

PROMOTING AND FINANCING ENERGY EFFICIENCY IN IRELAND AND THE UNITED KINGDOM



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As part of the "Smart Finance for Smart Buildings" initiative, the European Commission is organising a series of "Sustainable Energy Investment Forums" to enhance the capacity of and co-operation between public and private stakeholders to develop large-scale investment programmes and financing schemes. The SEI Forums will consist of more than 30 events in up to 15 Member States in 2016-2019; information on past and upcoming events can be found on the [SEI Forums webpage](#).

BACKGROUND TO THE EVENT

Accelerating investment in sustainable energy is key to meet the objectives of the Energy Union and support the transition to a clean energy system. This will bring significant benefits for all European citizens and companies in terms of jobs and sustainable growth, lower energy bills, health and security of energy supply. The European Commission's recent communication on Clean Energy for All Europeans highlights the Energy Efficiency First principle, and establishes the Smart Finance for Smart Buildings initiative, which includes practical solutions to further unlock private financing for energy efficiency and renewables in buildings.

The Smart Finance for Smart Buildings initiative is structured under three main pillars:

More effective use of public funding: the event presents successful experiences of innovative financing schemes using public funds to leverage private finance for energy efficiency.

Aggregation and assistance for project development: the event features projects developing an investment pipeline at local and regional levels, supported by European funding programmes.

De-risking energy efficiency investments: the event presents the key initiatives in Europe which contribute to better understand the risks and benefits linked to energy efficiency, reduce transaction costs and standardise assets in order to facilitate access to the capital markets.

This event aims to engage policymakers and stakeholders in an informed discussion on ways to upscale energy efficiency investments. This includes sharing best practice on how to reach out to and engage SMEs in thinking about energy efficiency investments and presentation of the opportunities for unlocking the potential for energy efficiency investments in Ireland and the UK. Speakers will focus on practical experience and the event will allow ample time for debate. The conference will have plenary sessions as well as two smaller interactive sessions in order to enable more detailed discussions on respectively financing energy renovations in buildings; and financing energy efficiency in SMEs.

Copies of the presentations from the event can be found at:

<https://ec.europa.eu/energy/en/events/promoting-and-financing-energy-efficiency-ireland-and-united-kingdom>

WELCOME



Jim Gannon – Chief Executive Officer, Sustainable Energy Authority of Ireland

The built environment is a key sector to address, there is a leveraged impact of improving the built environment. Swift progress is needed in delivering renovations and there is a need to get the financial sector on board, hence part of the event.

Improved understanding of consumer demand and the importance of trust and confidence in driving consumer demand is needed, in order to support any financial product. Demographics has a role to play in understanding differences amongst the population and what they might require and how they might respond to messaging about energy efficiency. Consumer choice meant that householders are weighing up the decision to either retrofit their home, or for example to improve their gardens. There is a significant challenge to bring energy efficiency to the top of people's agendas, in particular at the present time given Brexit worries in the SME sector.

Energy efficiency is a complex market. It may not be as commoditised as we would like, but we will get there.

Joint working with the UK Department for Business, Energy and Industrial Strategy (BEIS) is very welcome and SEAI look forward to ongoing close cooperation.

PLENARY SESSION 1: EUROPEAN AND NATIONAL POLICY CONTEXTS

EUROPEAN POLICY OVERVIEW

EU Clean Energy for all Europeans policy package and its Smart Finance for Smart Buildings initiative



Paul Hodson, Head of Unit Energy Efficiency, DG Energy, European Commission

For Europe as a whole, economic growth and carbon emissions have been decoupled, and this holds true in spite of the economic crisis. From 2005-2014, lifestyles were pushing up energy consumption, but that has slowed. Policy is not harming growth, less than half of the energy savings delivered were from the industrial sector, others have played their part.

Home appliance replacement and emissions standards on cars are delivering currently, the desired levels of emissions reductions are being achieved and there isn't a financing problem.

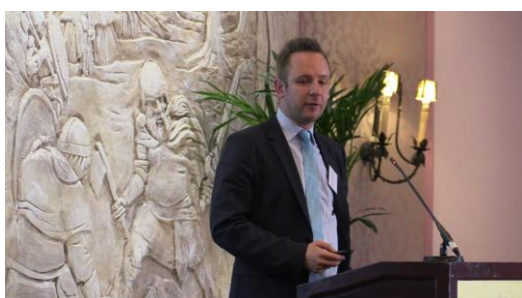
However, under European Commission proposals put forward as part of the [Clean Energy for All Europeans package](#), the same levels of energy saving will be needed again in 2020-2030.

More and more product based options are coming to an end. Companies have money, but they need to use it to update production lines. Organisations will look at discount rates and for projects with payback periods of 2, 3 or maybe up to 5 years.

A new approach is needed to financing therefore, for three reasons:

- Energy efficiency projects are small and diverse and not understood by the financial community. They can however be aggregated.
- Secondly, energy efficiency investments are not well understood. We need additional tools and work to help the finance sector understand risks (and non-risks).
- Thirdly, public money should be used not to pay for energy efficiency improvement measures directly, but to help markets grow. Greater leverage is needed and newer forms of financial instrument can be more widely deployed.

Mobilising the financial sector on energy efficiency



Martin Schoenberg – Energy Efficiency Project Coordinator, UN Environment Finance Initiative

A factor eight increase in energy efficiency is needed to stay on a 2 degrees centigrade global temperature rise pathway and to meet Paris Agreement commitments. The highest untapped potential in the energy efficiency market is still in the buildings sector.

It can be hard to track energy efficiency investment, in part since some of it is an integrated component of building renovation, but the rate of energy efficiency deployment is growing. For example in China, savings from energy efficiency are roughly on a par with renewable energy growth. In this case, these are mainly industrial energy efficiency improvements.

UNEP-FI are mobilising the financial sector and has produced the [G20 Energy Efficiency Investment toolkit](#). An overarching policy was adopted in 2015 and the energy efficiency leaders programme started 2016. UNEP-FI are tracking progress towards goals and delivery against a set of investment principles. The toolkit links public and private investment – unprecedented levels of collaboration between the two are needed. 120 banks from 40 countries are already involved in the initiative. UNEP-FI are mobilizing institutional investors, who have \$4 trillion of capital being channeled into energy efficiency investments. Development banks also have a role, in monitoring progress on energy efficiency as well as funding energy generation related projects. UNEP-FI are using their regional roundtables to reach out across the financial sector.

NATIONAL OVERVIEWS FOR IRELAND AND UK

Strategy for energy efficiency investments in Ireland



Kevin Brady – Principal Officer, Department of Communications, Climate Action and Environment and SEAI Board Member

Ireland set out its ambition in the [Climate Action and Low Carbon Development Act](#) of 2015 and there has been a cabinet meeting on the issue, that was convened by the new Taoiseach. Over 100 actions

were included in the Act and many relate to the work of the Sustainable Energy Authority of Ireland (SEAI), including their central role working with business.

Ireland has also completed the 2017 update of its National Energy Efficiency Action Plan ([NEEAP](#)). This identifies the key leadership role for the public sector. There will be a key contact in each public body for energy efficiency. Against a 33% public sector energy efficiency target for 2020, 21% has already been achieved.

There is also the [Ireland Energy Efficiency Fund](#), with €70 million of funding - 50% from Government and 50% from private funding. This has not been drawn down to the extent envisaged.

A consultation exercise had been conducted on non-domestic building regulations and responses are being analysed currently. The potential savings here present a key opportunity and not just on new build, but also in the existing building stock. The new excellence in energy efficient design programme ([EXEED](#)) is offering grants of up to €250,000 to embed systematic approaches to design, construction, and commissioning processes for new investments and upgrades to existing assets. This is supported by the [Accelerated Capital Allowances](#) scheme, designed to make it easier for building managers to make a business case for energy efficiency equipment.

The Renewable Heat incentive includes a set of energy efficiency criteria and in general, DCCAE are taking a fabric first approach. The Irish national [long term renovation strategy](#) has identified 6TWh of energy savings potential, but significant investment will be needed to deliver that.

For the commercial sector, a consultation exercise will be held in the coming weeks, aimed at identifying key elements to explore.

Strategy for energy efficiency investments in the UK



**Ioannis Orfanos – Business Partner,
Department for Business, Energy & Industrial
Strategy**

Market barriers to energy efficiency finance uptake are similar in many developed markets, typically misaligned incentives, lack of standardization and robust benchmarking in measurement of efficiency gains. At the same time, the energy efficiency projects are generally ~~and~~ small with diverse contractual terms and therefore difficult to bundle together and aggregate to create large scale consistent and financially scalable portfolios of projects. Standardization will be ~~is~~ key and will need to focus on aspects such as procurement and contracting, monitoring and verification processes

~~For~~ In the UK non-domestic energy efficiency market, customers were focused on easier to deliver, shorter payback and low hanging fruit energy saving projects such as lighting, behavioural change and boiler replacement. The majority of projects are own financed. Market evidence from the suppliers of energy efficiency services and products highlights as an important prevailing barrier to growth lack of customer interest and thus demand.

A legislative initiatives to stimulate demand in energy efficiency is the [Minimum Energy Performance Standards](#) regulation that will affect all domestic and non-domestic properties in 2018. From April 2018 it will not be possible to agree a new lease (or lease renewal) for a commercial or residential property with an Energy Performance Certificate (EPC) rating below an E. 18% of the current UK non-domestic stock is currently rated lower than E in terms of energy performance. From 2023, this will apply to all non-domestic property (included properties with existing leases).

For non-industrial businesses, energy is typically a small part of their considerations. Efforts to engage them in energy efficiency retrofitting should consider occupants health, wellbeing and productivity enhancement benefits not just a building's energy savings.

In the domestic sector, UK Government is involved as an example in the [LENDERS](#) project, led by the UK Green Building Council, which is bringing together mortgage lenders to discuss and implement green mortgage products with more competitive rates.

Addressing energy efficiency investment challenges is not easy. There is a need to accelerate demand (with the help of Government schemes), to aggregate and standardise a project pipeline, and to improve project implementation and ensure market based financial instruments are in place.

UNLOCKING THE ENERGY EFFICIENCY OPPORTUNITY

Unlocking the energy efficiency opportunity in Ireland



Jim Scheer – Head of Department, Low Carbon Technologies, Sustainable Energy Authority of Ireland

Finance is one of the identified barriers to energy efficiency, but should be viewed in the context of a range of other potential barriers. SEAI have looked at the scale of the energy efficiency challenge facing Ireland and have undertaken a building stock survey on commercial and public buildings. This looked at technical emissions reduction potential as well as the economics of this. SEAI also wanted to explore consumer behavior in more depth too.

There are 110,000 buildings in the Irish commercial building sector stock. The energy savings potential in the commercial sector is around 6 TWh, or 35% of energy demand in that sector, and all of that is cost effective. Work was done on packages of measures, rather than assessing them individually, and this aided the cost effectiveness through cross-subsidy.

A decision making framework was developed and SEAI have looked at how Government policies can help pull levers to make improvements. There is always likely to be a group of energy end users for whom legislation is needed. The role of facilitators in the renovation market is important, and they are starting to look at that more. Awareness and engagement on energy efficiency in the commercial sector is low though, with only 3% of those surveyed saying that they wanted more information.

Those companies that are more likely to consider renovation are those that own their own buildings, that have had a recent renovation and are typically larger organisations. Decision frequency is also important, for deep retrofit, improvements would typically be considered once every 10 years or so.

Policy design can help raise the priority of energy efficiency for these companies by bringing forward clear, accessible offers, by considering payback periods and aligning with business decision making cycles and incorporating demand side measures.

Energy Efficiency Financial Institutions Group



Peter Sweatman – EEFIG Rapporteur, Climate Strategy & Partners

The Energy Efficiency Financial Institutions Group (EEFIG) is aiming to increase EU energy efficiency investment. Their landmark [report](#) in 2015 identified three blocks of challenges. The first block, on driving demand and managing uncertainty remain salient points. As part of the third block of challenges, on accounting, financial

and optional scope challenges, the revisions to the public accounting guidance on energy performance contracting by Eurostat is very welcome. The EU's [High Level Expert Group on Sustainable Finance](#) has also identified that the biggest gap on energy efficiency is around energy efficiency in buildings. Ongoing work includes looking at what regulatory issues are missing or lacking and these gaps can be fixed.

On de-risking energy efficiency investment, the [EEFIG underwriting toolkit](#) has been completed and the De-risking Energy Efficiency Platform (deep.eefig.eu) database has been established. The banking sector is very diverse and the underwriting toolkit is split by type of questions from a financial institution's point of view. Currently, Ireland has only 179 projects on the DEEP database on buildings and only one on industry. Resources are available to help with uploading data and the submission of additional information would be very welcome. So far, only 12% of buildings projects on DEEP contain information on multiple benefits or green value, there is scope for this to be improved.

EEFIG are moving on to thinking about green tagging of buildings and refining work on the understanding of risk.

Support available from the European Investment Bank



Reinhard Six – Energy efficiency and Small scale energy projects team, European Investment Bank

The European Investment Bank (EIB) lend across a wide portfolio, including renewable energy supply as well as energy efficiency. Their energy efficiency lending is mainly dedicated to improvements in buildings. EIB products fall into

one of three sectors; lending, blending and advising.

On particular products and services:

European Fund for Strategic Investments ([EFSI](#)), the “Juncker plan”. The EU is using the fund to boost investments in Europe, with a target of €350 billion of investment. Around half of that has been delivered so far. The fund allows entry into more risky projects.

The [European Investment Advisory Hub](#) is aiming to improve quality of projects coming forward and provides a single entry point for advisory support.

On [ELENA](#), Tipperary Energy Agency will use ELENA funding for super homes work as well as renewable energy in small industry. ELENA funds can support additional staff for pulling together project pipelines and running tender processes.

Some banks have already signed up to the [Private Finance for Energy Efficiency](#) (PF4EE) initiative, but there isn't yet work being taken forward in Ireland. Activity here could help the energy efficiency sector.

[FI-Compass](#) is directed towards structural fund managing authorities and is being used successfully by some Member States to blend structural funds with other forms of financial support.

Overall, energy efficiency is a priority for the European Investment Bank and Technical Assistance support is available.

PLENARY SESSION 2: MAKING THE ENERGY EFFICIENCY MARKET INVESTABLE

Standardisation for Energy Efficiency Investment – The Underwriting Guide and the Investor Ready Energy Efficiency Standard



Steve Fawkes – Managing Partner EnergyPro & ICP–Europe

Global investment in energy efficiency has been estimated at totaling \$231 billion in 2016. If we are to achieve climate targets, then this needs to scale by at least a factor of five.

Just providing finance is not enough, there are other barriers to be overcome. There is a language barrier between project developers and financiers. We need to assemble the pieces of the jigsaw of energy efficiency finance; capital (development & project finance), building pipelines, standardisation & building capacity in the finance sector, the supply chain & the demand side.

The lack of standardisation in energy efficiency is a problem – standardisation is the central DNA of all markets. The lack of standardization increases performance risk, adds uncertainty and increases transaction costs.

The [Investor Confidence Project](#) and [Investor Ready Energy Efficiency](#) (IREE) standard have been introduced to reduce owner and investor risk, to enable aggregation and to lower due diligence costs. The output of the work is the IREE label, which acts like a quality mark for an individual project. IREE exists for buildings and apartment blocks. Additional EU Horizon 2020 funding support is being used to develop protocols for industry, district energy and streetlighting projects. There is a network of 250 support organisations across Europe and an investor network that covers about €400 billion of European capital. There are also networks of project developers and quality assurance providers.

Standardisation should include standardising the understanding and appraisal of risks and value. This appraisal should include multiple benefits. EEFIG has developed an Underwriting Toolkit to help financial institutions appraise value and risk and better understand the EE finance market. Data is important to underpin this, and for car loan and mortgage data large datasets are available. We are still building datasets to provide benchmarks and allow the assessment and the De-risking Energy Efficiency Platform ([DEEP](#)) database has an important role to play here.

The pieces of the energy efficiency finance jigsaw can be put together to build a bridge between institutional capital and energy efficiency projects, many of which may be economic but are not necessarily currently investable.

Investing in energy efficiency: a UK and Irish perspective

Shane Slater – Director, Element Energy

Activity on improving energy efficiency in buildings needs to sit in an even wider context - comfort and wellbeing are important alongside energy efficiency considerations.

Legislation can be a useful driver of action, for example as was the case with amending building regulations to require the fitting of condensing boilers in homes in the UK. But it is also possible to misinterpret your audience, following the introduction of green deal there was a 97% drop in cavity wall insulation installation rates in the year after its introduction.

Element Energy have been involved in analysis of [energy savings potential in Ireland](#). Research has found that the cost effective primary energy savings potential in Ireland is over one third of national energy consumption. For commercial building retrofits, when payback periods are set to less than five years, 82% of the theoretical energy saving potential is lost. Clients are likely to be asking for less than five years payback. There are also multiple steps in the decision making framework and high attrition rates between steps, because people and organisations are not aware of the drivers and benefits for energy efficiency, or they don't care.

Energy efficiency for electricity represents a very different problem than energy efficiency for heat. The installation of low energy lighting, pumps and fans is a very different proposition from renewing heating systems. Incentives seem to work on the electricity measures, but don't seem to work so well on the heat side of things.

On market demand, there is a need to push a lot of people towards energy saving opportunities, using trigger points such as building leasing. Data is important and for smart financing, a portfolio of assets (including grid balancing and demand side measures) will force instrumentation of buildings.

This wider context is important. Energy efficiency sits within wider and larger transformative signals around embedded generation and increasing flexibility within energy markets and systems.

Sustainable Energy Asset Evaluation and Optimisation Framework (SEAF)



Jessica Stromback – Chairman, Joule Assets Europe AB

[SEAF](#) is until February 2018 an Horizon 2020 supported project. The idea behind the project was to build an IT tool to help overcome barriers to energy efficiency finance and to go down the route of becoming commercially viable.

Joule Assets recognized that there is a big disconnect between projects that are seeking funding and the funds that are in place. Also that a lot of that has to do with packaging. Banks are used to investment in infrastructure. This led to the overarching question – “What if all viable projects could really access money?”.

Tools produced as part of SEAF help overcome some of the investment barriers by creating an investment grade pro forma and generating information on Internal Rates of Return and giving advice on the types of finance that may be most appropriate. Members of the SEAF team also engage with SMEs to review their contracts. The team work with ICP and can use their standards, which can result in discounts on project insurance.

SEAF currently has €33 million in projects that are looking for finance and are trying to help the supply and demand sides meet.

Typically ESCo project sizes are below usually investable bundles. SEAF is looking to create umbrella contracts and Special Purpose Vehicle contracts. They have six funds that are looking to create SPVs and these will each bundle a similar set or group of projects.

Panel Discussion – Is financing for energy efficiency becoming mainstream?

On the question of what the required unprecedented levels of cooperation between public and private sectors that is needed might look like, panelists agreed on the use of guarantee funds, rather than direct grant funding support for renovation measures.

Panelists also agreed on the usefulness of Project Development Assistance (PDA) support, in particular for aggregation, but some cautioned against a step by step approach rather than one off deep retrofit programmes. Panelists also noted that more and more investors are recognising the value of the Investor Confidence Project, but that there is more to do. The Investor Ready Energy Efficiency (IREE) label is useful in cooperation with insurance companies.

When asked whether there is a market-driven market or a plan of work for energy efficiency, Panelists commented that banks asking the right questions is the right intervention point and that clear regulatory frameworks really do help. The EEFIG underwriting toolkit helps make it clear why banks should care about energy efficiency.



PARALLEL SESSIONS

A. FINANCING ENERGY RENOVATIONS IN BUILDINGS

Moderator: Albert Jordan – Assistant Principal Officer, Department of Communications, Climate Action and Environment

Financing Energy Efficiency – a financiers perspective with case study from Ireland



Paul Kearney – Associate Vice President, Susi Partners

SUSI is split into three funds; A classic renewable energy fund, an energy efficiency fund and a storage fund. Their energy efficiency fund is a debt product and provides debt finance across the Eurozone. To date, €130 million has been deployed across the Eurozone and the fund is the largest on energy efficiency operating

in Europe. Deals have been closed in 6 Member States. Over 60% of the portfolio is in LED lighting.

Customers are not always interested in financing energy efficiency by themselves, and banks are not always ready to customize their products. Project aggregators are needed, ESCos, who can refinance projects through tranches or portfolios.

The example of UrbanVolt was given, an ESCo who look after Installation, maintenance and servicing and collection of payments. SUSI provide project funding and take over project risk. The risk is insured (technology and project insurance) and energy savings can be insured too. This approach can be replicated across EU markets and is highly scalable.

Conclusions for energy efficiency practitioners and policy makers: standardization and bundling are important. Energy efficiency is a service industry. Banks will not solve the energy efficiency market's investment shortfall. There is a need to move away from Energy Performance Contracting to availability contracts that include a service element. ESCOs need to invest in project contracts. Market solutions are important. Eurostat have gifted the European public sector a golden opportunity. The public sector should be leading by example and should be doing more.

Regional one-stop-shop centre for the renovation of buildings – experiences from the RenoWatt project in Belgium



Erika Honnay – Project Director, GRE Liege

GRE Liege are concerned with job creation and are not a specialist energy agency, but had been thinking about project bundling and looking at energy saving potential in buildings. A one stop shop was created and eleven

organisations/buildings entered into a joint project and one hospital.

It was decided to apply for EU technical assistance funding to bundle municipalities together. The project worked using €2 million of [European Energy Efficiency Fund Technical Assistance](#), with an expected multiplier of 29. Larger local authorities typically have a team who can deal with these issues, but smaller ones do not. In the end, Energy Performance Contracts for around €60 million were established, with €36 million of capital expenditure. The programme worked on job creation within the region and had a focus on training delivered within the project.

Local authorities who want to join have to accept to join the tendering agency, to work under Energy Performance Contracts and to group the buildings into pools.

The project, [Renowatt](#), decided to finance the energy performance contracts through debt, on the balance sheet of the municipality. At the time, Eurostat guidance led this way and it is cheaper to finance something that way. Contracting is best considered by the municipality or energy agency, a trusted mutual body is needed, rather than relying on perceived vested interests from within the ESCo sector. RenoWatt is neutral and public, they sit in between the ESCo and the public sector.

Communication is important, to overcome any potential lack of trust from local authorities.

Commercial Value from Energy Efficiency Retrofitting



Tim Mockett – Managing Director, Impax AM

Impax invest in assets that they take from brown to green, making them more resource efficient. A key part of the work that they do is to prove that work on energy adds value to properties. Their work is focused on project with shorter payback periods (typically 2-3 years).

The key point of the presentation is about benchmarking. Across Europe, Energy Performance Certificates are in place. But globally, Impax consider that NABERS is the best model, in Australia these ratings have been transformational. Melbourne is typically operating at about half the level of energy use per square metre of floor area than London.

One example from the City of Birmingham, UK, was given with a 63% reduction in carbon emissions over four years and with an improvement in the energy efficiency rating up to Energy Performance Certificate band C. Display Energy Certificates are making use of real hard data on building performance and making this visible.

There is a challenge in evaluating the return on investment, and in distinguishing performance improvement as against movements in the property market. Impax have undertaken a median analysis over 30 years of data from similar buildings in Birmingham. This demonstrated that the project had delivered an 11% change in real disposal price.

Future trends will include a move to app based solutions for buildings. Landlords and tenants will be able to share building heating and cooling data, down to zonal level.

Supporting energy efficiency investments in commercial real estate – Better Buildings Partnership Acquisitions Sustainability Toolkit and REEAB



Abigail Dean – Head of Sustainability, TH Real Estate (BBP Member)

The [Better Buildings Partnership](#) (BBP) has 28 members representing £100 billion of assets under management in the UK. BBP members felt that sustainability was not being taken on board during the acquisitions process and so opted to develop an [acquisitions sustainability toolkit](#). The toolkit provides a sustainability investment checklist and a proposed 100 days plan, working in partnership with property managers. The toolkit goes wider than just energy considerations and also includes for example flood risk and land contamination.

The toolkit also includes a real estate environmental benchmark, which looks at a wide range of buildings and benchmarks their operational data. Properties are grouped and BBP publish good (top 25%) and median benchmarks. This enables others to see how their own properties perform against that benchmark.

TH Investment think that there is a real investment imperative. Different funds have different risk appetites and need to be able to identify building performance, so that efficiency can be improved where needed. TH have an energy intensity target – a 30% reduction by 2030 (on a 2015 baseline). There are now many funds interested in investing in line with the Paris Accord.

When it comes to the Acquisitions Toolkit, TH are looking at the churn of properties in their investment portfolio and implications for their own targets towards the 2030 goal.

B. FINANCING ENERGY EFFICIENCY IN SMES

Moderator: Majella Kelleher – Head of Energy Demand Management, Sustainable Energy Authority of Ireland

Financing Options



John Madigan – Head of Products, Strategic Banking Corporation of Ireland

The Strategic Banking Corporation of Ireland (SBCI) was set up to source low cost long-term finance from multilateral finance providers and state resources. It is seeking to improve access to finance and to help grow markets for smaller credit providers. SBCI is effectively an intermediary – taking funds from the European Investment Bank, KfW in Germany and others and on-lends to retail banks and new entrants into the SME lending market. Through guarantees and other mechanisms, SBCI is helping to overcome key barriers to SME financing in the Irish market. To date €855 million of lending has been supported to over 21,000 SMEs. A

variety of mechanisms have been used to support SMEs, but current instruments are term lending, leasing, credit guarantee schemes and microfinance Ireland.

SME outreach in Scotland

Warren McIntyre – Business Support Programme Area Manager, Zero Waste Scotland

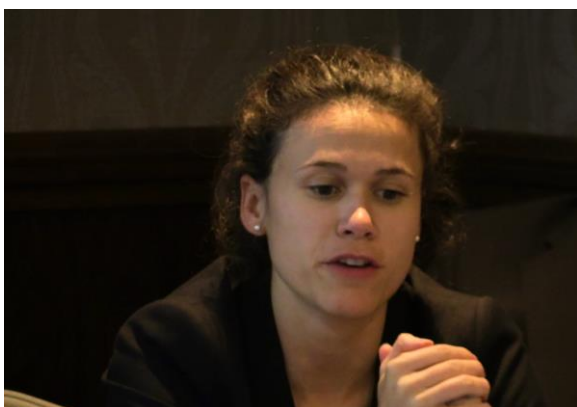
Zero Waste Scotland are managing Scotland's Energy Efficiency Programme (SEEP) with €500 million to be spent over 4 years on transforming energy efficiency and heating in buildings in Scotland. Two pilots are underway, one on integrated area based approaches and one on developing Local Heat and Energy Efficiency Strategies.

As part of the Resource Efficient Scotland programme, specific support to SMEs is available. This includes access to specialist advice and on-site support. 730 businesses have been audited and this work identified utility bill savings of £10,000 per business. The work also identified barriers to action by SMEs. Lack of time is considered the biggest barrier to SME action on energy efficiency.

Through the programme, interest free loans of between £1,000 to £100,000 were made available to Scottish SME's to purchase energy efficiency equipment. SMEs accessed £8.5 million thanks to the initiative, which brought £203 million of lifetime bill savings 1 million tonnes of CO₂ savings.

The conclusion of the initiative is that support to SMEs is very resource intensive and often only one to one support stimulates action in SMEs.

Support and Training for Excellent Energy Efficiency Performance, the STEEP project



Nicoletta Favaretto – Project Officer, EuroChambres

The STEEP (Support & Training for an Excellent Energy Efficiency Performance) project ran from 2014 to 2017 and aimed at providing SMEs with training and guidance on energy management tools and practices to reduce their energy consumption. The project supported 600 SMEs and delivered capacity building for local chambers of commerce and industry, who are seen as trusted partners of

SMEs and can be key in encouraging, supporting and delivering action on energy efficiency. Across the 10 EU Member States involved 91% of SMEs had an Energy Management Plan in place. The project triggered over (please delete "over") €5 million of investments, mostly funded via companies own resources and national and regional funding mechanisms. On average 10% energy savings were achieved.

SME Outreach and finance in England and Wales



David Reilly – Head of Cities and Regions, Carbon Trust

Carbon Trust have worked with over 75,000 small businesses and over the last 12 years have provided interest free loans to SMEs (£170 million). These have been backed up by around 12,000 energy assessments and extensive support programmes. Specific schemes are available, for example interest free loans in Wales. Carbon Trust have

worked with and through suppliers that promoted the Carbon Trust scheme and around 50% of loans were taken up as a result of referral from technology suppliers. In order to be successful, schemes need smooth and simple application processes, and it is important to emphasise the wider benefits of energy efficiency to SMEs, including a focus on jobs and business resilience and continuity amongst other co-benefits.

CLOSING PLENARY SESSION

Moderator: Jim Gannon – Chief Executive Officer, Sustainable Energy Authority of Ireland

Short report from the parallel sessions by moderators

Session A – Albert Jordan

1. Key themes that emerged were on standardisation and replication and their role in de-risking energy efficiency investments.
2. Energy efficiency adds a real demonstrable, bankable value to projects. This is something that we need to find a way to communicate more clearly.
3. The recent Eurostat guidance on accounting for energy performance contracts was described by one participant as a “generous gift”. It has been great to see the high level of progress on this issue. It will be interesting to see how it plays out on the ground.

Session B – Majella Kelleher

1. The key message that emerged was on the disparity of the SME sector and the fact that this makes it challenging and expensive to intervene. Awareness raising, training and peer to peer support were all needed and this implied that public funds would be needed to address the sector. Resilience and job protection were key for SMEs.
2. The barriers identified were consistent across all presentations. Access to low or zero cost finance, grants and loans. The lack of available time, technical skills, management support and funding. Finance is not enough on its own, the other enablers of action need to be addressed too.
3. There may be opportunities though supply chains to bring SMEs along on an energy efficiency improvement pathway.

Reaction from panel

Chaired by: Jim Gannon – Chief Executive Officer, Sustainable Energy Authority of Ireland

Paul Hodson – Head of Unit, Directorate–General for Energy, European Commission

John Madigan – Head of Products, Strategic Banking Corporation of Ireland

Martin Schoenberg – Energy Efficiency Project Coordinator, UN Environment Finance Initiative

Tom Bastin – Senior Policy Official, European Strategy and Energy Efficiency, Europe Directorate, Department for Business, Energy & Industrial Strategy

If there were one or two buttons that could be pressed tomorrow to overcome barriers that exist in the energy efficiency market, which would the panel choose?

Tom Bastin: Five or ten years ago, the debate would have been about where the money was. Now, it seems to be about demand not coming forward. One thing that he would change would be the value that we attach to energy efficiency. There is more that can be made of the multiple benefits – while policy makers are looking at energy saving and carbon targets, for many project developers the outcomes are around increased comfort and asset value increase.

Paul Hodson: Would change two things. Firstly, we can't run society on three year payback periods. There are whole swathes of society that run on sensible periods for payback. This doesn't seem to have reached householders or businesses on energy efficiency. Secondly, in the renewable energy field, there is a rich and interesting academic debate, which feeds policy discussions. We are only beginning to get a similar volume of academic work on energy efficiency, and would like to see more academic work on what works on energy efficiency, and in particular, what works in certain Member States.

Martin Schoenberg: We should be doing more to capture the multiple benefits of energy efficiency in the value of properties. This feeds through to certification. There is also scope to reconsider the role of financial institutions, typically banks. Banks act almost as mass manufacturing facilities and hidden energy efficiency markets need to be brought into view. This would help establish energy efficiency as core business.

In further discussion, panelists agreed on the important role of data and databases such as DEEP in facilitating benchmarking, evaluating any performance gap and in drawing together work across multiple EU Member States. This should include evaluation of where projects have not been successful too. Ultimately, such tools should be driven by real world in use performance data from sensors and smart meters.

The role of business' input to these types of discussions on energy and energy efficiency was discussed. There was agreement on the success of some instruments, such as the EU SME instrument in securing that engagement.

Panelists also agreed on the need to use the right policy instruments and to set the levels right when it comes to carbon pricing and on the need for partnership between Member States when it comes to target setting and implementation.

