

EU Initiatives Sustainable Energy Investment Forums and De-risking Project

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Developers
Investors

Energy
efficiency
people

What we have



Banks
Finance
people

Developers
Investors

Energy
efficiency
people

What we have

Sustainable Energy Investment Forums

- Supporting investment momentum in the EU
- Current levels of investment in sustainable energy are not enough to meet the EU's climate and energy goals for 2030.

How to increase the role of **private finance** in financing energy efficiency and small-scale renewables in the Member States, in particular in buildings and businesses.

Sustainable Energy Investment Forums

Supporting the **Smart Finance for Smart Buildings** initiative which has 3 pillars:

- 1) More effective use of public funds
- 2) Aggregation and technical assistance to develop projects
- 3) De-risking

CONFERINȚĂ REGIONALĂ

1 FEBRUARIE 2018
HOTEL SHERATON

FINANȚAREA EFICIENȚEI ENERGETICE ÎN ROMÂNIA, UNGARIA ȘI BULGARIA



MINISTERUL
ENERGIEI



MINISTERUL DEZVOLTĂRII REGIONALE,
ADMINISTRAȚIEI PUBLICE ȘI
FONDURILOR EUROPENE



FINANCE
INITIATIVE





Zoltan Nagy-Bege, Vice President, Romanian Energy Regulatory Authority (ANRE)



Anton Anton
Minister of Energy, Romania

Financing energy
efficiency in Romania,
Hungary and Bulgaria
Bucharest, Romania, 1 February 2018

Anton Anton, Minister of Energy, Romania



Eliza Gheorghe, Manager Private Individual Customers Value Proposition, Raiffeisen Bank



The purpose of the Bank is to lend money responsibly



Green Mortgage



	STANDARD OFFER		GREEN MORTGAGE OFFER	
	First 7 years	Variable (> 7 y)	First 7 years	Variable (> 7 y)
Interest rate formula		ROBOR 3M+ 3.25%		ROBOR3M+ 2.5%
Index Rate		2.10%		2.10%
Analysis Fee	1,600 Ron			
Interest rate	5.50%	5.35%	4.75%	4.60%



The purpose of the Bank is to lend money responsibly



Green Mortgage



	EPC "B" rated apartment**	EPC "A" rated apartment**	Green Homes qualified apartment
<i>Net savings with Green HOMES*</i>			
Sale price of 70 sqm apartment (€)	79,738	81,731	85,000
Loan amount (€)	67,777	69,471	72,250
Monthly mortgage payment (€)	417	427	412
Cost of energy/apartment/month (€)	101	65	33
Total cost of monthly ownership (€)	518	492	445



Next events

- <https://ec.europa.eu/energy/en/financing-energy-efficiency/sustainable-energy-investment-forums>

Webinar on 27 February on *Home Renovation in Europe: The User Perspective*

and a SEI Forum (public event) in Sofia on 28 June.

The aim of Sustainable Energy Investment Forums (SEI Forums) is to work with national stakeholders in order to boost large-scale investment and financing for sustainable energy.

SEI Forums builds on the works of the [European Energy Efficiency Financial Institutions Group \(EEFIG\)](#).

EEFIG - www.eefig.eu

established by DG Energy and UNEP FI in 2013



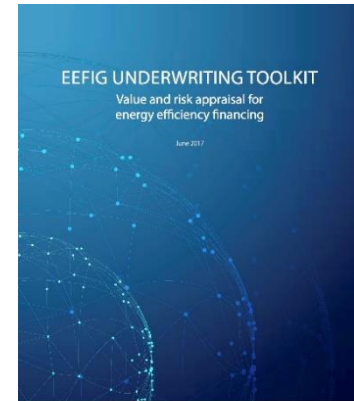
working group for public and private financial institutions, industry representatives and sector experts

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>



DEEP
DE-RISKING ENERGY
EFFICIENCY PLATFORM



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**



The Project Life Cycle

- Developers and financial institutions need to engage early in development process
- Need to create a common framework 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 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 Sotirov, Executive Director of the 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 fund projects.
Foreword by Luc Stalder, CEO Swiss Re

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

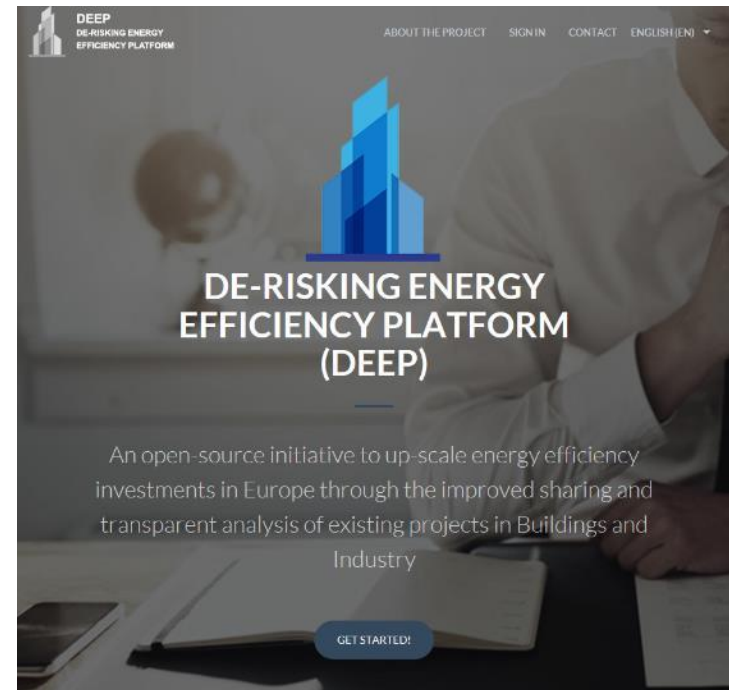
<http://valueandrisk.eefig.eu/resources>

The screenshot shows the 'INVESTOR CONFIDENCE PROJECT (ICP) RESOURCES' page. The top navigation bar includes 'Introduction', 'Financial Institutions & Energy Efficiency', 'Financing Energy Efficiency', 'The Project Life Cycle', 'Value & Risk Appraisal', and 'Resources'. The main content area is titled 'INVESTOR CONFIDENCE PROJECT (ICP) RESOURCES' and includes a 'Contents' sidebar with a tree view. The 'INVESTOR CONFIDENCE PROJECT RESOURCES' section is expanded, showing a list of resources such as 'ICP PROTOCOLS', 'ICP PROJECT DEVELOPMENT CHECKLIST', 'ICP PROJECT DEVELOPMENT TEMPLATES', 'ICP PROJECT BRIEF', 'PROJECT OUTLINE', 'DATA CAPTURE SHEET', 'SAMPLE INVESTMENT COMMITTEE APPROVAL DOCUMENTS SUMMARY', 'BENEFITS CHECKLIST', and 'RISKS CHECKLIST'. The main text explains that the ICP provides a framework for energy efficiency project development, standardising projects into verifiable classes to reduce transaction costs and increase reliability. It lists three benefits of IREE™: building owners get a standard, investors achieve reduced due diligence costs, and a standardised approach enables aggregation of projects. The IREE™ process is shown in two stages: 'ORIGINATION' and 'PROJECT DEVELOPMENT'. The 'ORIGINATION' stage shows energy efficiency projects coming from a range of channels, programs, and businesses. The 'PROJECT DEVELOPMENT' stage shows a Credentialed Project Developer developing and documenting projects according to ICP Protocols. The page also features a 'DEEP PLATFORM' logo and a 'PUBLIC PROGRAMS' logo.

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



DEEP
DE-RISKING ENERGY
EFFICIENCY PLATFORM

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







Thank you...

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