or selling a pre-determined solution or project
- Focused on outputs – interviews have been held therefore stakeholders have had their say
- Conversations with the people you know or think you need to talk to
- Behaviour change



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STAKEHOLDERS IN DISTRICT ENERGY

Which stakeholders when?

If limited heat and cool data

- **Engage with utilities** currently providing heat and or cool
- Engaging with current utilities can provide **access to customers** and can identify **highest potential areas**.

If development too disruptive or costly

- Work with **local authority departments** to lay network at same time as other works such as road resurfacing or new area development.

If connections need to be guaranteed

- Involve **housing associations, developers and large consumers** in district energy planning

If counter-productive efficiency

- **Collaborate** with companies or **departments responsible for energy efficiency or renewables programmes** to ensure energy audits include current and future district energy development and cross-subsidisation does not occur.

If waste heat or renewables want to be maximised

- Engage with **producers of waste** in the mapping process and project development.
- Coordinate with **municipal solid waste authority** and other potential renewable sources

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DEFINITION

Stakeholder coordination in DES entails...

Project Champion(s)

- Project Champion(s) from within the city government and its agencies can play a key role in stakeholder coordination and engagement in the initial stages of district energy development.

Capacity building efforts

- In many occasions considerable capacity building efforts need to be undertaken to ensure that stakeholders are aware and capable of implementing DES.

District energy project development cycle and timelines

- They need to be clearly understood by stakeholders so that expectations are managed

Allocation of the necessary resources and funds

- Necessary resources and funds should be committed from an early stage

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BENEFITS OF EFFECTIVE COORDINATION

- An **appropriate identification and involvement of the stakeholders is crucial to ensure the success of the DE development**, including its financial and technical viability.
- Stakeholder coordination will also help **to reduce possible controversies or information asymmetries**.



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BENEFITS OF EFFECTIVE COORDINATION

Benefits of a multi-stakeholder coordination framework in DES

Strategy development

- Can provide platform for data collection from multiple stakeholders.
- Involves multiple stakeholders in energy strategy creating 'buy-in'.

Energy mapping

- Mapping requires data from multiple sources.
- Coordination of multiple stakeholders ensures data provision is continuous.

Project planning and delivery

- Can provide independent advice and access to customers.
- Planning construction alongside other departments can unlock synergies and reduce costs.

Wider energy programmes

- Provides a platform to launch energy efficiency or renewable energy programmes.
- Ensures DE developments aren't adversely affected by other energy programmes.



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BENEFITS PER STAKEHOLDER GROUP

Benefits per stakeholder



Public Authorities

(National & Local scale)

- Carbon reduction targets
- Introduction of renewable energy sources
- Energy security
- Create local jobs
- Reduce local air pollution
- Reduce energy poverty

Investors & capital providers

- A reliable and as fast as possible return on investment and profit

Utility companies

- Synergies with other utilities and energy sources

Building developers

- Profitable construction project

Customers

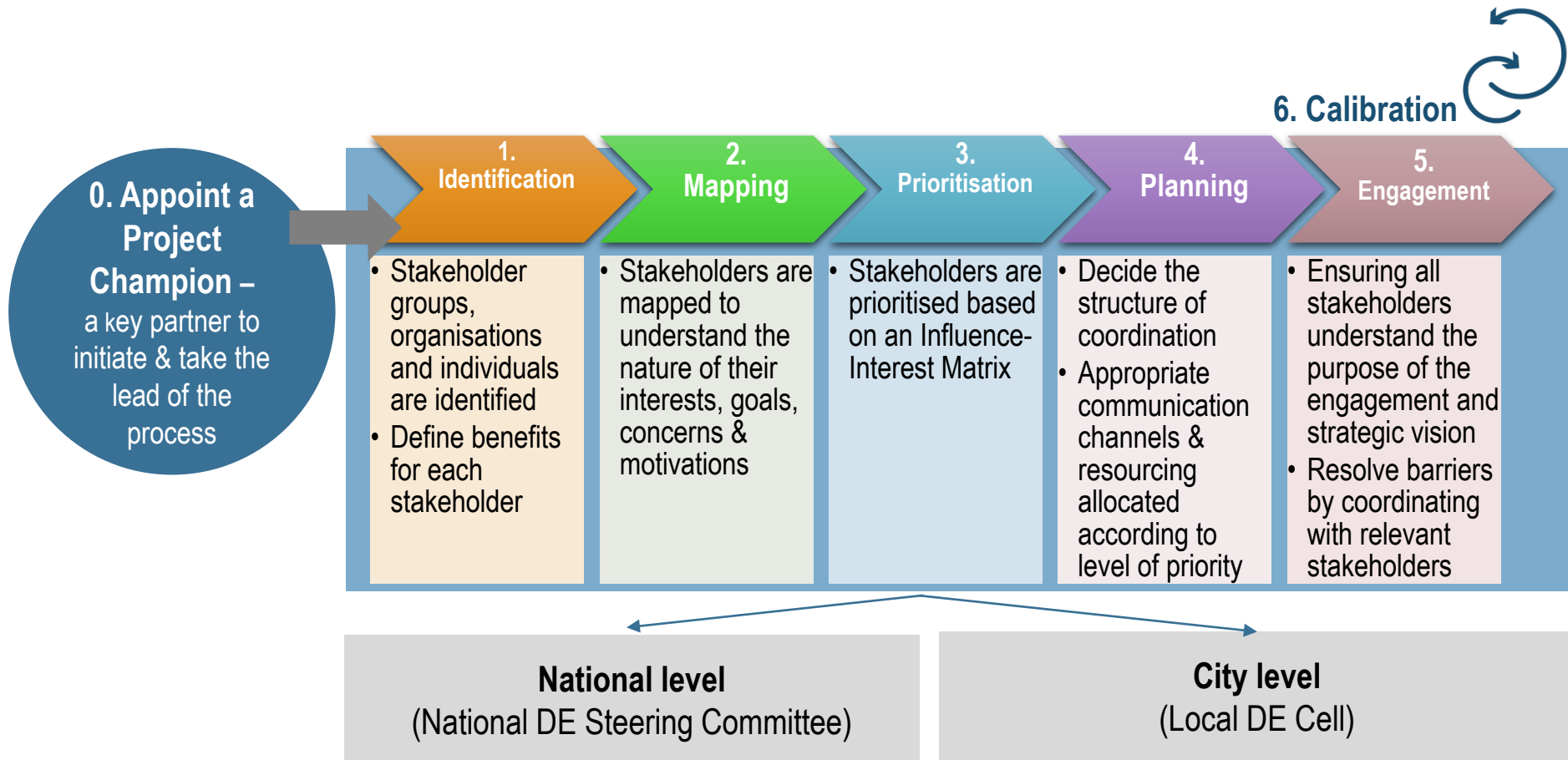
- Reliable energy supply
- User-friendly appliances
- Lower energy costs
- Indoor air quality

Citizenship

- Local job creation
- Energy security
- Local air pollution reduction
- Energy poverty reduction

MODULE 2. STAKEHOLDER COORDINATION IN DES FRAMEWORK FOR IMPLEMENTATION

A systematic framework for stakeholder coordination in DE



Source: Adapted from (Carbon Trust, 2018)

MODULE 2. STAKEHOLDER COORDINATION IN DES

PRELIMINARY STEP – PROJECT CHAMPION

STEP 0: APPOINTING A PROJECT CHAMPION

It entails a number of activities. E.g. hosting meetings, identifying who needs to be in the group, inviting key players into the process, leading the discussion, etc.

- **Necessary resources** and funds should be committed from an **early stage** to effectively carry out stakeholder coordination and engagement and be sustained through appropriate funding streams over the long-term
- DE development requires a **key partner** who will be **taking the lead** of this process and:
 - Identify and involve stakeholders that can play a constructive role in realising DES projects
 - Outline synergies and opportunities for cost-effective district energy systems
- At a **local level**, it is usually the **Municipality** who should take this role. Alternatively the local utility
- At a **national level** it can be a **Ministry, or several Ministries, or a national institution** (e.g. in Tunisia it is the National Agency for Energy Efficiency).

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STEP 1 – IDENTIFICATION

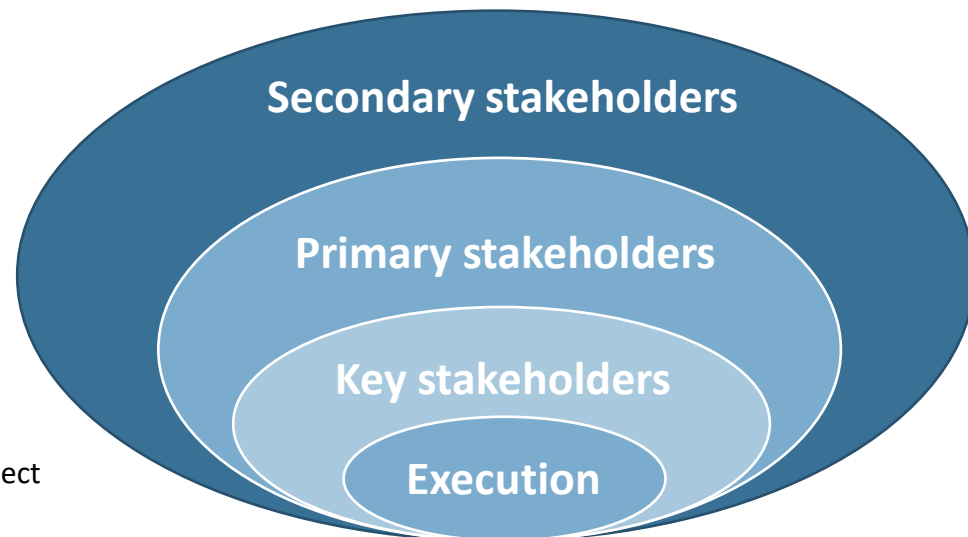
1. IDENTIFICATION

Goal:

Identify who are the main stakeholders in the DE development and will be part of the stakeholder coordination process.

Procedure:

- Stakeholder groups, organisations and individuals are identified according to their role, interest and influence in the project.
- The stakeholder list is updated and refined as the project progresses



Example of stakeholder identification in a DES project
Source: Own elaboration

MODULE 2. STAKEHOLDER COORDINATION IN DES

STEP 2 - MAPPING

2. MAPPING

Goal:

To understand the flows of information, interest and influence between stakeholders and engage them more effectively and efficiently.

Procedure:

Stakeholders are mapped and profiled to understand the nature of their interests, goals, concerns and motivations.



Example of stakeholder mapping in a DES project

Source: Own elaboration

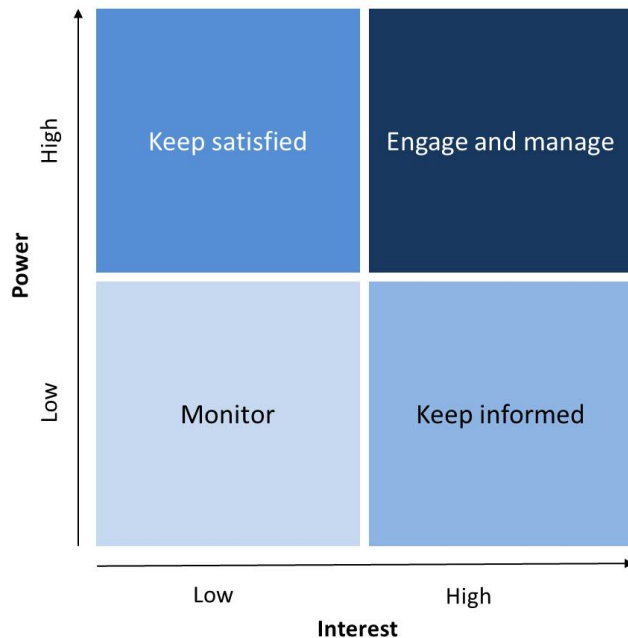
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STEP 3 - PRIORITIZATION

3. PRIORITIZATION

Goal: Ensure that your resources are being used as effectively as possible

Procedure: Stakeholder prioritization can be done based on an Influence-Interest Matrix.



Interest and Power matrix
Source: Johnson and Scholes (1999)

Stakeholders categories:

- **Engage and manage (key players):** significant interest and influence, support critical to the project's success > *understand and input the project.*
- **Keep Satisfied:** little interest in the project but nevertheless carry influence > *keep engaged and seek their views.*
- **Keep Informed:** have significant interest in the outcome of the project but do not have a direct role > *keep informed.*
- **Build Awareness:** Not the most crucial group, they should not be forgotten > *Don't forget and keep aware.*

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STEP 4 - PLANNING

4. PLANNING

Goal: Ensure that appropriate communication channels and resources are allocated to stakeholders according to their level of priority

Procedure: develop a formal strategy to communicate with project stakeholders to achieve their support for the project. It specifies the frequency and type of communications, media, contact persons, and locations of communication events.

Stakeholder Communication Plan Template

Stakeholder	Power/Interest	Key Interest & Issues	Communication Vehicle	Frequency	Comments

Example of stakeholder planning sheet

Source: Smartsheet

MODULE 2. STAKEHOLDER COORDINATION IN DES

STEP 5 - ENGAGEMENT

5. ENGAGEMENT

Goal: Ensuring all stakeholders understand the purpose of the engagement, as well as the strategic vision for the project.

Procedure: is an iterative and ongoing process.

General recommendations

- A **stakeholder engagement plan** will need updating as you find out more about both your stakeholders and your project.
- Ensure all team members capture information in a **clear and structured format**.
- The outcomes should help shape the **overall project direction** and underpin **key decisions** throughout the project development.
- Stakeholder engagement oftentimes benefits from **early actions**.
- Make sure the stakeholders can see themselves in the process and are willing to be **engaged**.



DISTRICT
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CASE STUDIES



Thane, India, Source: thanephotos

CASE STUDY: THANE, INDIA

Stakeholder coordination in DES project at different levels

National level

(National DE Steering Committee)

- Create a national DE Committee
- Clearly communicate benefits of DES to all stakeholders
- Ensure that at a national level are well aware of the DES
- Reserve resources (time and budget) for capacity building in DES
- Communicate with regional and city authorities to ensure their commitment

Sub-nation level (e.g. city)

(Sub-national DE Cell)

- Create a local multi-stakeholder coordination group
- Incorporating DES under city strategies from an early stage
- Reserve resources (time and budget) for capacity building in DES
- Clearly understand & communicate project development and timelines
- Communicate and align with the national-level DE Committee on priorities, goals and plans

- Both stakeholder groups should have an effective communication and be aligned in terms of goals, plans and expectations.
- This is a task of the Project Champion.

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CASE STUDY: THANE, INDIA

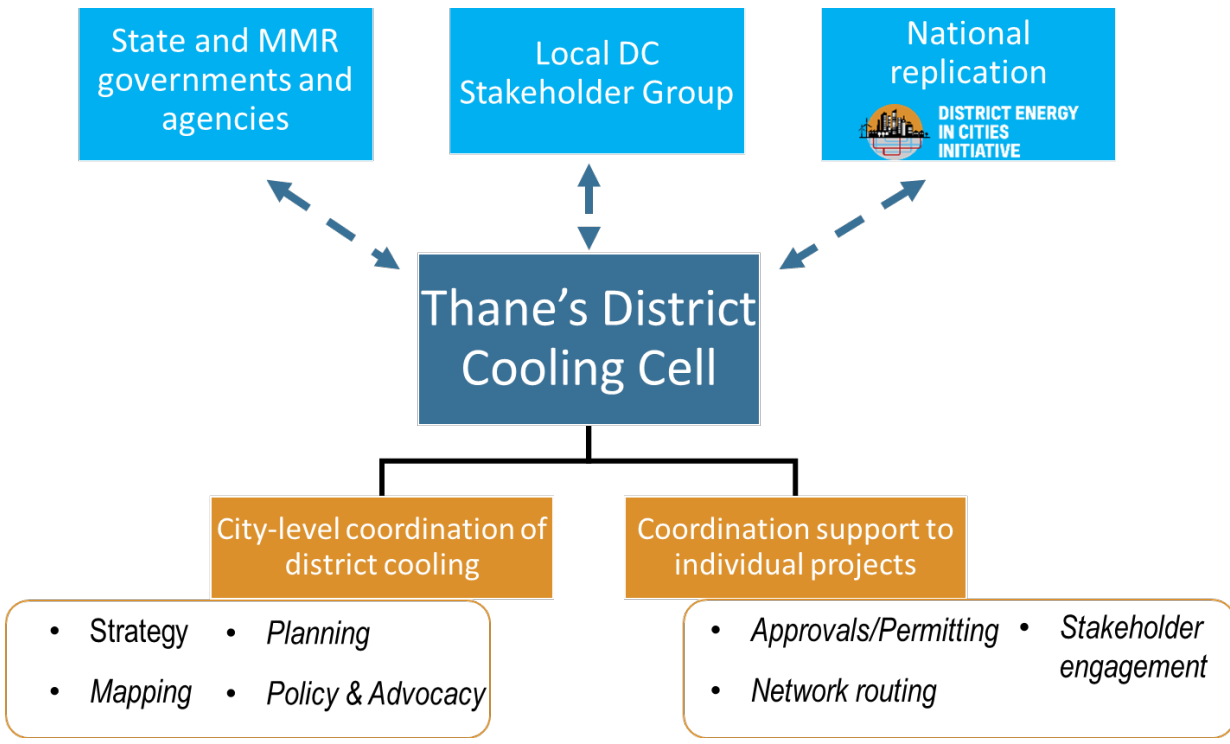
Best Practice: General approach



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CASE STUDY: THANE, INDIA

National DE Steering Committee India

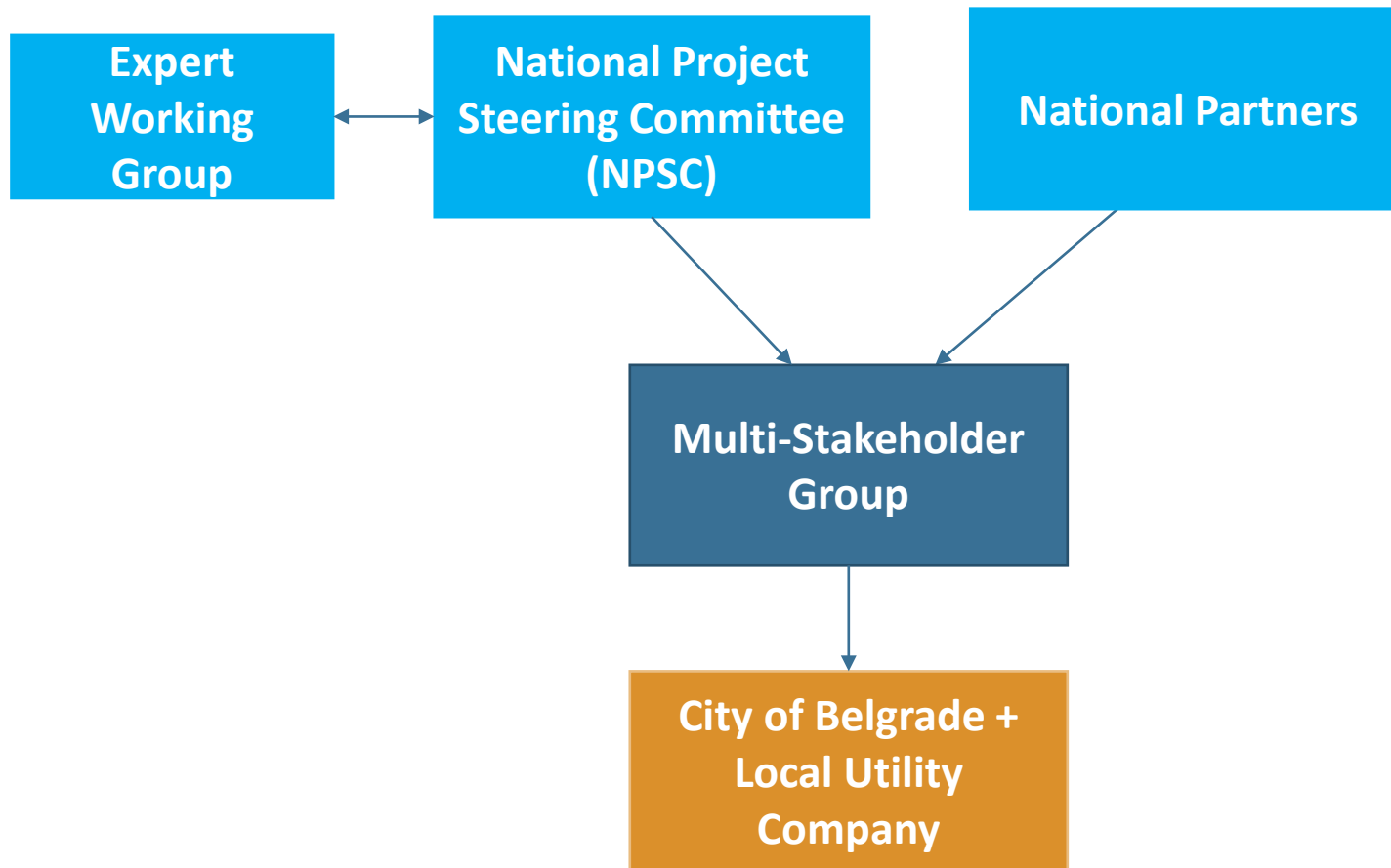


Source: Functions and multi-stakeholder linkages of envisaged District Cooling Cell

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CASE STUDY: BELGRADE, SERBIA

Idea for project implementation





KEY TAKEAWAYS

Some of the main aspects we have seen in this module are:

- **Main stakeholders involved** in DE projects are: Public authorities, Investors, Utilities, Developers, Customers & Residents.
- **Stakeholder coordination** is crucial to clearly communicate benefits of DES and ensure the **financial and technical viability** of district energy systems.
- Effective stakeholder coordination leads to reduced project costs, fewer delays, attracts private finance, proper communication and progress while also providing the stakeholders involved with multiple benefits.
- **Six main steps** are recommended to develop a stakeholder coordination strategy in DE projects, namely:
 - Step 0: Appoint a “Project Champion”
 - Step 1. Identification
 - Step 2. Mapping
 - Step 3. Prioritization
 - Step 4. Planning
 - Step 5. Engagement
- Stakeholder coordination should take place at **national and city level**.



MODULE 2. STAKEHOLDER COORDINATION IN DES

RECOMMENDATIONS

Some recommendations for stakeholder coordination are:

- It should be a genuine multi-lateral collaborative process where views of all stakeholders involved are listened to and respected
- It should be a structured and systematic process with a focus on project progress and development
- Stakeholder coordination must be carried out following the steps mentioned in this module and it is vital to select an effective project champion who can actively engage and coordinate with stakeholders and establish efficient communication channels
- When hurdles arise during project development, the right stakeholders must be identified and engaged with to overcome the barriers and ensure progress is not affected



THANK YOU FOR COMPLETING THIS MODULE!

For more information about the initiative or this Training, please visit the following websites or contact:



www.districtenergyinitiative.org



unep.org



c2e2.unepdtu.org



E-TRAINING PROGRAM

DISTRICT ENERGY DEVELOPMENT

In the upcoming modules, you will learn about ...

Module 3

- Energy mapping and data collection to identify long-term opportunities for district energy systems

Module 4

- Strategy development: Incorporating district energy into a local energy and low carbon systems

Module 5

- Carbon heating and cooling strategies

Module 6

- Business models for sound sustainable district energy systems