

How to get your building energy project funded

Panama Bartholomy

Investor Confidence Project

Background: the BEA Finance Work Group

- Help cities **understand energy efficiency finance**, pathways to **initiate energy efficiency finance** activities in their jurisdictions and how to **attract capital** to fund programme and project activity.
- **Identify investor needs** and **provide tools, training and resources** to cities to help them meet their needs.
- The group focuses on assistance related to **city programme design, project guidelines** and **public and private stakeholder capacity building**.

Background: the BEA Finance Work Group

- Key take-aways from conversations with investors: their **main challenges** in energy efficiency investing are:
 - Lack of political leadership
 - Lack of project standardization**
 - Lack of building data
 - Lack of City capacity and leadership

Demand and Finance

Projects



Investors



More than 100 banks managing a total of \$4 trillion in assets called for a doubling of energy efficiency by 2030.





ENERGY EFFICIENCY AND
RENEWABLE SOURCES FUND



Menhaden

INGENIOUS INFRASTRUCTURE



METRUS
ENERGY



ICP Investor Network offering
over \$4.5 billion in energy
efficiency project capital.





Investors demand
transparent,
consistent and
trustworthy
projects

*“Energy efficiency is in a category by itself, energy efficiency projects **do not yet meet the requirements of capital markets.***

*The industry is just **too disaggregated**. No two projects or contracts are alike. Securitization is not practical or possible under these circumstances.*

*Say you have 1,000 energy efficiency projects. Standard & Poor’s would have to read 1,000 documents to assess the risk. **Fees won’t pay for that level of review.**”*

Michael Eckhart

Managing Director and Global Head of Finance and Sustainability at Citigroup

Top Demand and Supply Drivers of Energy Efficiency Investment:

Standardisation

Clear Business Case

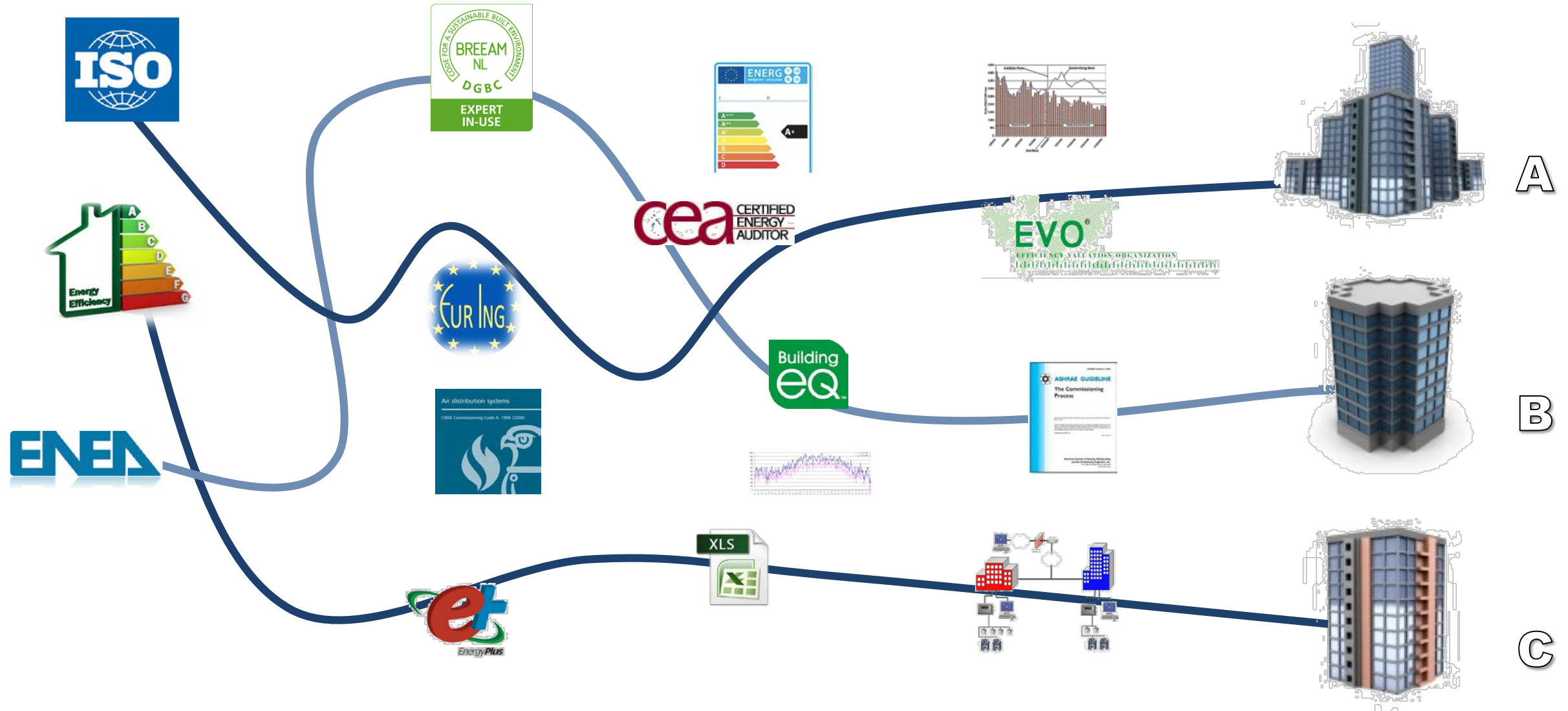
Increased Investor Confidence & Change in Risk
Perception

Energy Efficiency

Transaction costs / simplicity

Measurement, Reporting & Verification (MRV) and
Quality Assurance

Lack of Standardisation





Cities need to create **standardized mechanisms for implementation** of projects and **project financing**

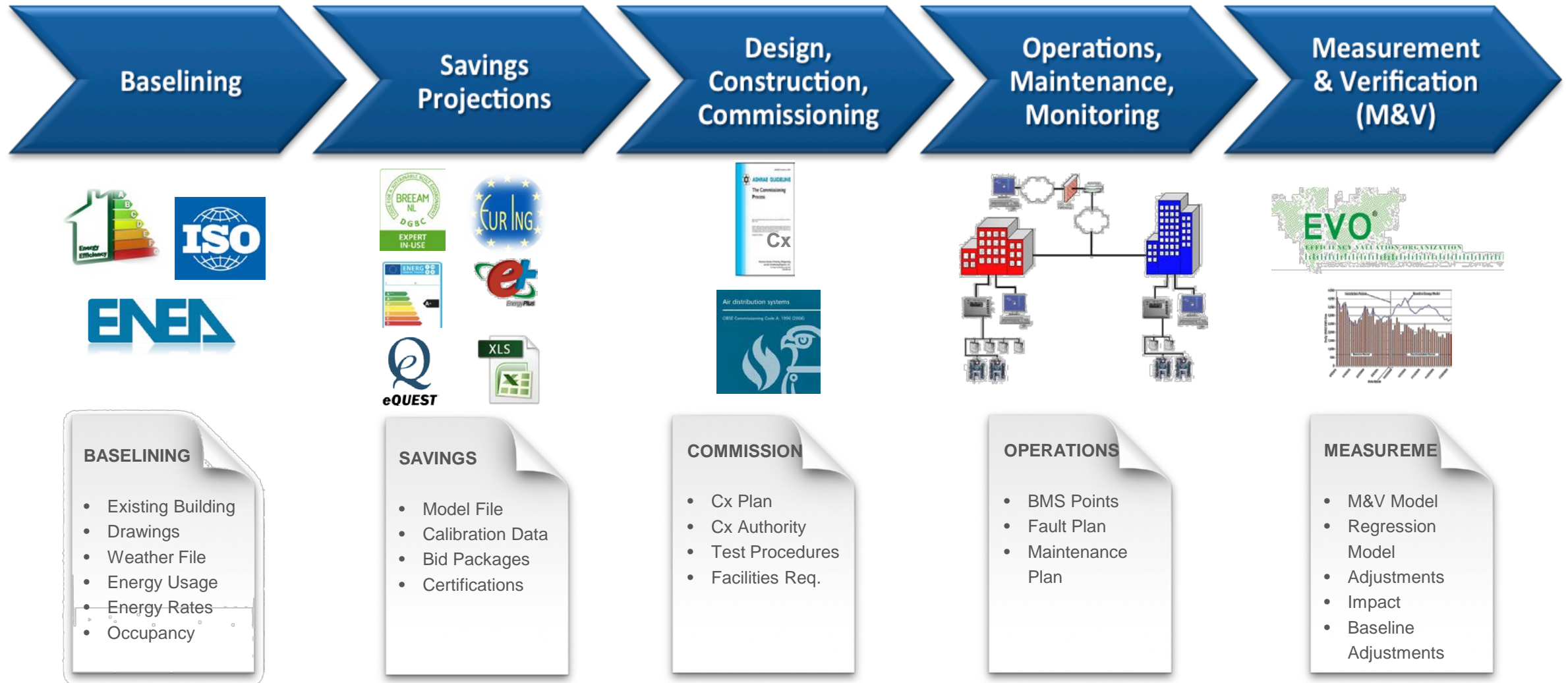
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cut costs, train work-force, make returns visible
and trust-worthy and allows aggregation

=

attract capital.

Transparency and Consistency



Baselining

Savings
Projections

Design,
Construction,
Verification

Operations,
Maintenance,
Monitoring

Measurement
& Verification
(M&V)

Elements

- Standards
- Data Elements
- Qualifications

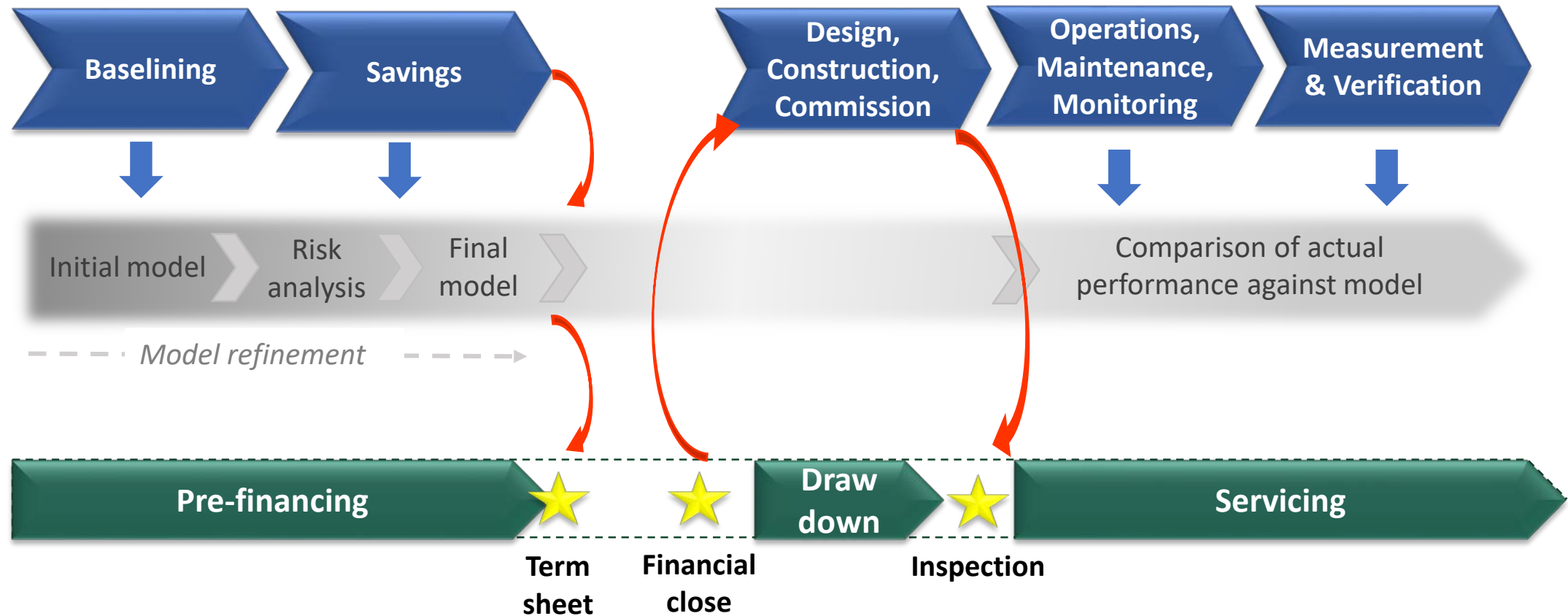
Procedures

- Best Practice Workflow
- Standard Industry Practices

Documentation

- Standard Documentation Package
- Itemized Outputs Required

Energy Efficiency and Financing Process Alignment





Trustworthy

Project Proposals must specify performance and data collection based on robust **Measurement & Verification** to ensure returns



What investors want

- Clear and transparent renovation project plan based on industry **best practices**
- Evidence of the **qualification of professionals**
- Third-party **measurement and verification**
- Consistent **documentation**
- A **project label** that represents these components and can live with the project



Example



INVESTOR CONFIDENCE PROJECT



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

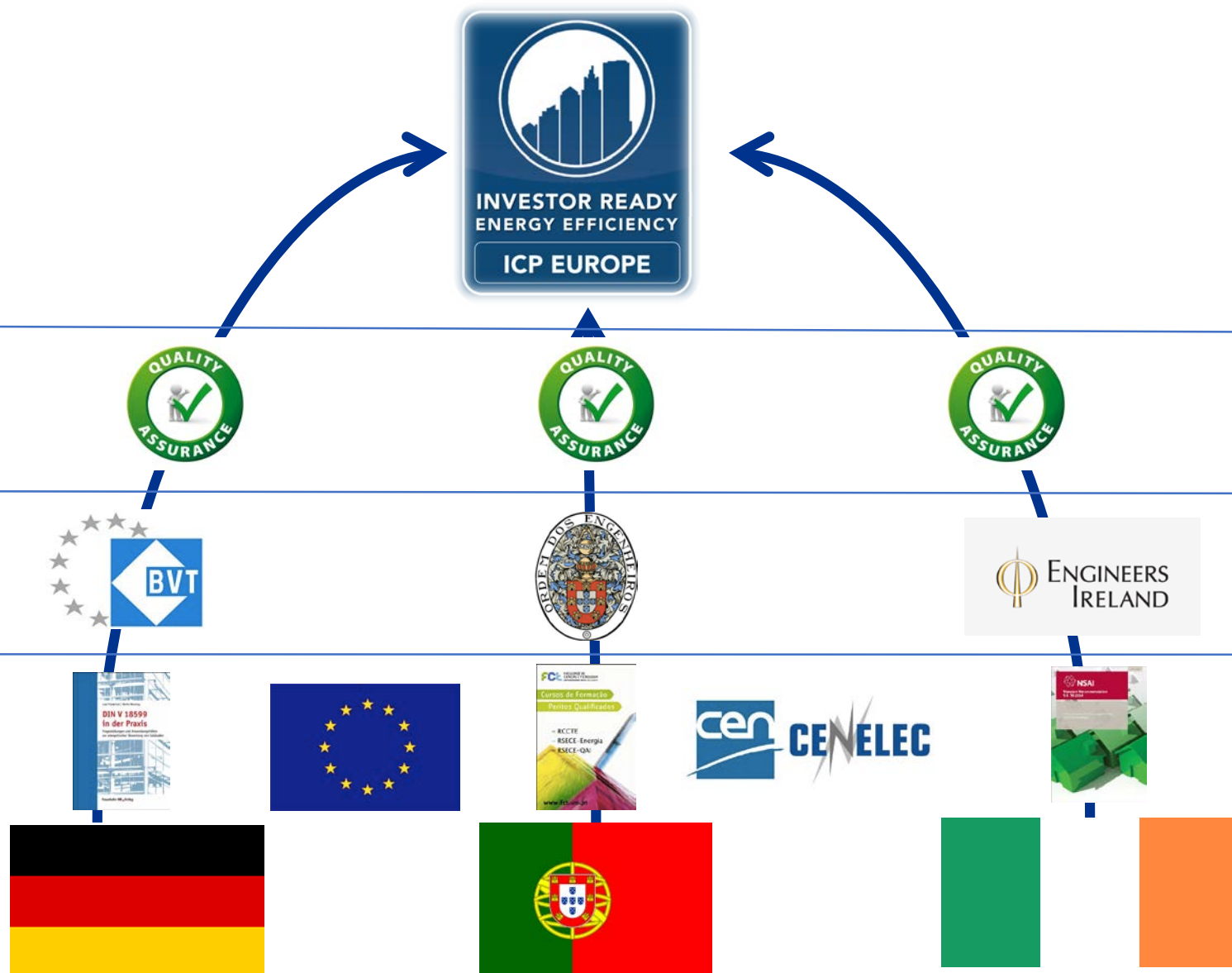
Investor Ready Energy Efficiency

Consistent
Documentation

Third-Party Quality
Assurance

Certified
Professional

Best Practices
and Standards



32 countries





Commercial and Institutional

Multi-family





SM



IREE is the quality
mark like BREEAM
or LEED but for a
building retrofit
project





**Underwriting
Period**

**Performance
Period**

Building Owners

A man in a dark suit, white shirt, and patterned tie is standing in front of a modern building with a glass facade. He is holding a mobile phone to his ear with his right hand and has his left hand in his pocket. The building's architecture features curved lines and a grid of windows.

IREE's independent review and certification of proposed projects gives building owners **confidence in project development and savings achievement**. It enables the **comparison of projects** and access to more **project investment**. It can function as a “**Tender in a box**” and **underwriting criteria** for buildings and portfolios.



Reduces due diligence costs and speeds underwriting for investors.

It opens **access to quality projects** through ICP Credentialed Project Developer channel and **increases confidence in project fundamentals and engineering.**

Standard projects and document packs with third party review allows for the **aggregation of projects** across borders and programs.

A teal-colored rectangular area containing a faint background image of classical columns on the left and a man in a dark shirt with his hand on his chin in a thinking pose on the right. The text 'Government Programs' is overlaid in white, italicized font.

Government Programs

Internationally recognized and off-the-shelf technical standards **ready to deploy at no cost**. Ready made provider **credentialing and training program**. Allows for the ability to distribute Quality Assurance **costs to the market and aggregate projects to attract capital**.

Offers a **repeatable project process** and enables **more project approvals** due to use of industry standards and third party review

Differentiate your company and increase credibility with customers.

Increases ability to **connect with finance**, insurance, utility programs, without additional transaction costs



Project Developers





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Summation



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What That Means

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=

cut costs, train work-force, make returns visible
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attract capital.

Possible Future BEA Finance Webinars

- How to Design A Renovation Programme that Attracts Investors
- How to Build Finance Capacity Within your City Staff
- Training a Workforce to Deliver Bankable Projects
- Financing Frameworks That Actually Work
- Others you would like to see?

Thank you, Questions?

eepperformance.org

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