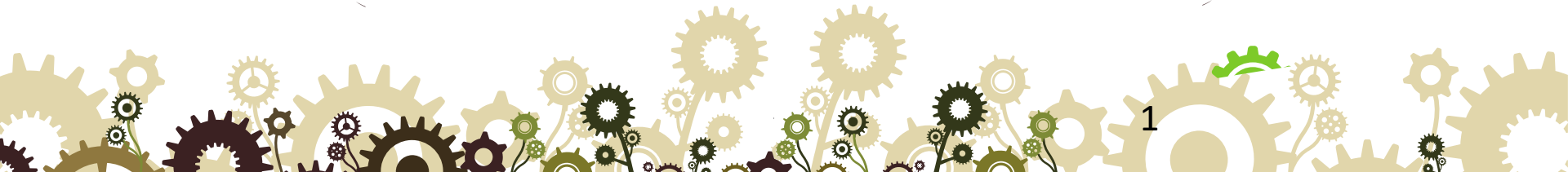


# Finding the right path to finance energy efficiency improvements in SMEs

**Rod Janssen**  
**President**  
**Energy Efficiency in Industrial Processes**

**SEIF Roundtable**  
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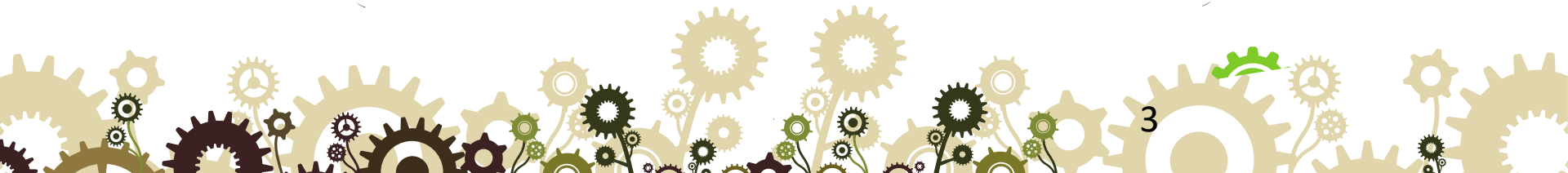
# The Policy Context for Energy Efficiency in Europe

- The 2030 climate and energy framework agreed in 2014 sets three key targets for the year 2030:
  - At least 40% cuts in greenhouse gas emissions (from 1990 levels)
  - At least 27% share for renewable energy
  - At least 27% improvement in energy efficiency.
- In June, the Commission, Parliament and the Council reached a political agreement which includes a binding energy efficiency target for the EU for 2030 of 32.5%, with a clause for an upwards revision by 2023. Energy ministers also agreed a binding renewable energy target of 32% by 2030.



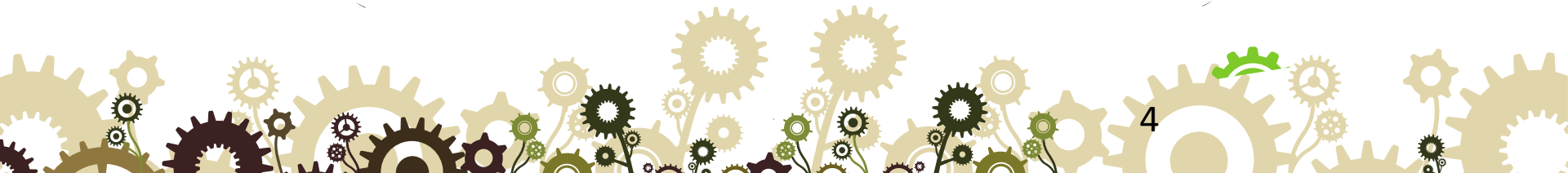
# The Energy Efficiency Directive and Industry

- Article 8 promotes the availability of high quality energy audits to all final customers;
- Ensure mandatory and regular audits for large enterprises;
- Establish transparent and non-discriminatory minimum criteria for energy audits, based on Annex VI of the Directive; and
- Establish in national legislation requirements for energy auditors, and for supervision by national authorities



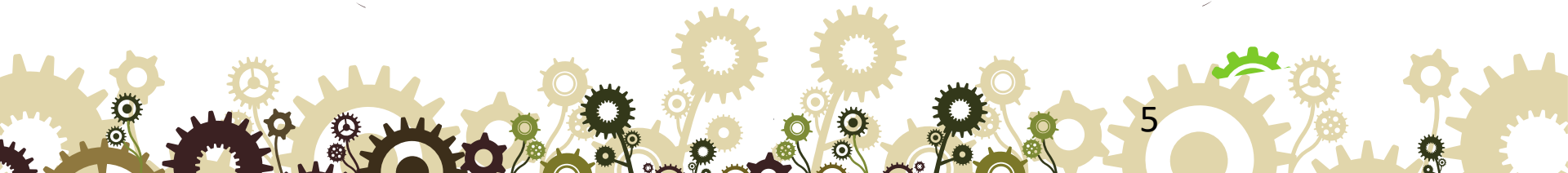
# The Energy Efficiency Directive and Industry

- **The development of programmes to encourage small and medium enterprises (SMEs) to undergo energy audits and to implement the recommendations from these audits;**
- **There is also the promotion of energy management in SMEs**
- Article 14 encourages the identification of cost effective potential for delivering energy efficiency, principally through the use of cogeneration, efficient district heating and cooling and the recovery of industrial waste heat or, when these are not cost-effective, through other efficient heating and cooling supply options, and the delivery of this potential



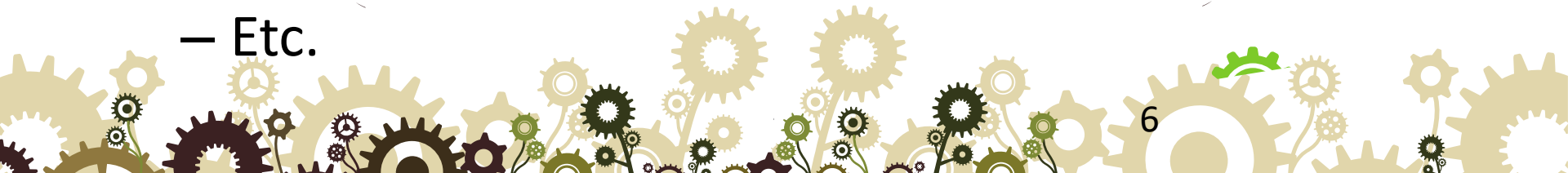
# The new priority for industrial energy efficiency in Europe

- Much is known how to improve energy efficiency but the remaining potential for cost-effective energy savings is considerable
- The challenge is to find the right combination of policies and programmes to ensure that potential is achieved.
- For many years, the industrial sector was left to find its own solutions
- Now it is a priority for all governments and the EU



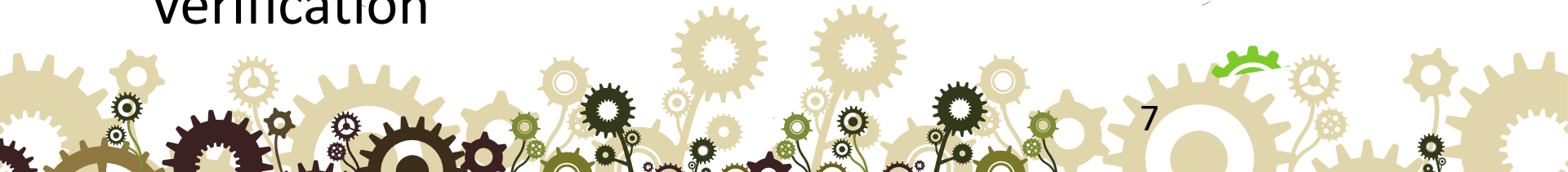
# Important Non-legislative Initiatives to Promote Industrial Energy Efficiency

- Energy Efficiency Financial Institutions Group
- Sustainable Energy Investment Forums – such as here
- EU-funded de-risking projects
  - Investor Confidence Project
  - TrustEE
  - Etc.



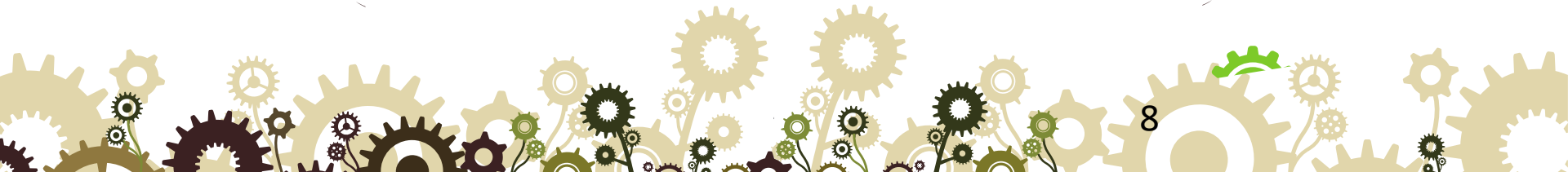
# Importance of De-Risking Projects

- It is realised that one problem relating to financing is the lack of standardisation – of the process
- Investor Confidence Project, for one, provides an international framework for reducing owner and investor risk, lowering due diligence costs, increasing certainty of savings achievement and enabling aggregation.
- It also ensures transparency, consistency and trustworthiness through best practice and independent verification



# What we've learned

- We know there are non-market obstacles that have affected the deployment of energy efficient technologies and techniques. These are well documented and yet often still poorly understood in terms of how to address. We know we need better, more appropriate information leading to greater awareness of opportunities. We know that consumers raise numerous concerns related to financing. We know that there is still often a lack of confidence in the products or techniques. But we are getting better. We must.
- One of the concerns is that energy efficiency measures are still not considered a strategic decision by companies.
- We know that many businesses are missing opportunities to save energy. Surveys show that there are still many low-cost/no-cost opportunities on virtually every factory floor, business and home.





# What we've learned - 2

- There are more technologies available to help you reduce your energy consumption and the prices are coming down. Also, there are many new innovations coming forward all the time.
- There are now more services to help you. The growth of energy service companies has helped. More engineering companies are offering related services and audits are more readily available.
- Everyone is working towards providing ways to help you finance energy efficiency measures. These include efforts to “de-risk” energy efficiency projects in order to give more confidence to investors – including you. Many of these projects are directed towards industry, both energy-intensive and non-energy-intensive.

# What we've learned - 3

- There are also efforts underway to improve the capacity of financial institutions to analyse and do the necessary underwriting activities to ensure energy efficiency projects get the funding necessary.
- There have been improvements to the regulatory framework to support efforts in energy efficiency and these will only accelerate in the future.
- The Energy Transitions Commission that includes representatives from business has recently concluded that energy-intensive industries, given time, can decarbonise their businesses. Technically, no one until now has really thought that possible.

# Where do we go from here?

- We know we have a challenge to meet our new 2030 targets for energy saving
- There is a need to look at financing energy efficiency from the consumer's point of view. Does provide financing for an SME solve everything? Does it need other forms of support?
- Does the owner/manager really understand why energy efficiency will help them with their day to day concerns? If not, how would you provide a convincing argument?
- Remember that improving energy efficiency is not difficult, but it is complicated

# Thank you!

Rod Janssen

[rod.janssen@ee-ip.org](mailto:rod.janssen@ee-ip.org)

