

# EEFIG De-risking Project

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Banks  
Finance  
people

Developers/  
Investors  
What we build

Energy  
efficiency  
people

What we have

# EEFIG - [www.eefig.eu](http://www.eefig.eu)

established by DG Energy and UNEP FI in 2013



working group for public and private financial institutions, industry representatives and sector experts

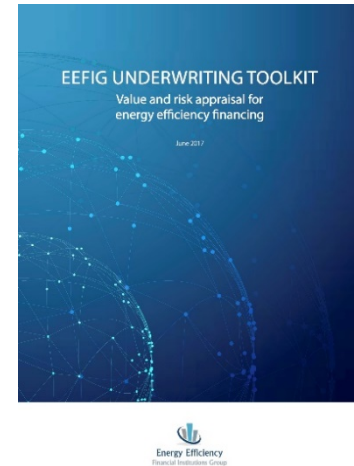
interest in overcoming the challenges of obtaining long-term financing for energy efficiency for buildings and industry

# EEFIG De-risking Project

- Underwriting Toolkit
  - Input from EEFIG members
  - Specific input from > 20 Financial Institutions

<http://valueandrisk.eefig.eu>
  
- De-risking Energy Efficiency Platform (DEEP)
  - Launched November 2016
  - > 10,000 projects and growing

<http://deep.eefig.eu>



# Financial Institutions & EE – the why?

**Four reasons** why Financial Institutions should be active in energy efficiency:

- Large market opportunity
- Risk reduction – reduced client risk through
  - improved cash flow and
  - increased asset value
- Achieving environmental objectives and CSR
- Growing interest from the regulators in climate change risks



# Financing Energy Efficiency – the how?

- Types of EE financing
  - Commercial/consumer loans
  - Green mortgages
  - Green bonds
  - Energy efficiency funds
  - Specialised energy services contracts e.g. EPCs
  - Property funds specializing in energy efficient/green properties
- Need to ensure that every day **lending incorporates energy efficiency better than BAU**, a win-win process



# The Project Life Cycle

- Developers and financial institutions need to engage early in development process
- Need to create a common process and language
- Need to standardize



# Value & Risk Appraisal - Value

## Sources of value

### Energy

- Savings
- Reduced impact of energy price volatility

### Non-energy

- Asset value
- Productivity
- Health & well-being



- Non-energy benefits can be much more strategic and attractive to decision makers than just energy savings
- Financial appraisal needs to identify and value all benefits





# Value & Risk Appraisal - Risk

- Acknowledge and understand all the risks
- Very little data linking energy performance to financial performance
- Financial institutions should tag Energy Efficiency loans and Green mortgages to enable risk analysis in future
- Better understanding of risk can bring more capital and product innovation



# Purpose of the EEFIG Underwriting Toolkit

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.

## AUDIENCES

- Banks senior management
- Valuation and risk teams
- Investors & project developers



# The EEFIG Underwriting Toolkit

#EEFIG

#EEFIGToolkit

EEFIG UNDERWRITING TOOLKIT  
Value and Risk Appraisal for Energy Efficiency Financing

A tool to assist financial institutions to scale up the deployment of capital into energy efficiency

Introduction Financial Institutions & Energy Efficiency Financing Energy Efficiency The Project Life Cycle Value & Risk Appraisal Resources

Introduction Financial Institutions and Energy Efficiency Financing Energy Efficiency The Project Life Cycle Value and Risk Appraisal Resources

I strongly recommend this toolkit to project promoters, banks, financial institutions and anyone else interested in financing energy efficiency.  
Foreword by Mihail Sărbănuș, Director General, European Commission

It will make it easier for financial institutions to carry out value and risk appraisal, for developers to attract capital, for businesses to finance projects.  
Foreword by Chris Sutherland, UK Undersecretary

Home Acknowledgements Authors DEEP Platform EEFIG

## Market reaction

*"The launch of this guidance for underwriting energy efficiency projects is greatly appreciated by the financial community. This is a useful tool which helps us better understand both the value and the risks of energy efficiency investments. This also provides a needed framework to improve our products and services and make them more competitive and attractive on the market."*

*Raiffeisen Bank Romania*

# Resources

- An on-line living document
  - Energy efficiency basics
  - Examples of financial products
  - Processes for establishing products
  - Benefits and risks checklists
  - Investor Confidence Project resources
  - DEEP

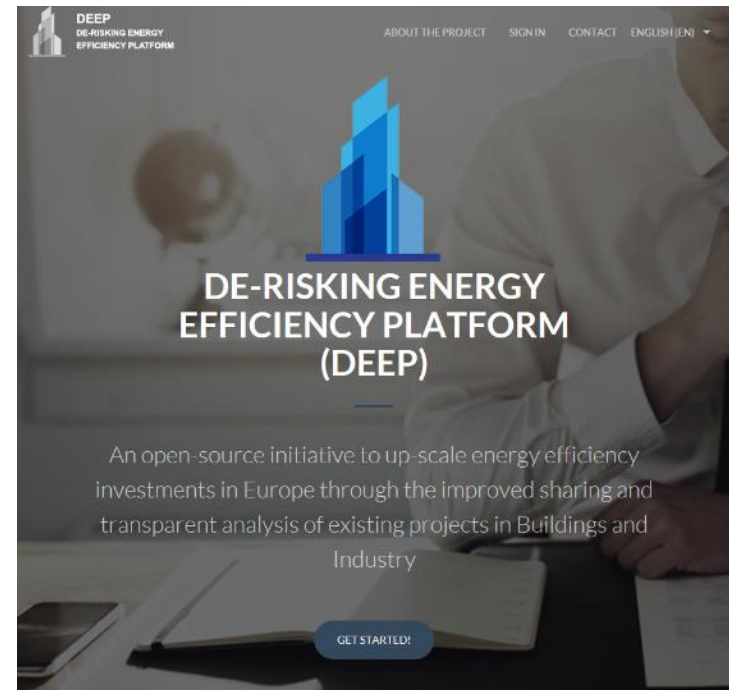
<http://valueandrisk.eefig.eu/resources>

The screenshot shows the 'INVESTOR CONFIDENCE PROJECT (ICP) RESOURCES' page. At the top, there is a navigation menu with links: Introduction, Financial Institutions & Energy Efficiency, Financing Energy Efficiency, The Project Life Cycle, Value & Risk Appraisal, and Resources. The page features a table of contents on the left with sections like 'ENERGY EFFICIENCY BASICS', 'INVESTOR CONFIDENCE PROJECT RESOURCES', and 'DEEP PLATFORM'. The main content area is titled 'INVESTOR CONFIDENCE PROJECT (ICP) RESOURCES' and includes a paragraph explaining the ICP framework, a list of benefits of IREE™, and a diagram of the IREE™ process. The diagram is divided into two main stages: 'ORIGINATION' and 'PROJECT DEVELOPMENT'. 'ORIGINATION' shows energy efficiency projects coming from various channels like public programs, energy services, utility programs, and benchmarking programs. 'PROJECT DEVELOPMENT' shows a credentialed project developer documenting projects according to ICP protocols, with icons for 'INVESTOR CONFIDENCE PROJECT' and 'DEEP'.

# The De-risking Energy Efficiency Platform (DEEP)



- An open source database for energy efficiency investments performance monitoring and benchmarking.
- Objective: to improve the understanding of the real risks and benefits of energy efficiency investments based on market evidence and track record.
- Includes 10,000+ energy efficiency projects in buildings and industry from 28 data providers (September 2017).
- Access through: <http://deep.eefig.eu>



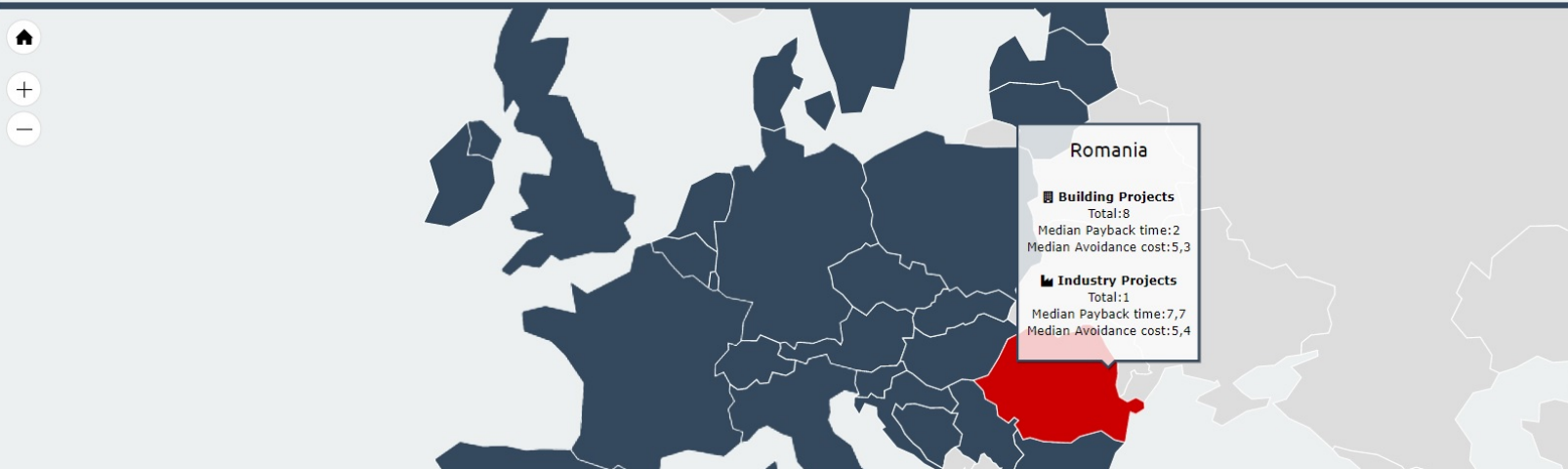
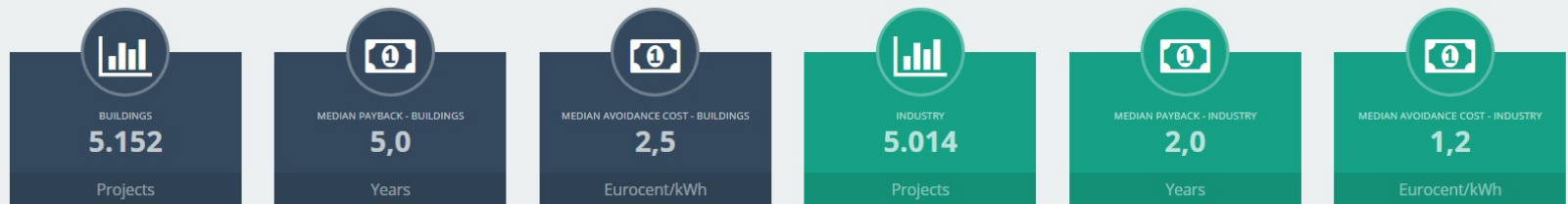


De-risking Energy Efficiency Platform

Logged in as **monica.ardeleanu**

- Key figures
- Data overview
- View charts
- Add and Manage Projects
- Analysis Toolbox
- Benchmark your Projects

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





## 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



**DEEP**  
DE-RISKING ENERGY  
EFFICIENCY PLATFORM









# Thank you...

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