

Derisking Tools

**The Investor Confidence Project (ICP)
EEFIG Derisking Energy Efficiency Platform (DEEP)
EEFIG Underwriting Toolkit**

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What did we know about energy efficiency financing back then?

NOT MUCH

- Shortage of money for EE
- Global warming wasn't a big thing
- It was all about energy cost savings
- It was all about Energy Performance Contracts
- EE had no risk
- Little or no investor interest
- EE was a 'cause'

11th August 1999



What is derisking?

A derisked asset class has:

- Standardized methodologies
- Standardized contracts
- Known and understood risk profiles
- Data on performance
- Low transaction costs
- Low cost of capital
- Large-scale
- Accessible to Debt Capital Markets

e.g. mortgages, car loans, credit cards, property

Energy efficiency has:

- ×
- ×
- ×
- ×
- ×
- ×
- ×
- ×

Any asset class goes through a period of derisking before it becomes mainstream

- wind power in early 1990s
- US single family rental in 2010s

Understanding the risks of EE investments

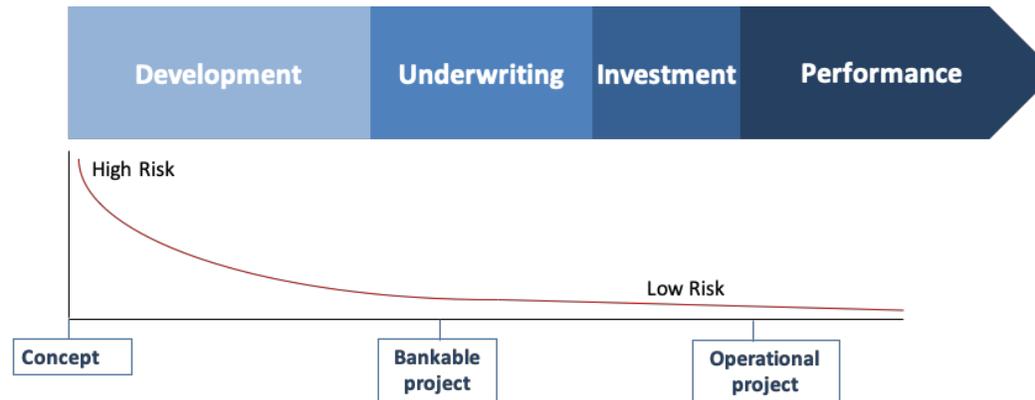
“The returns are tremendous, and there’s virtually no risk”

1980s energy efficiency text book

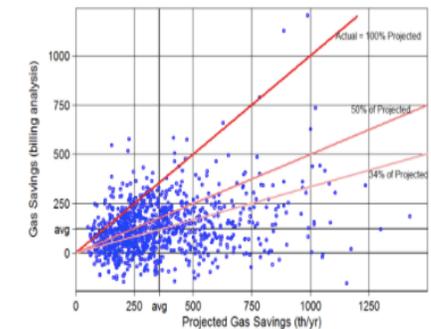
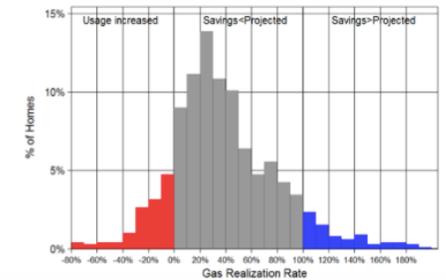
WRONG

Types of risk:

- Development risk
- Construction risk
- Performance risk
- Financial risk



Efficiency savings are very consistent at a portfolio level:



Without data we have uncertainty.

Investors & CFOs can manage risk but uncertainty prevents decisions.

ICP: addressing the need for standardization in project development

An international framework for reducing owner and investor risk, lowering due diligence costs, increasing certainty of savings achievement and enabling aggregation of energy efficiency projects.



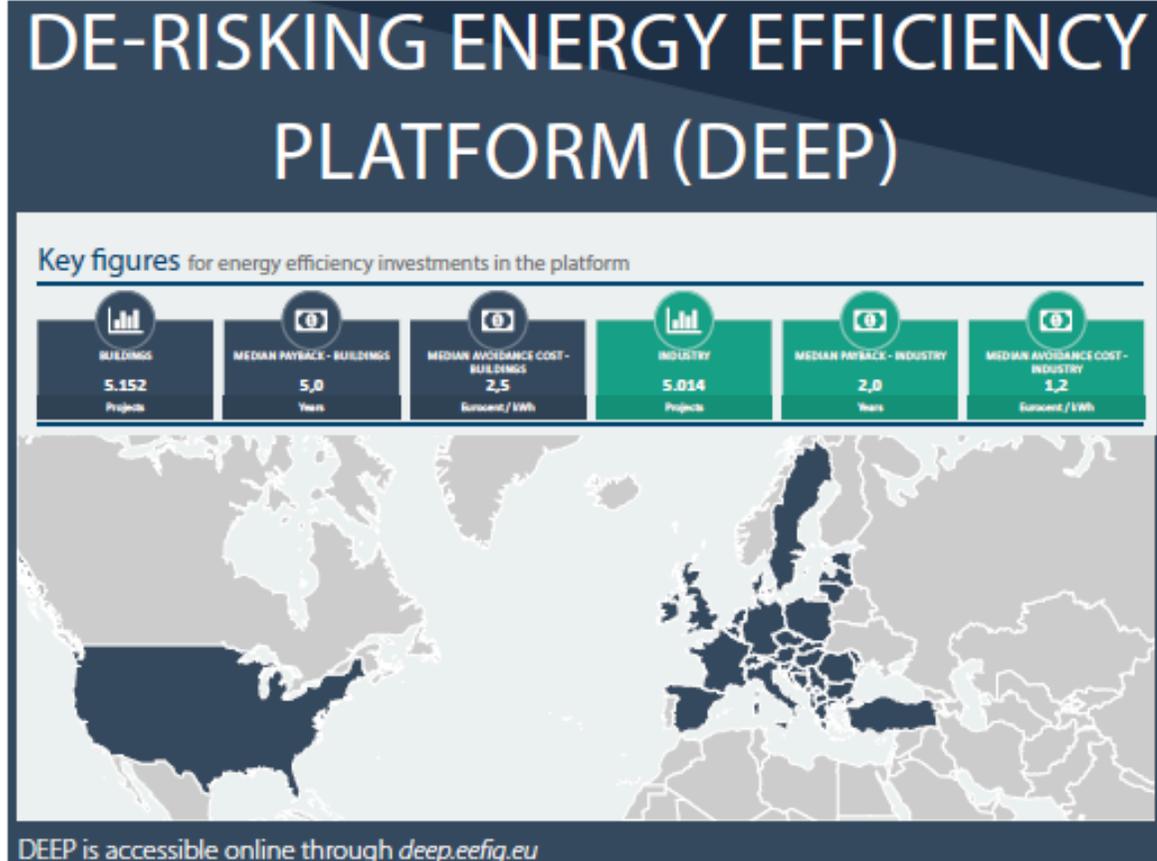
Investor Ready Energy Efficiency™ is the quality mark like BREEAM or LEED but for an ENERGY EFFICIENCY RETROFIT PROJECT



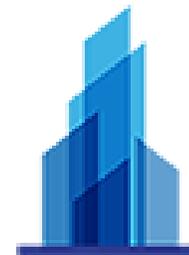
Ensures transparency, consistency and trust-worthiness through **best practice and independent verification.**

Available across EU for retro-fit projects in buildings, industry, street lighting and district energy projects.

DEEP



- largest pan-European data platform for benchmarking the performance of energy efficiency investments
- provides evidence on energy saving potentials, payback times and avoidance costs to support the assessment of related benefits and financial risks, based on 10,000+ implemented investments.
- allows highly customizable comparison of implemented energy efficiency investments



DEEP
DE-RISKING ENERGY
EFFICIENCY PLATFORM

The EEFIG Underwriting Toolkit

Designed 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.

www.valueandrisk.eefig.eu

Translated into English, German, French, Italian, Spanish and Polish

The screenshot shows the homepage of the EEFIG Underwriting Toolkit. At the top, there is a navigation menu with links for Introduction, Financial Institutions & Energy Efficiency, Financing Energy Efficiency, The Project Life Cycle, Value & Risk Appraisal, and Resources. The main header features the title 'EEFIG UNDERWRITING TOOLKIT' and the subtitle 'Value and Risk Appraisal for Energy Efficiency Financing'. Below this, a tagline reads: 'A tool to assist financial institutions to scale up the deployment of capital into energy efficiency'. The central part of the page contains six circular icons representing different sections: Introduction (play button), Financial Institutions and Energy Efficiency (Euro symbol), Financing Energy Efficiency (stack of papers), The Project Life Cycle (line graph), Value and Risk Appraisal (bell curve), and Resources (book icon). Below these icons are two testimonial boxes. The first features a photo of Maro Šelković, European Commission VP, with a quote: 'I strongly recommend this toolkit to project promoters, banks, financial institutions and anyone else interested in financing energy efficiency'. The second features a photo of Erik Solheim, UN Environment, with a quote: 'It will make it easier for financial institutions to carry out value and risk appraisals, for developers to attract capital, for businesses to fund projects'. The footer includes the EEFIG logo and a navigation menu with links for Home, Acknowledgements, Authors, DEEP Platform, and EEFIG.

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What do we know about energy efficiency financing now?

A BIT MORE

- No Shortage of money for EE
- Global warming is a big thing
- Not all about energy savings
- Not all about Energy Performance Contracts
- EE has manageable risk
- Lot of investor interest
- We have the tools to derisk it and create a financing market at scale

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