

# The DEEP database and EEFIG value and risk appraisal framework

Energy Efficiency Financial Institution Group (EC DG Energy, UNEP FI)

## Energy Efficiency Financial Institutions Group (EEFIG) – Background information

- **The Energy Efficiency Financial Institutions Group (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 work platform for public and private financial institutions, industry representatives and sector experts to identify the barriers to the long-term financing for energy efficiency and propose policy and market solutions to them
- **EEFIG has engaged 120 active participants from 100 organizations, including significant representation from financial sector**
- In February 2015 EEFIG presented its landmark report "**Energy Efficiency – the first fuel for the EU Economy: How to drive new finance for energy efficiency investments**" which provided a significant advance in the understanding and knowledge about the issues of energy efficiency financing
- In 2015, five national EEFIG processes were launched taking the EEFIG methodology and results and replicating them at national level in Germany, France, Poland, Bulgaria and Spain
- In 2016, a consortium was formed to pursue EEFIG's conclusions and create an evidence base that would de-risk energy efficiency investments for a new and emerging number of financial institutions entering this market

## Energy Efficiency Financial Institutions Group (EEFIG) – Recommendations

### MARKET ACTIONS

- Improvement of buildings certification methodologies and standards
- **Improvement of information flows by developing an open-source energy and cost database for buildings**
- Facilitate innovation such as on-bill repayment and on-tax finance mechanisms
- Develop a project rating system to provide a transparent assessment of the technical and financial risks

### ECONOMIC ACTIONS

- Streamlining, blending and optimizing the use of different EU financing sources for energy efficiency investments
- Increase the use of targeted fiscal instruments for EE
- Review of public and private accounting treatment of Energy Performance Contracts;
- Further expert examination of the discount rates used in energy modelling, policy-making and investment decision-making

### FINANCIAL ACTIONS

- **Development of common set of procedures and standards for energy efficiency and buildings renovation underwriting for both debt and equity investments;**
- Adjustment to financial regulatory frameworks to better support capital market innovation to correctly reflect their risks
- Ensure that public technical assistance and project development assistance facilities are compatible and can be easily combined with market-based and concessional funding

### INSTITUTIONAL ACTIONS

- Increase the capacity using project development assistance to all relevant parties
- Review of the public authority procurement rules to adjust to EE investments reality;
- Increased focus on regulatory frameworks which support strong corporate energy efficiency investment choices
- Review current State Aid rules to accelerated energy efficiency investing and the up-scaling of public-private financial instruments.

## The EEFIG De-Risking Energy Efficiency Platform (DEEP)

EEFIG launches DEEP: the largest pan-EU, open source database for energy efficiency investments



Private portfolios can be benchmarked against tailored DEEP project groups through advanced user functionality.

DEEP Fact-sheets can be downloaded for selected segments and geographies to provide investors with key market reference data.

DEEP makes it easy to download market context data required to provide background to individual investment decisions - in a standard format for multiple sectors and geographies.



**Become a user!**  
**Become a provider!**

## The EEFIG De-Risking Energy Efficiency Platform (DEEP) – How you can use it ?!

- DEEP can be used as information source for Ex-ante analysis for Financial Instruments – e.g. as starting point for projects benchmarking
- DEEP can provide specific comparison of data to foster market failures' argumentation for e.g. more preferential financing, use of grants/TA, time-line justification for disbursements
- Based on the above, DEEP can serve as source of info to justify state aid e.g. under notification process to DG COMP, national authorities
- For data that is statistically justified – DEEP can serve to create evidence based evaluation of the EE market
- DEEP can serve for projects' portfolio and financial products characteristics structuring
- DEEP can serve as source of benchmark information for projects' implementation process
- Information from DEEP may be used for any strategic analysis of sectors and markets.

## Underwriting Guide

### **Development of common, accepted and standardized underwriting and investment framework for energy efficiency endeavours**

- to help originators, analysts and risk departments within financial institutions better understand the nature of energy efficiency investments and therefore better evaluate both their value and the risks.
- to provide a standardised framework for evaluating energy efficiency investments and analysing the risks that will allow training and capacity building around standardised processes and understanding
- to help developers and owners seeking to attract external capital to energy efficiency projects to develop projects in a way that better addresses the needs of financial institutions
- to foster a common language between project developers, project owners (hosts) and financial institutions

## Underwriting Guide

### Why should you use it ?!

**Because it embraces essential information about energy efficiency and EE financing that you were not able to find in one place.**

- A comprehensive source of information about types of EE projects, financing structures, parties involved, contractual arrangements
- Methodologies for Ex-ante analysis for financial instruments, mainly for: projects' portfolios benchmarking vis a vis financing structure of instrument (options for preferential financing and/or market failures mitigations)
- EE projects' cycle that allows for de-risking by adequate results evaluation and monitoring
- Information necessary to fully understand benefits coming from EE investments as well as risks – with full range of mitigating measures
- Information that allows technical and banking experts analyse EE projects on the common ground e.g. technical experts to understand what data needs to be provided to adequately value risks
- Glossary of definitions provided in simplify language to make it understandable for all
- Substantial source of information about other documents, initiatives and methodologies to complement data already provided by the Guide.

## Thank you for your attention!

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