



**Energy Efficiency**  
Financial Institutions Group

“A Walk Through EFIG’s Achievements 2017”

CLIMATE & STRATEGY

PARTNERS

*SEI Forum Dublin, 28<sup>th</sup> September 2017*

# #EEFIG Goal is to Increase EU Energy Efficiency Investments

EEFIG's work has benefited from:

Active input of some 120 expert participants (8,000 hours)

40% of the EEFIG participants either work for, or represent the views of, financial institutions. Participation from financial institutions, policy makers, finance users (buildings, industry or SME) and energy efficiency experts.

The Energy Efficiency Financial Institution Group (“EEFIG”) was established to determine how to overcome the well documented challenges to obtaining long-term financing for **energy efficiency**

## EEFIG's Mandate

- 1 What are the most imminent challenges that must be overcome?
- 2 Who would be the right party to address them?
- 3 What should the European Commission/ EU do?

# Three Keys: Policies to Drive Demand/ Reduce Uncertainty, Simple Financial Instruments and Removing Blocks

Buildings and  
Corporate sectors  
are very different  
Yet...

EEFIG participants identified  
cross-cutting themes

which provide a framework to describe  
challenges facing energy efficiency investing  
in both EU Buildings and Industry

## Imminent Challenges

- 1 Driving Demand <sup>1</sup>
- 2 Managing Uncertainty
- 3 Distribution and Aggregation
- 4 Blending Grants and Loans } <sup>2</sup>
- 5 Accounting Treatment
- 6 Horizon Period / Optimal Scope
- 7 Financial Regulatory Issues <sup>3</sup>

# #EEFIG's BUILDINGS Recommendations: "Smart Finance for Smart Buildings"

## Policy-led Approaches

- **Development of Standards and a Common Investment Language**
- Improvement of Buildings Certification and Energy Performance Certificates
- **Open Source EU Buildings Energy Database**
- Industry and Finance supported National Buildings Renovation Roadmaps
- Optimize Use of EU Structural and Investment Funds for Energy Efficiency Investments in Buildings

## Market-led Approaches

- **Common and Standard Underwriting and Investment Procedures**
- Linking impact of building energy performance with investment performance
- More Proactive Engagement and Continuous Improvement and Usage of Energy Performance Certificates (EPCs) from Financial Institutions
- **"Operational" Energy Performance Database**
- Project Ratings
- Life cycle portfolio-wide sustainability programmes

# THE EEFIG DERISKING ENERGY EFFICIENCY PROJECT

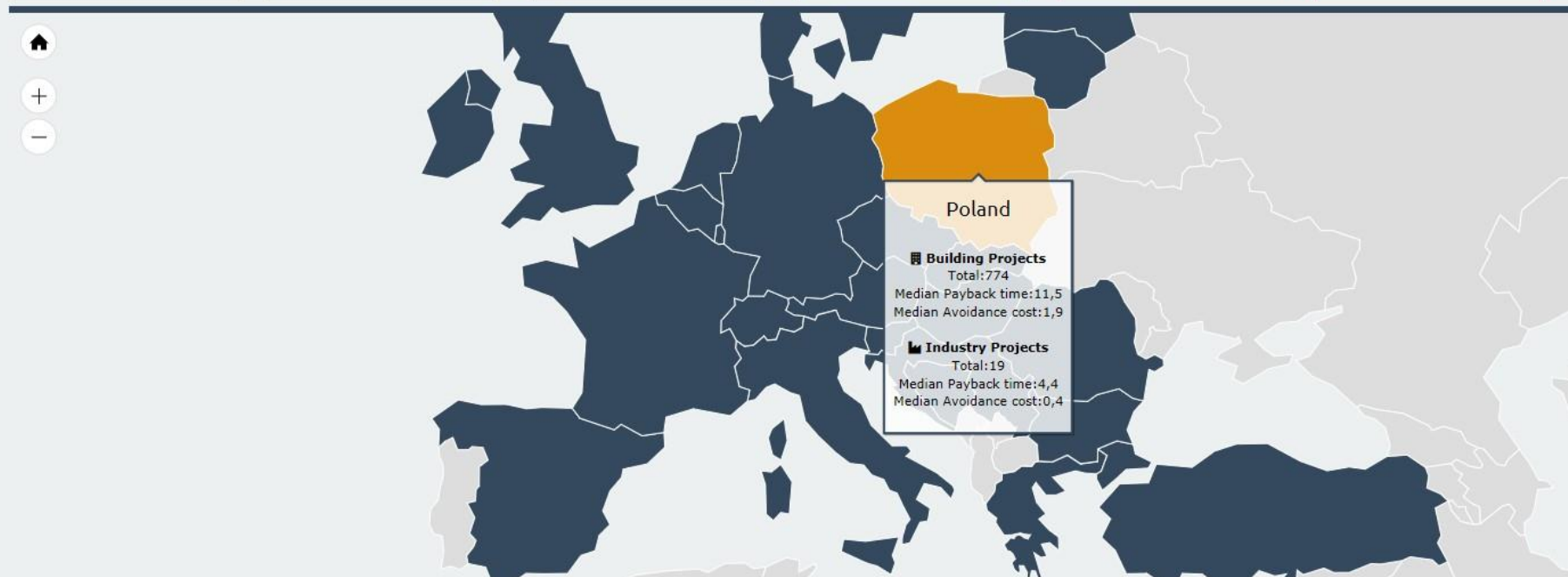
The EEFIG 'de-risking energy efficiency project' is during 2016-17 addressing the fundamentals of energy efficiency investments in the buildings and corporate sectors through:

- An open source database for energy efficiency investments (De-risking Energy Efficiency Platform or 'DEEP')
- A value and risk appraisal framework for energy efficiency finance and investments (The EEFIG Underwriting Toolkit)

The EEFIG de-risking project is supported by a consultant team:



## Key figures Key figures for energy investments in the platform



**Note:**

**Payback Time:** The average (median) payback time (years required for the saving to pay for the investment without any interest costs)

**Avoidance Cost:** The avoidance cost (average cost in Eurocent for each kWh energy saved over the lifetime of the measure)

# THE DE-RISKING ENERGY EFFICIENCY PLATFORM (DEEP)



The DEEP database includes over 10,000 energy efficiency projects in buildings and industry from 26 data providers:

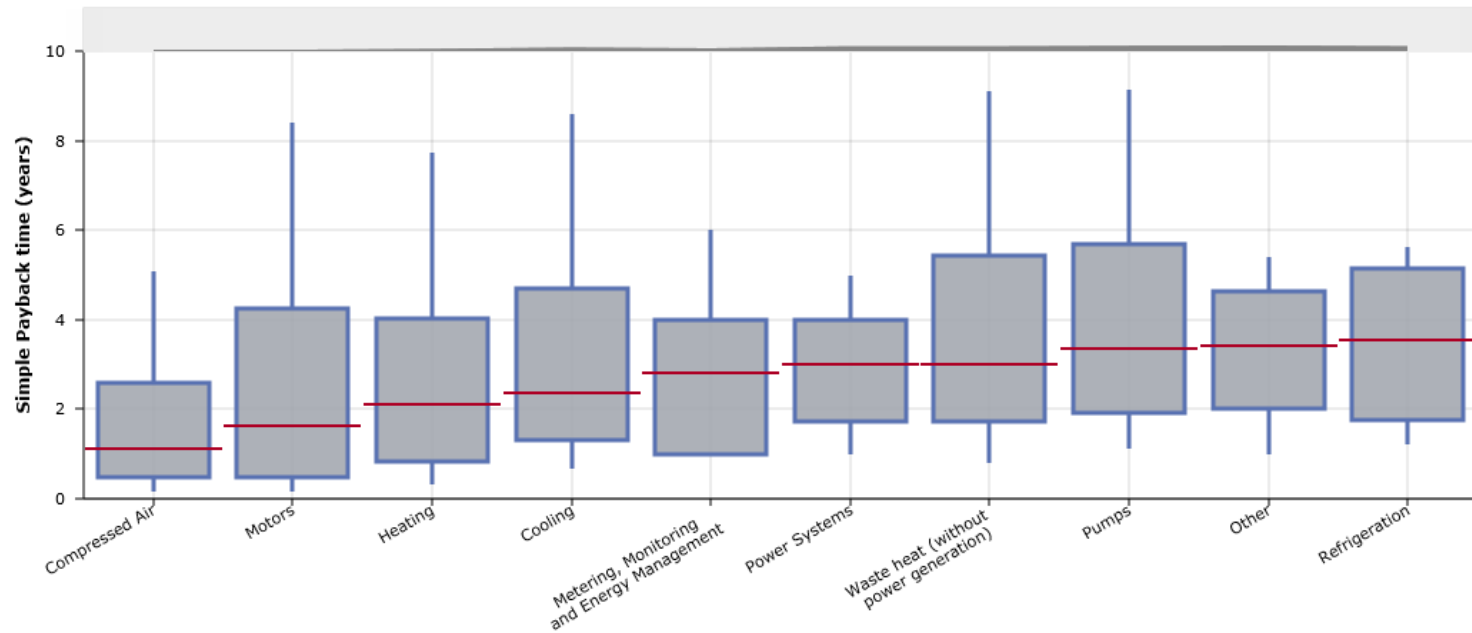


There is still time to join and provide your data until 31<sup>st</sup> Dec 2017...

# DEEP Industrial Projects can provide Pay-back times by individual component...



Distribution of payback time on 10%, 25%, 75% and 90% percentiles - Measure types



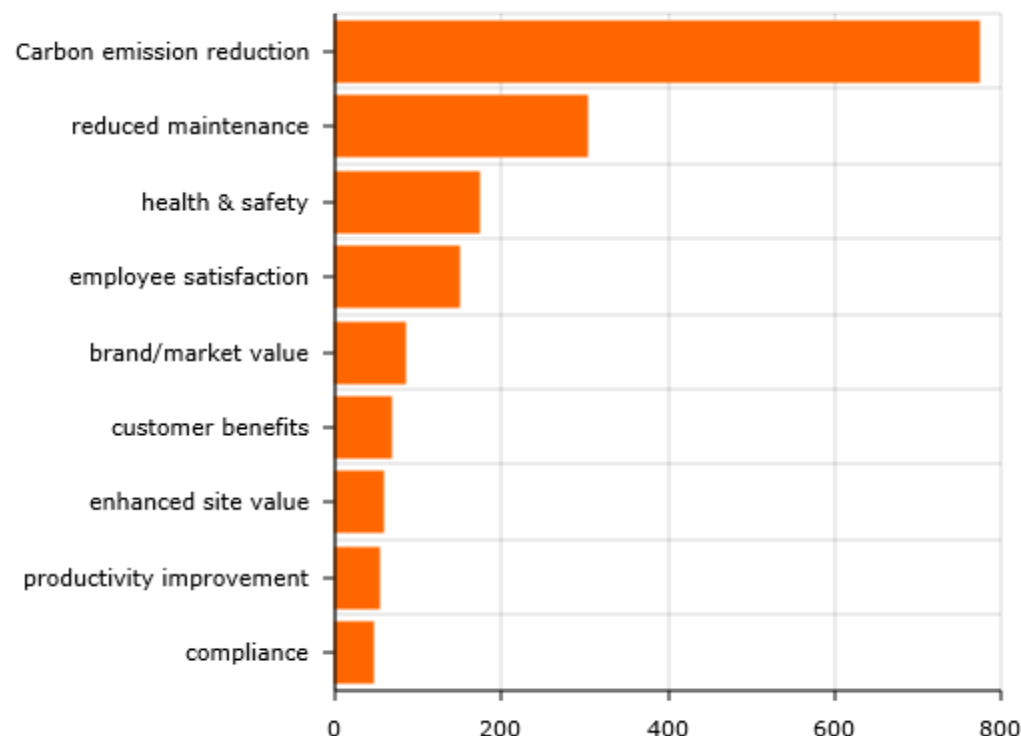
The median payback from over 2,700 DEEP contributed projects from Industry is 2 years  
Many energy efficiency opportunities in industry have payback times below 3 years



## DEEP also provides information on Multiple Benefits (when there is data available)...

- Non-energy or multiple benefits from energy efficiency projects (such as carbon emission reductions, reduced maintenance costs, health & safety and employee satisfaction) are important investment drivers.
- At present just 12% of Buildings and less Industrial projects from over 10,000 in DEEP contain information about the non-energy or multiple benefits delivered through energy efficiency investments.
- Multiple benefits continue to be less visible and hard to track consistently. This suggests that real project returns are, in fact, much higher than reported in DEEP.

**Additional benefits triggered by the project**



# Please Use or Contribute to DEEP.EEFIG.EU



## Become a user

- Enhance your understanding of and access to energy efficiency finance related business
- Streamline underwriting procedures through the development and use of a common language for energy efficiency underwriting
- Decrease due diligence and transaction costs
- Better risks assessment through high quality and credible data framework



## Become a data provider

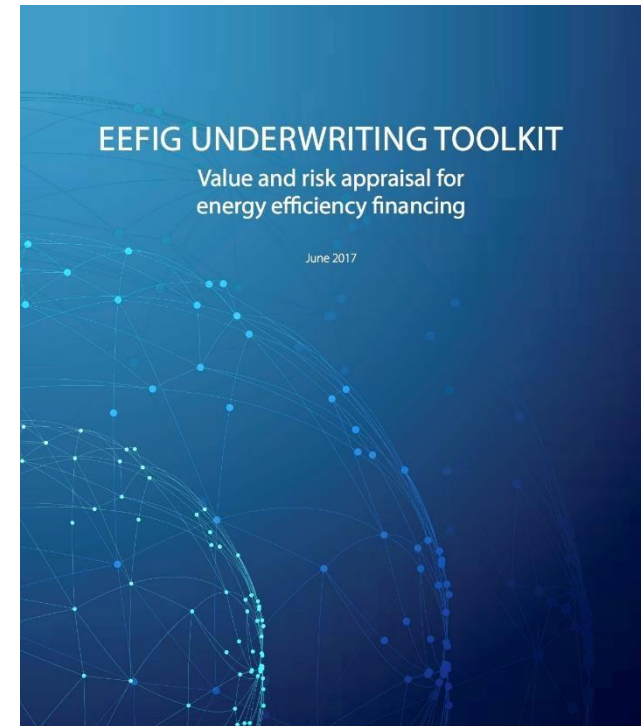
- Contribute to creating of European evidence base which is key to “get the EE policy and market story right”
- Acknowledgement and visibility as data contributor
- Benchmarking your project performance versus others
- Connect your data investors
- Influence the industry best practice

# The EEFIG Underwriting Toolkit was launched by EEFIG in June 2017

*The target objective is the development of commonly agreed, tested and accepted "standard" rules and practices (framework) related to investment and underwriting procedures for debt and equity financing products for energy efficiency investments.*

To assist Financial Institutions in scaling up the deployment of capital into energy efficiency by:

- helping financial institutions better understand and evaluate **value and risks**.
- providing a **common framework** for evaluating energy efficiency investments and analysing the risks.
- helping developers and owners develop projects in a way that **better addresses the needs of financial institutions**.
- fostering a **common language** between project developers, project owners and financial institutions.



Hard copy and on-line: <http://valueandrisk.eefig.eu>

Please visit [www.eefig.org](http://www.eefig.org)  
Engage and join the conversation!

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## Latest EEFIG Report & supporting materials

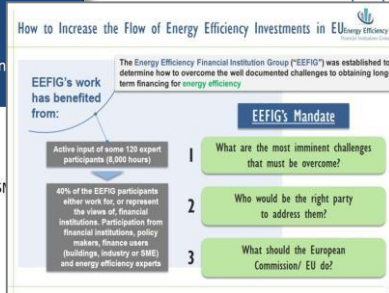
Energy Efficiency – the first fuel  
for the EU Economy

How to drive new finance for energy efficiency investments

### FINAL REPORT

covering Buildings, Industry and SMEs

February 2015



Energy Efficiency  
Financial Institutions Group

### Supply Drivers for Energy Efficiency Investments in Buildings



#### Strong Drivers of Energy Efficiency Investment Supply:

Residential Buildings	Commercial & Public Buildings	Commercial Buildings
<ul style="list-style-type: none"> <li>Reduced transaction costs</li> <li>On-bill repayment mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Measurement Reporting &amp; verification (M&amp;V) combined with quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>Increased investor confidence</li> <li>Changes in risk perception</li> </ul>

2

## Engage with the "Energy Efficiency De-risking Project"

Become a user and/or become a data provider and engage in an expert dialogue which contributes to enhancement of the fundamentals of energy efficiency investments in the buildings and corporate sectors



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## Use the "EEFIG National" Tool & Database

It relies on used a standardized method and process to engage with key expert stakeholders in Spain, France, Germany, Poland and Bulgaria over 12 months. Each country's results can be found with a series of summaries as well as an interactive review of the EU data

