Increasing Investor Confidence Through Energy Efficiency Standards

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More than 100 banks managing a total of $4 trillion in assets called for a doubling of energy efficiency by 2030.
“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 Drivers of Energy Efficiency Investment:

- Standardisation
- Clear Business Case
- Increased Investor Confidence & Change in Risk Perception
- Transaction costs / simplicity
- Measurement, Reporting & verification (MRV) and Quality Assurance

Energy Efficiency

Financial Institutions Group
Annex II:
2. “... there are inadequate norms and standards, and the statistics and information to manage energy and track progress are incomplete.”
Building owners and investors demand transparent, consistent and trustworthy projects.
31 countries
(3 regions of Belgium)
Research Findings

The Good
• Baselining
• Savings Calculations
• Design and Construction

The Bad
• Commissioning
• Operations and Maintenance
Research Findings Cont.

The Ugly

• Savings Calculation Certification
• Monitoring
• Measurement and Verification
Recommendations

• Adopt standardised project development and underwriting procedures based on national and international best practices

• Normalise the procedures across governments and efficiency sector, particular focus on documentation

• Communicate with investors regarding your standardisation efforts
ICP Investor Network represents over €4 billion in energy efficiency project capital. They are looking for quality projects.
Concept note on the principles-based energy performance standard in buildings

III. Test and metrics of success for the building energy standard

(g) Building performance improvements should be sustained and measured in terms of actual energy consumed, not in modelled performance;

(h) Transparency is to be established and maintained, including the required sharing of measured performance metrics with documentation of successes and failures to be shared with others to expedite learning and quickly eliminate problematic designs, techniques and materials;
Concept note on the principles-based energy performance standard in buildings

IV. Building energy standard agenda

(c) Building Life-Cycle: Certification, Commissioning, Labelling, Continuous Performance Evaluation, Renovation/Retrofit; Retirement;

(d) Linkages to Internet of Things technology and strategy, including strategically relevant data collection and analysis;

(g) Finance model – bringing value of energy efficiency to building market value;
Thank you!
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