

MOBILISING THE FINANCIAL SECTOR ON ENERGY EFFICIENCY

Financing Energy Efficiency in Poland, the Czech Republic, Slovakia
and Lithuania

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State of the global energy efficiency market

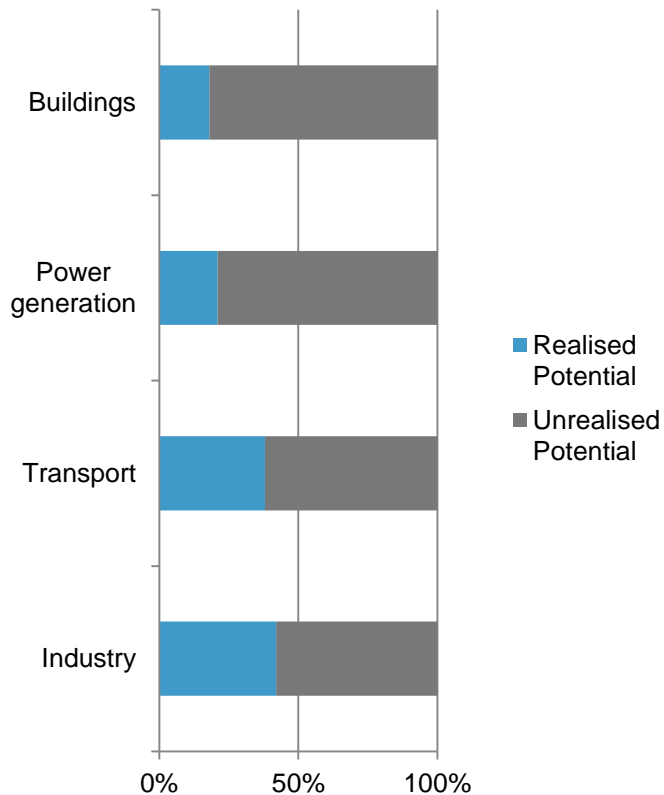


Energy efficiency investment is driven by its value premium; nevertheless, further action is required to upscale investment levels

Major drivers of FI action on energy efficiency

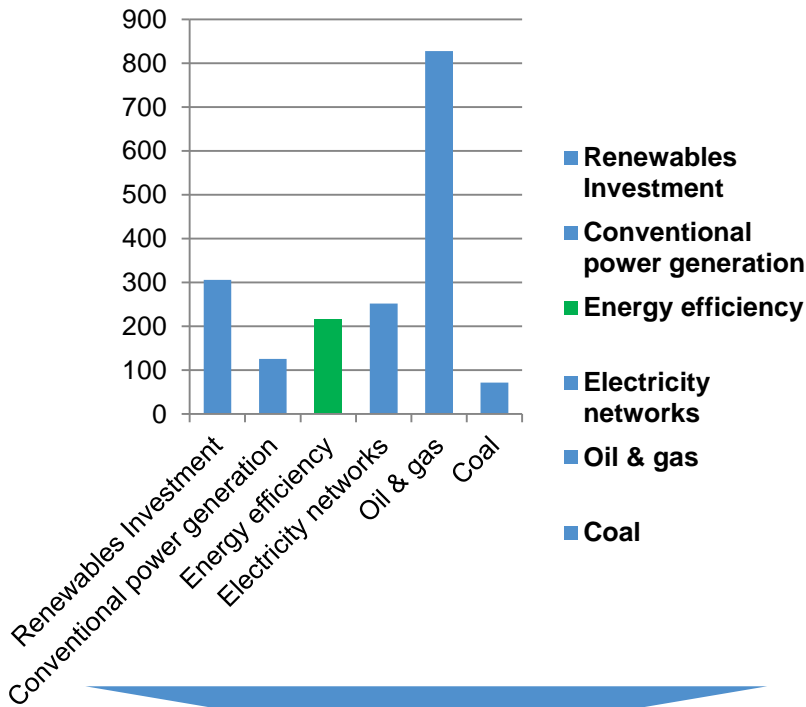


Global BAU until 2035 would leave most EE efficiency potential untapped



There is a large growing global EE investment market; energy efficiency improvement is gaining pace despite falling oil prices

Total energy sector investment in 2015 (USD bn)



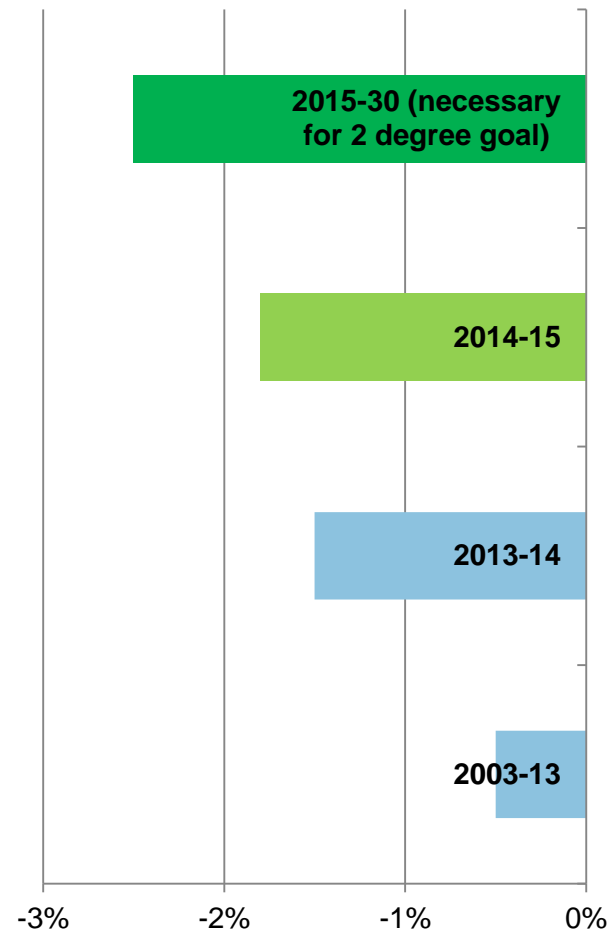
According to the IEA, global annual EE investment needs to increase by

A factor of 8

to meet a 2 degrees pathway

Source: IEA

Rate of improvement of global energy intensity



Mobilising the financial sector on energy efficiency



Unprecedented collaboration between policy-makers, private finance institutions and development banks is required

		Integrated	Core
Market	\$	USD trillions	USD 221bn
Policy	2000+ policies	Energy subsidies; Inefficient markets; Supply-led planning.	Energy Transition; National Renovation Strategies; Vehicle Fleet Standards; Transparent Energy Planning.
		<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background: linear-gradient(to right, #00a0e3, #00a0e3); padding: 10px; border-radius: 15px; transform: rotate(-15deg);">Mainstreaming</div> <div style="background: linear-gradient(to right, #00a0e3, #00a0e3); padding: 10px; border-radius: 15px; transform: rotate(15deg);">Enabling</div> </div>	
Private Sector	Banks \$110tr	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Green tagging; Green buildings lending; green lending; climate lending; Equator principles.
	Investors \$70tr	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Green tagging and company disclosure; Collaborative shareholder activism; Green funds; Sustainable real estate funds.
	Insurers \$31tr	Product and services without explicit consideration of energy “externalities”.	Green buildings insurance; Climate mitigation insurance and investments; Addon coverage; Technical assistance, advisory services.
Public Sector	Public finance \$176 + bn	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Resource Efficiency; Safeguards; ESG & Climate Commitments; \$33 bn
			ESCOs (USD 24 bn); “Self-financed”
			“EE FIRST”; Mandatory targets/ standards; NZEBs; EE Obligation schemes; National EE Action Plans.
			EE mortgages; Building renovation loan; EE credits/loans; EE tagging.
			Productivity Indexes; Own real estate EE renovation; EE tagging.
			Energy saving insurance; energy performance guarantee; EE advisory services.
			Direct EE Lending; EE Policy lending; EE targets; Technical assistance. \$7 bn



Best in class approaches to scaling up EE investment



Australia's National Energy Productivity Plan aims to boost energy productivity by 40% between 2015 and 2030



Main objectives

Boost energy productivity by 40% between 2015 and 2030

Reduce GHG emissions by 25% in line with Australia's Paris Agreement NDC

Reduce economy-wide energy spending of over AUD 120 billion

Tailored financing mechanisms

Clean Energy Financing Corporation programs

Westpack Energy Efficient Financing Programs for a wide range of industries, municipalities and state governments

Lessons learned

Energy efficiency as a cross-cutting, horizontal government priority to signal increasing financing demand to financial institutions

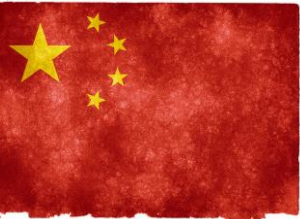
Couple with dedicated energy efficiency financing mechanisms to stimulate demand

**AUD 120
bn**

Total annual spend on energy across the Australian economy



China's current five year plan aims to green the financial system from the ground up and thereby achieve drastic improvements of energy efficiency



**USD 100
bn
Green Bond
issuances
expected by
end-2017**

Main objectives

Double control target of reducing energy intensity by 15% between 2016-2021 and capping energy consumption at 5 bn tons of coal equivalent

Cutting overcapacity in steel and coal and urbanisation to reduce energy consumption for transport and buildings

Lessons learned

Combine strong policy signal with standardisation and guidelines, which together have led to a rapidly expanding energy efficient debt market

Tailored financing mechanisms

Green Credit Guidelines (2012) to make a positive credit decision depending on environmental standards

Energy Efficiency Credit Guidelines (2015)

Guidelines for Establishing the Green Financial System (2016)

Green Financial Bond Guidelines (2015)



The United States has built a portfolio of energy efficient financial instruments and green regional banks



Tailored financing mechanisms

Launch of regional green banks at state level, in accordance with regional circumstances, debt capacity etc

Savings-backed arrangements

On-bill financing and repayment and on-tax financing and repayment

Property-assessed clean energy financing (PACE)

Warehouse for energy efficiency loans (WHEEL)

Lessons learned

Supply of finance products to overcome barriers such as liquidity, risk and cost of capital

Disclosure protocols for PACE and WHEEL



THANK YOU VERY MUCH.



UNEP
FINANCE
INITIATIVE

