

Energy Efficiency – the first fuel for the EU Economy

“Key recommendations to accelerate energy efficiency investments”

Presentation drawn from EEFIG work 2013-2017

*Presentation for Energy Efficiency Finance Marketplace
18th January 2017, Brussels.*



Energy Efficiency
Financial Institutions Group

CLIMATE & STRATEGY
P A R T N E R S

Presented by

Peter Sweatman, CEO Climate Strategy & EEFIG Rapporteur

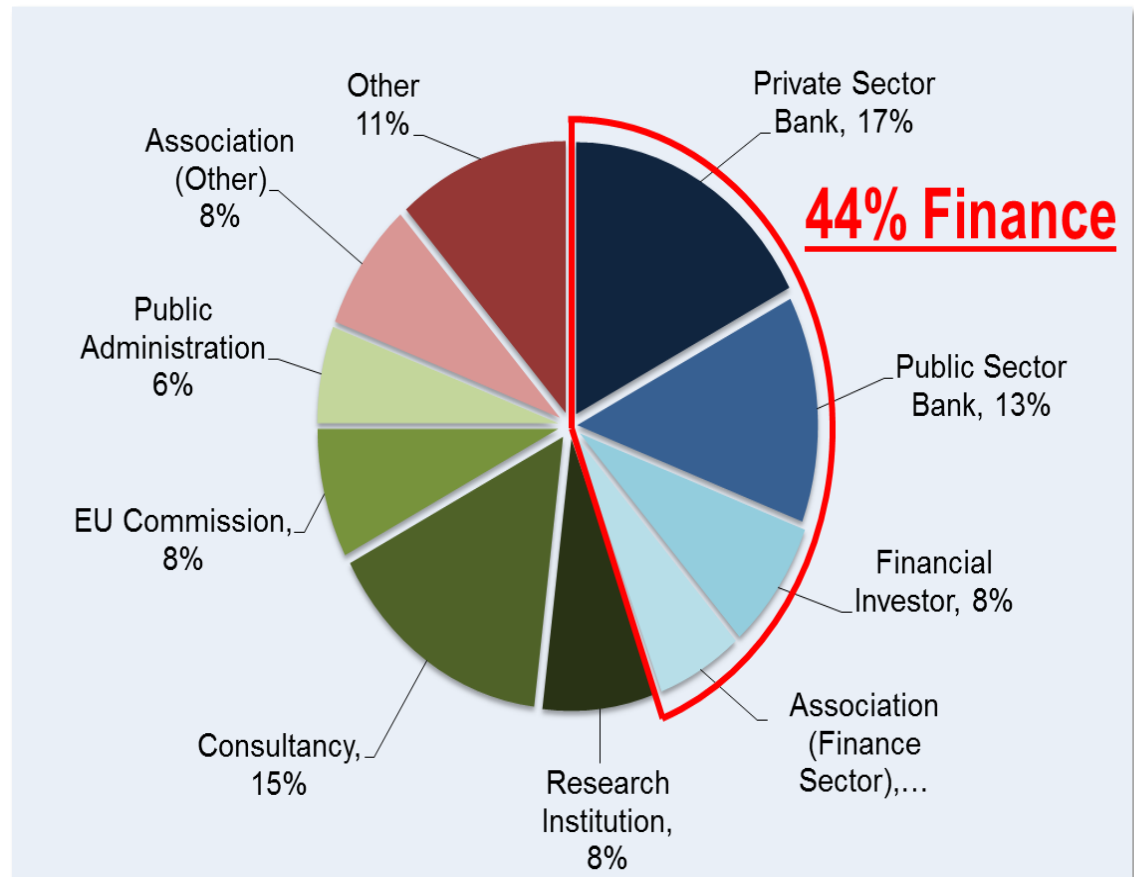


Who and What is EEFIG ?

- Convened in 2013 by EU Commission and UNEP FI
- Voluntary participation of 120 people representing 100 organizations
- Specific mandate
- 18x 1-day meetings over 36 months, 4x surveys, 2x reports, 5x National Processes & 1x Database



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



EEFIG's Final Report was published in Feb 2015...

EEFIG Report referenced multiple times

Key Headlines:

High level support for the EEFIG's work is in evidence in Europe and internationally.

The Energy Collective, February 27th 2015

The report is a milestone, representing one of the most potent collaborations to date between the European Commission and institutional investors on how regulation can feed directly into long-term, green financing: in this case, energy efficiency in property and SMEs.

Responsible Investor, March 10th 2015

The report is worth taking seriously – because if the EU is to reap the potential dividends from improvements in energy efficiency, it will need a lot more investment than a (small) fraction of €315bn.

European Voice, March 11th 2015

The EEFIG called for energy efficiency projects to be given priority in the deployment of Juncker plan money.

Euroactive, March 13th 2015

Media / Press outlets where It has been mentioned:



Key Messages (2015):

Mobilizing Energy Efficiency Investments in Europe



Energy Efficiency Investments deliver the “first fuel”



One of the most cost effective ways to enhance the security of its energy supply

Energy Efficiency has been described as the EU's largest energy resource

Energy Efficiency Investments

Characterized by their **MULTIPLE BENEFITS**

Direct energy returns

Additional value streams to private owners and asset operators

Significant Public Benefits

One of the most cost effective ways decrease the emissions of greenhouse gases and other pollutants

EE investment is the most cost effective manner to reduce the EU's reliance, and expenditure, on energy imports costing over €400 billion a year

Increased employment

Lower emissions

Increased energy security and reduced dependence on foreign imports


Improvements to a country's fiscal balance

Three Keys: Policies to Drive Demand/ Reduce Uncertainty, Simple FIs and Removing Blocks

Buildings and
Corporate sectors
are very different
Yet...



EEFIG participants identified
cross-cutting themes

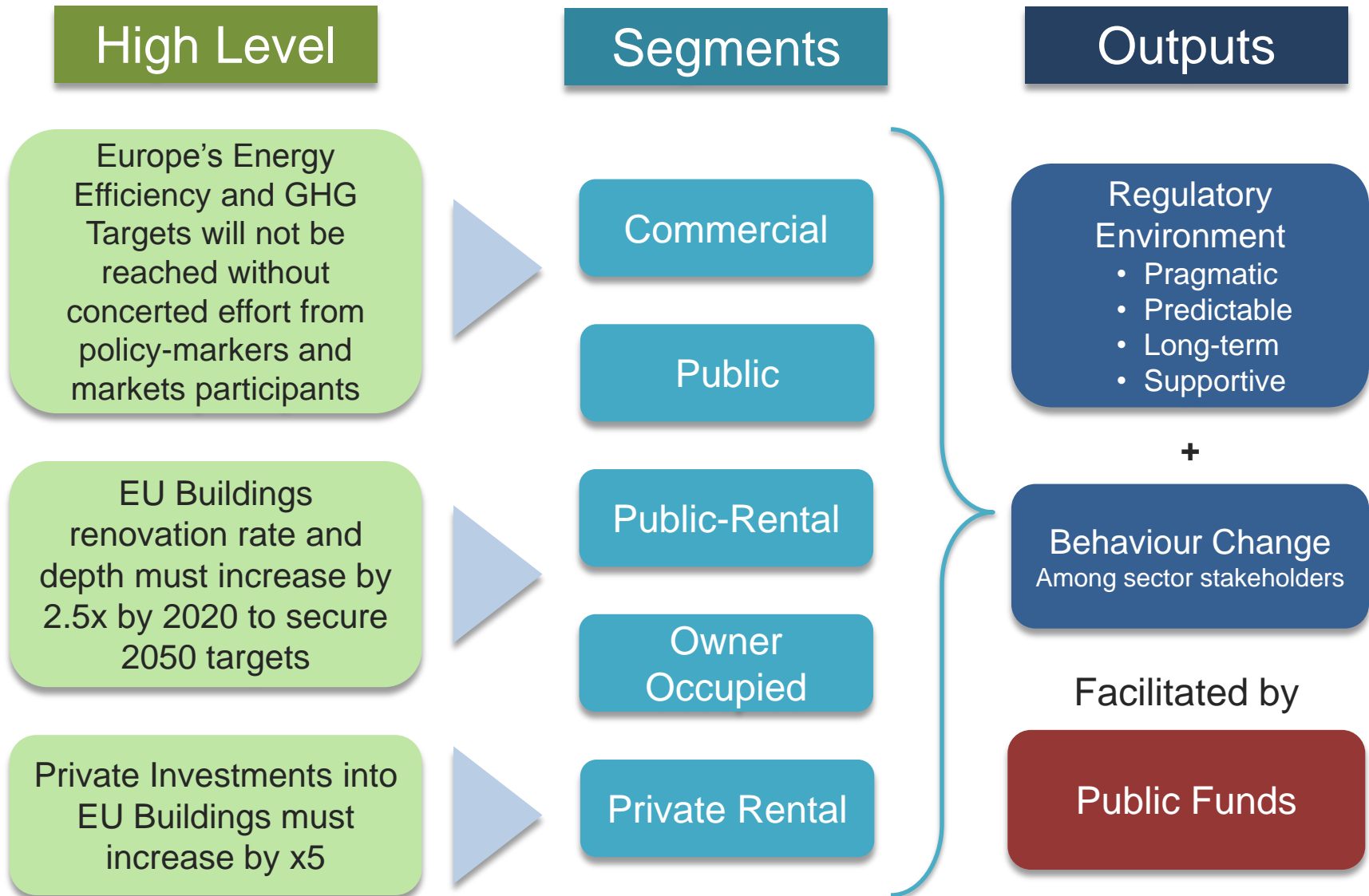


which provide a framework to
describe challenges facing energy
efficiency investing in both EU
Buildings and Industry

Imminent Challenges

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

EEFIG Method considers Different Strategies for Different Market Segments



BUILDINGS Recommendations: “Smart Finance for Smart Buildings”

Policy-led Approaches

Track A:

Standardisation and benchmarking

- 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

Track C: Aggregation for public assets

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

Track D: Aggregation for private assets

“Carrot & Stick”, Higher Priority, Clear Accounting and Development Support for Industry & SMEs

To Policy Makers

- Policy framework should positively support strong corporate **energy efficiency investment choices at key points in their investment cycle**, using a “carrot and stick” approach
- **Public resources and facilitation** should be engaged to establish dynamic and effective **systems for sharing information and technical experience**
- Ensure EU and national policies and resources are working effectively together to **drive R&D and optimal energy efficiency outcomes**
- Support the **clarification of the regulatory, fiscal and accounting treatment and standardisation of Energy Performance Contracts**
- Energy efficiency opportunity identification and investible project pipelines should be supported with **Project Development Assistance facilities for SMEs**

To Market Participants

- **Standards should be developed for the legal terms in and process to negotiate energy performance contracts**
- **Raise energy efficiency opportunities at board-level** and implement appropriate **strategic resource investments** to capture their **multiple benefits** within the **natural company investment cycle**
- **Financial institutions should more widely adopt existing “best practice” models** to stimulate client energy efficiency investments
- Encourage and support collaborative processes and consider **R&D whose objective is to reduce the cost of and improve the up-take of energy efficiency investments**

Track B: Innovative financing schemes,
capacity building and awareness raising

EEFIG 2015-2017:

Delivering Upon our own Recommendations





The screenshot shows the EEFIG website homepage. At the top left is the logo and name 'Energy Efficiency Financial Institutions Group'. A search bar is located at the top right. Below the header is a navigation menu with links: HOME, THE EEFIG REPORT, ENERGY EFFICIENCY DE-RISKING PROJECT, EEFIG MEETING CONTENT, EEFIG NATIONAL, and DEEP. The main banner features a 3D graphic of colorful house models and letters A through G. Below the banner, the text reads 'You are here: Home'. The main heading is 'The Energy Efficiency Financial Institutions Group'. The body text discusses the importance of energy efficiency investments for Europe, mentioning that buildings are responsible for 40% of final energy consumption in the EU and that there are still substantial potential savings to be made. It also mentions that EEFIG was established in 2013 by the European Commission Directorate-General for Energy (DG Energy) and United Nations Environment Program Finance Initiative (UNEP FI). A tweet from Alec Walker-Love (@ac_wlove) is displayed, mentioning that energy efficiency is costly and that the H2020 EE platform looks interesting. The tweet includes a link to a report and the hashtag #EEFIG. The date of the tweet is 10 Jan.

- Member Materials
- Reports
- De-Risking Project Info
- EEFIG National Processes
- Latest News #EEFIG
- DEEP Database

EEFIG National Processes: To “Develop a Common EE Finance Language” – 5x Pilot Countries...

1. Kick-off
Presentation of
EEFIG & Process

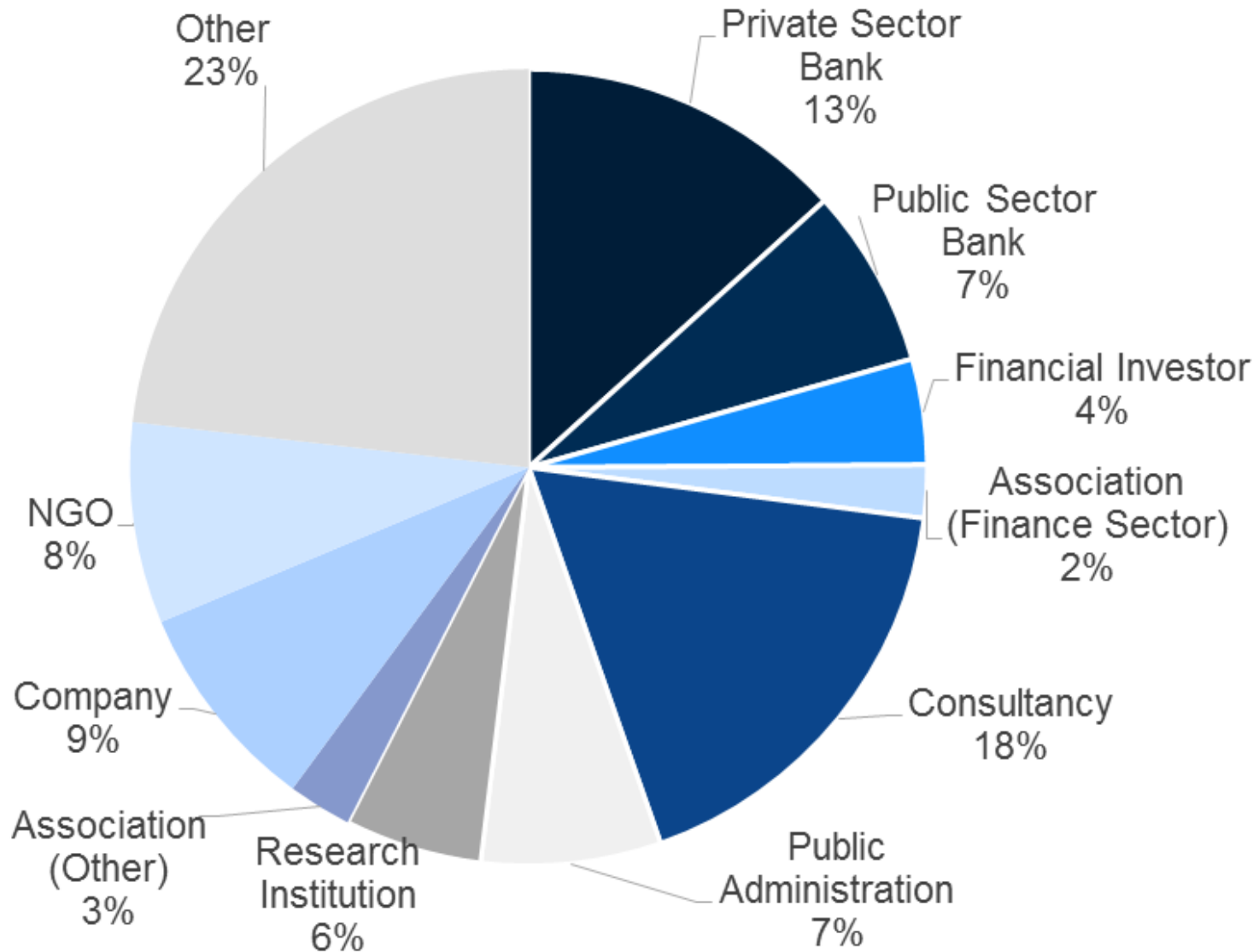
2. Launch Tailored
Online Survey

3. Analyse, Present,
Discuss and
Circulate Results

4. Final comments,
Review and
Conclude

- **3-4 month process in five Member States with 4x steps**
- **Target audience: 1/3 FIs, 1/3 Policy and 1/3 “EE Sector”**
- **2x physical meetings (target 25-50 experts)**
- **Survey in local language based upon EEFIG Methodology**
- **Critical role of local partners in EEFIG National processes:**

233 Experts Participated in EEFIG National Processes in: Germany, France, Spain, Poland and Bulgaria

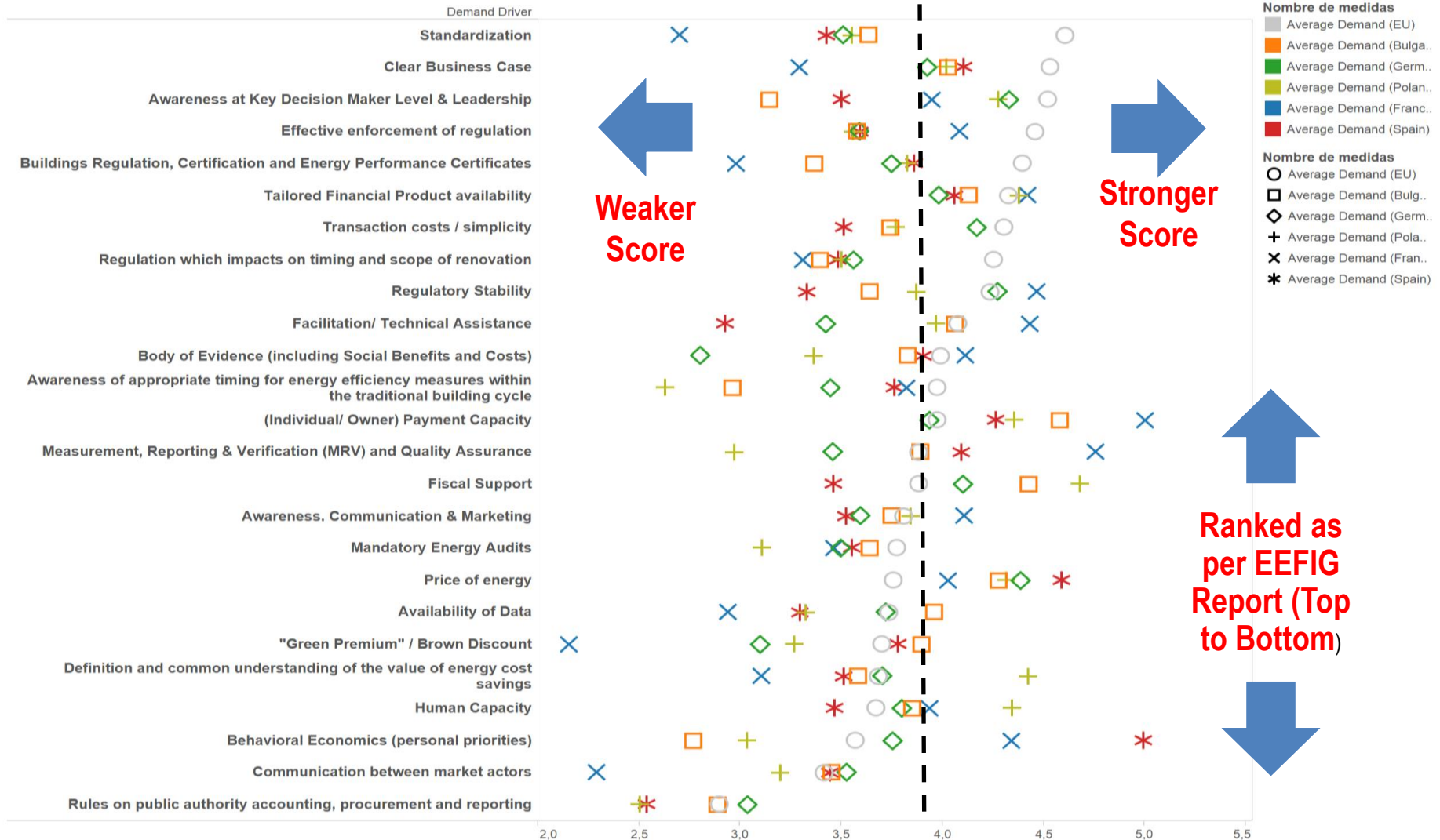


High-level Findings from EEFIG National Processes

The following key points of interest from the EEFIG National Processes can be seen from the results for Demand Drivers:

- **Significant variations between Member States and from MS with the EEFIG original (marked EU)**
- **“Policy-Centric” Drivers tended to be higher in EU-level analysis**
- **“Energy Price” and “Owners’ Financial Capacity” both among the strongest drivers of demand in MS**
- **“Tailored Financial Products” have Material Impact on Demand in MS**
- **“Fiscal Support” is a strong signalling factor in the MS**
- **Germany-Poland and France-Spain show certain similarities**

EEFIG Website Contains 40+ Graphical Comparisons of Driver Rankings and 5x Full Country Results Packages

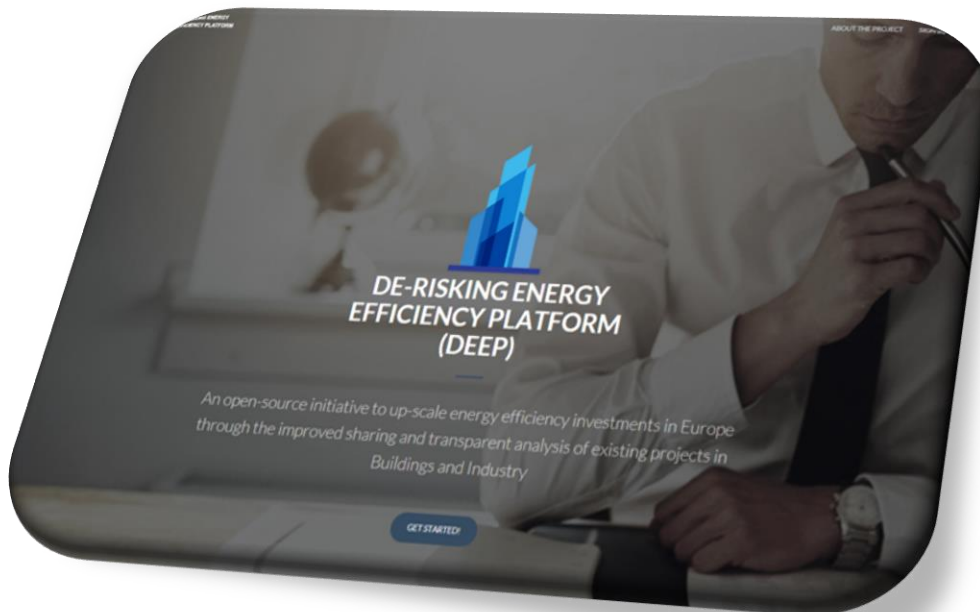


THE DE-RISKING ENERGY EFFICIENCY PLATFORM (DEEP)



The De-risking Energy Efficiency Platform (DEEP) was launched on 30 November 2016 with the Clean Energy for All Europeans package.

Since launch on 30 November 946 users from 61 countries have viewed 4,500 DEEP pages



Energy Efficiency has a Core Role in Green, Sustainable and Climate Finance: EFIG continues to remove barriers

