



G20 Energy Efficiency Investment Toolkit

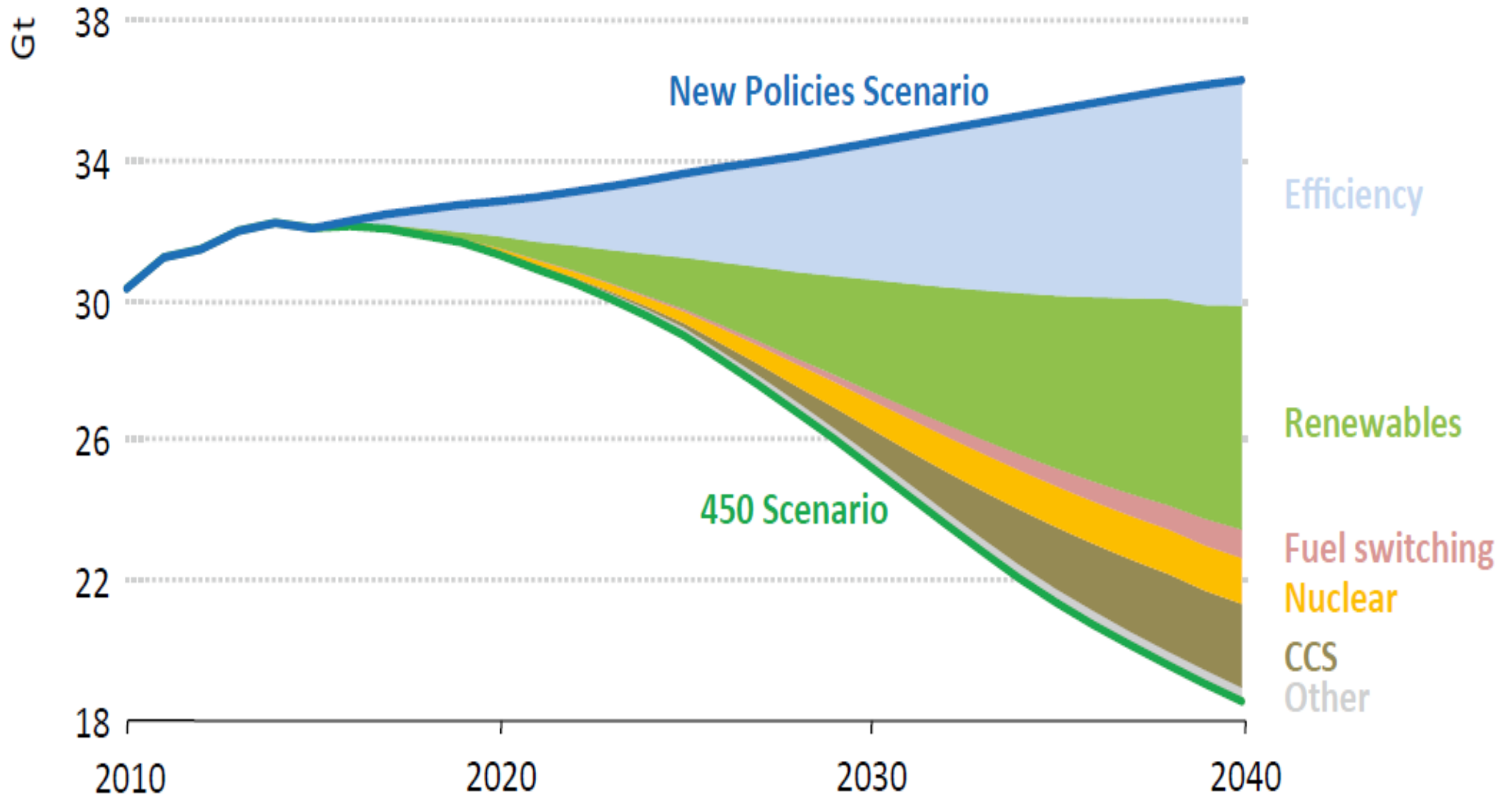
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Benoit Lebot, IPEEC



Energy Efficiency First!

CO₂ emissions in a post COP 21 world



*Source: IEA (2016)

Key messages



G20 Energy Efficiency policies, financing tools and best practices developed through the flexible and **collaborative architecture of this Toolkit** provide an **integrated approach** to enhancing capital flows towards EE.



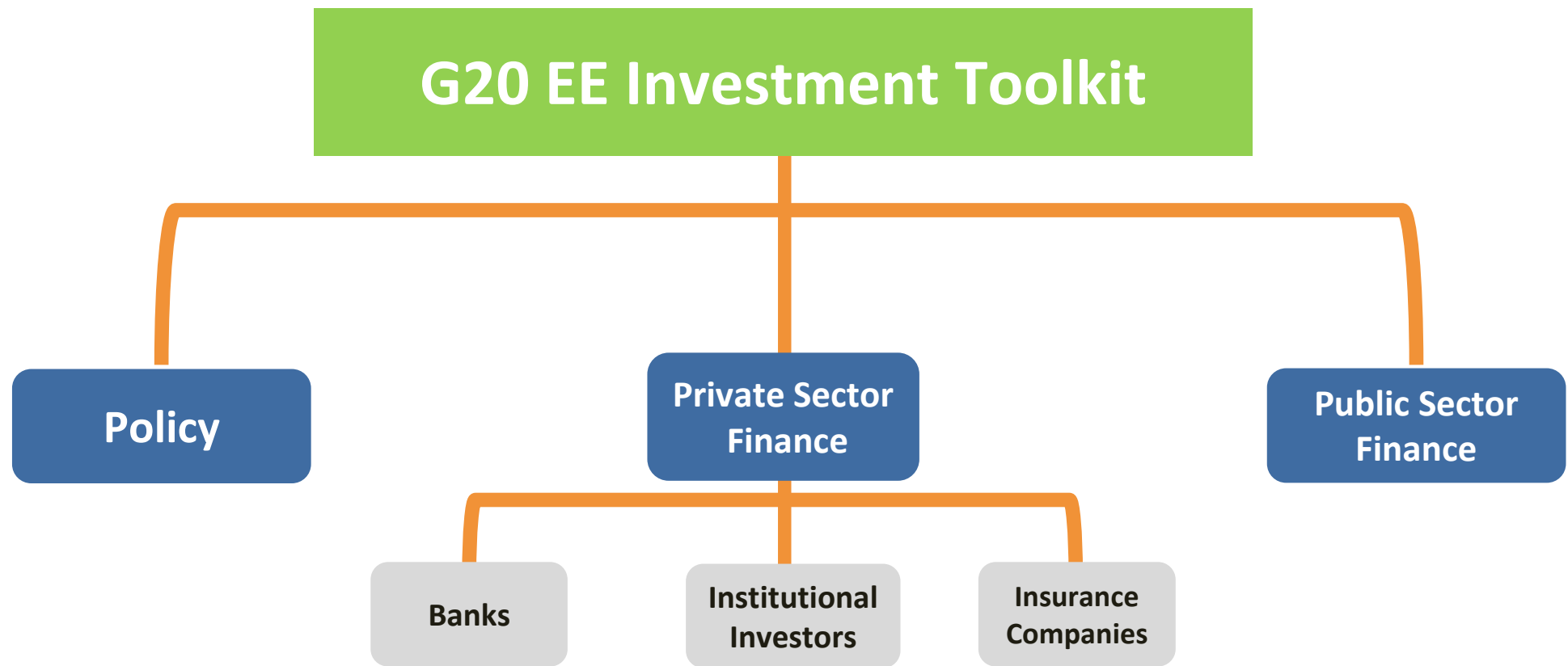
Embedding EE in the investment processes through an **enabling policy framework** is key to accelerating **energy intensity improvement**.



Improving the **visibility and tracking of asset energy performance** and integrating the multiple economic benefits of EE into regular finance products is key to unlocking allocation of capital from private financial institutions to EE.

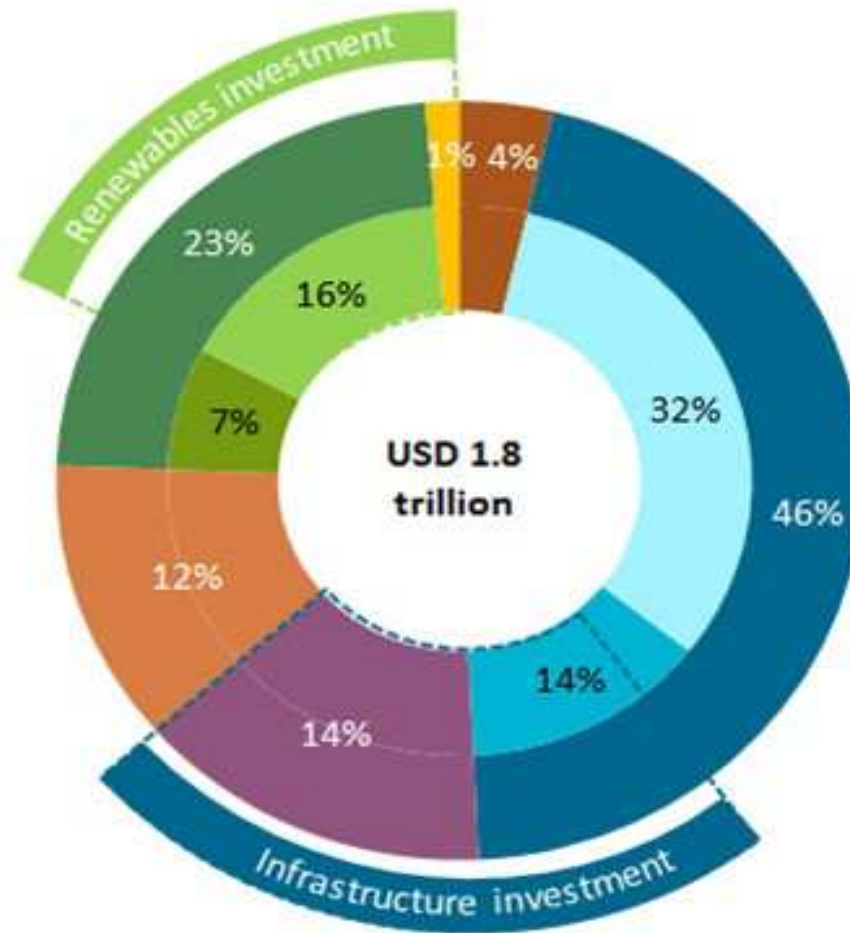
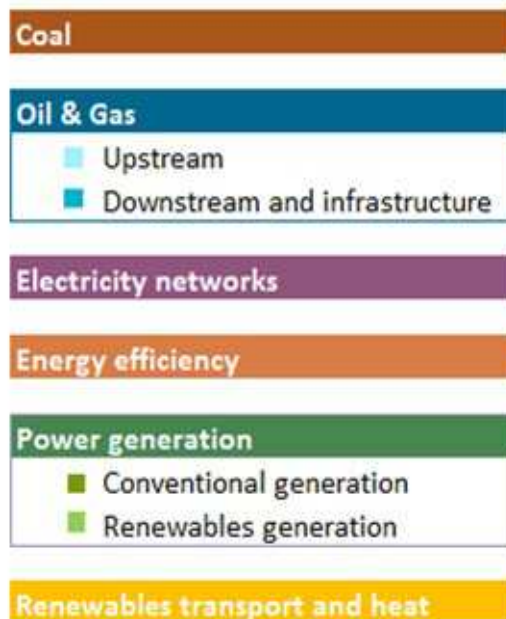


Leveraging the experience and resources of **public financial institutions** to ensure **energy efficiency's central role** in the future of mobility, smart cities, energy grids, industry and infrastructure.





Global Energy Investment 2015:



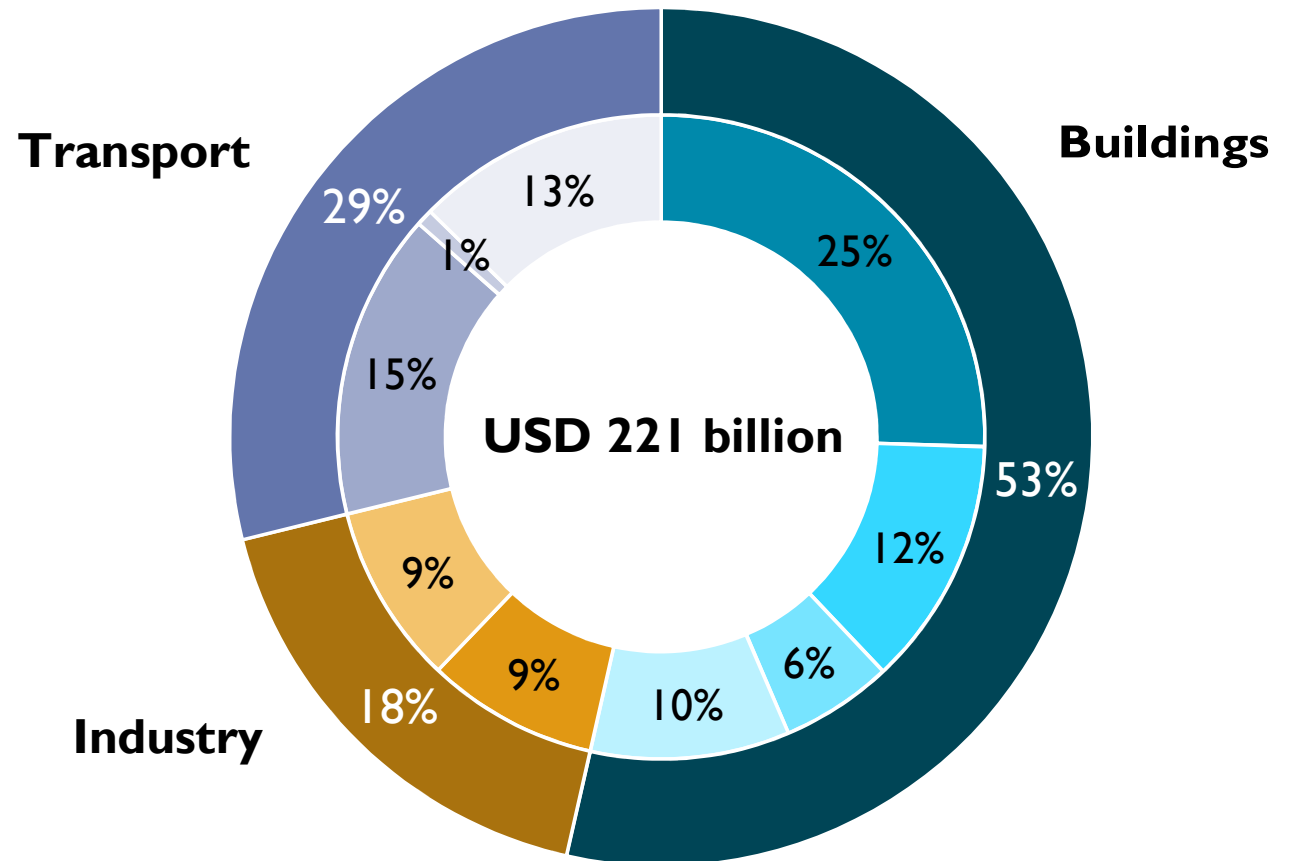
Investment in Energy Efficiency, Concepts:

- **Method 1, total spend:** Market size for energy efficient goods and technologies.
- **Method 2, incremental investment:** Additional investment needs that would lead to energy efficiency improvements above BAU levels.



EE Investments by Sector 2015:

- Envelope
- HVAC and controls
- Appliances
- Lighting
- Energy-intensive industry
- Other industry
- Light-duty vehicles
- Freight vehicles
- Rail, shipping and aviation



I. Defining the Energy Efficiency Premium

Consumer or
business

To invest in:

Energy Efficient Equipment

Full cost can be divided into

1.

Cost of a new but
very standard and
less efficient piece of
equipment
(Base Cost)

2.

Cost of the added
increments of
energy efficiency

Energy Efficiency
“Premium”
[or “discount”]



The G20 Energy Efficiency Investment Principles

- 1** “The Importance of Energy Efficiency as a Horizontal and Cross-Cutting Economic and Developmental Priority”
- 2** “Balanced Approach to Demand and Supply-side Measures”
- 3** “Country-led Measures and Policies to Stimulate Demand for Energy Efficiency Investments”
- 4** “Unlocking Barriers Preventing the Supply of Finance for Energy Efficiency Investments”
- 5** “The Development of Public and Private Sector Capacity and Commitments”

II. Policy Tools: Framework, Analysis and Progress



Policy Framework

- G20 Energy Efficiency Investment Principles

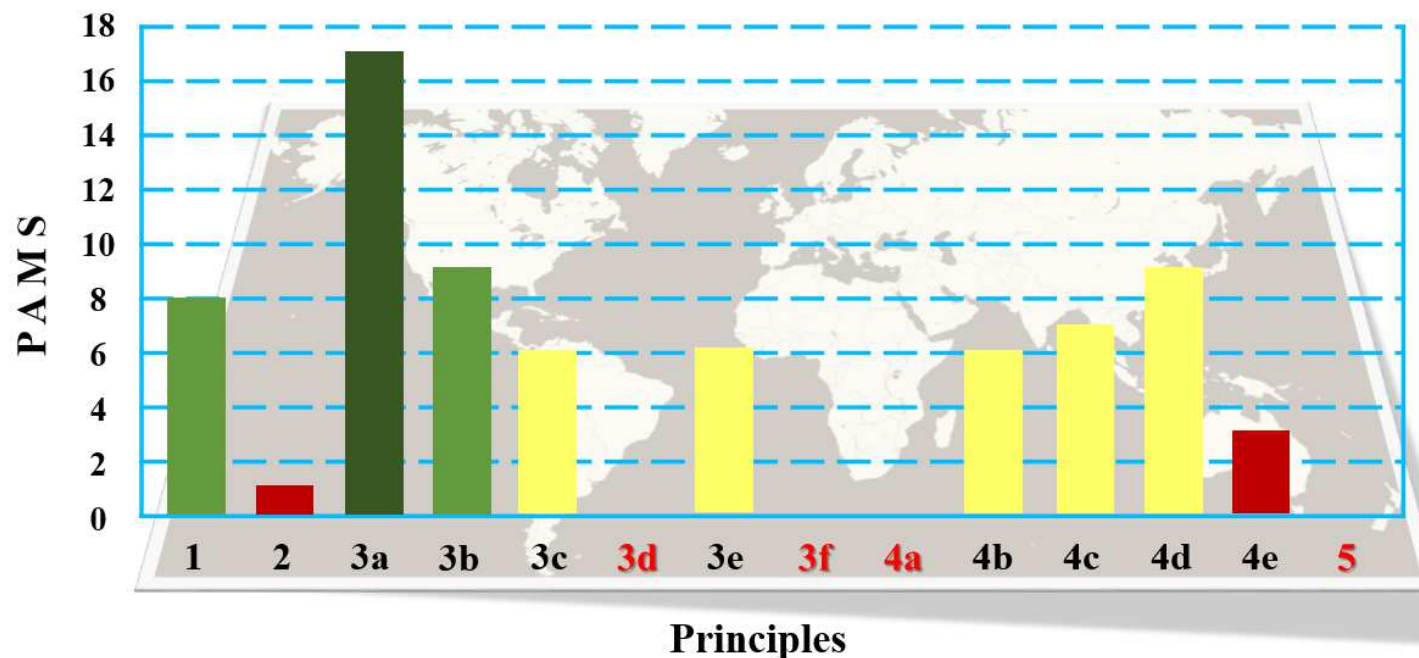
Analysis

- Energy Efficiency Policy Databases and EEFTG Survey 2016

Best practice

- Case studies

Monitoring Progress



II. Engagement



1. Supporting the development of an enabling national policy framework



- Review of current policy framework against the voluntary Energy Efficiency Investment Principles;
- Development of recommendations for improvement based on international good practices.

2. Providing an engagement platform through its Technical Engagement Workshops



- Convening policymakers, financial institutions, project developers, and ESCOs;
- Facilitating better understanding and improvement of domestic framework for energy efficiency finance.

3. Exchanging knowledge of good practices



- Sharing extensive international expertise with partners;
- Gaining deeper country insights through exchange.

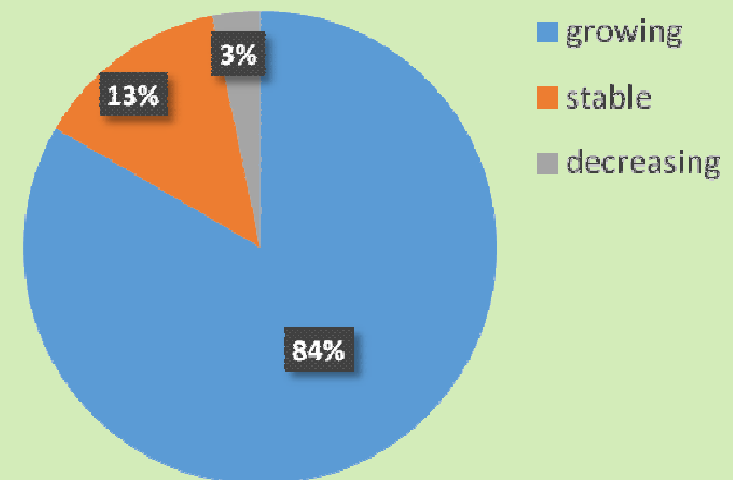
III. Private Sector Tools: Framework, Analysis, and Tools



Framework	<ul style="list-style-type: none">Declaration of Banks; Investor Statement
Analysis	<ul style="list-style-type: none">EEFTG/UNEP FI survey of banks; investor progress
Best practice	<ul style="list-style-type: none">Disclosure mechanisms, case studies, EE product and service portfolio

Key insights from financial institutions...

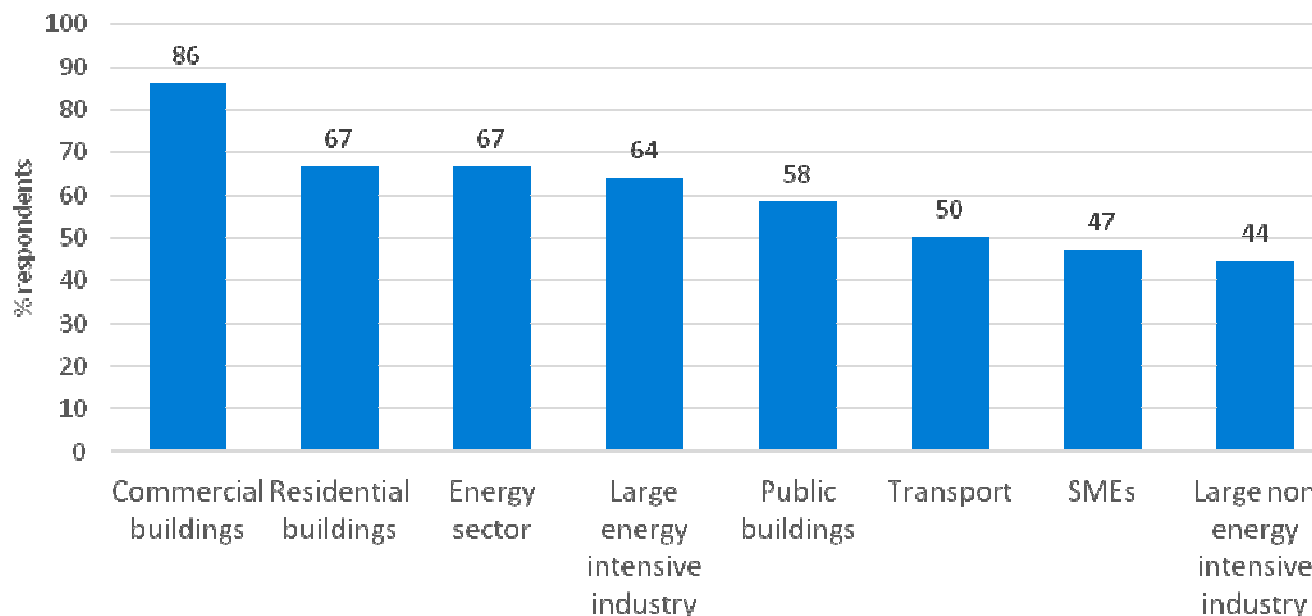
- Well-recognized opportunity
- Needs awareness raising and supportive policies
- Requires better tracking of energy efficiency finance



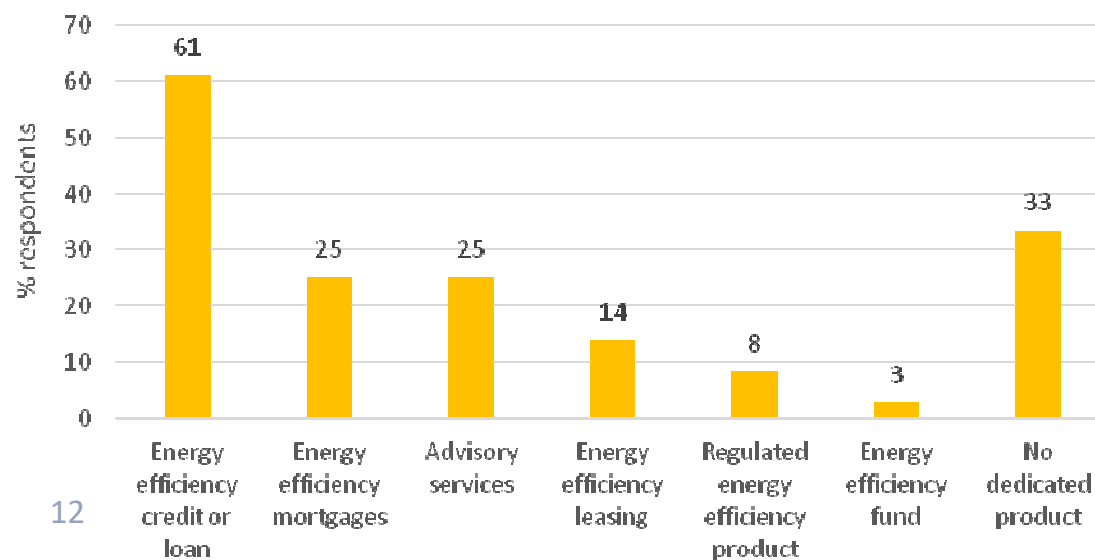
III. Zooming in on banks...



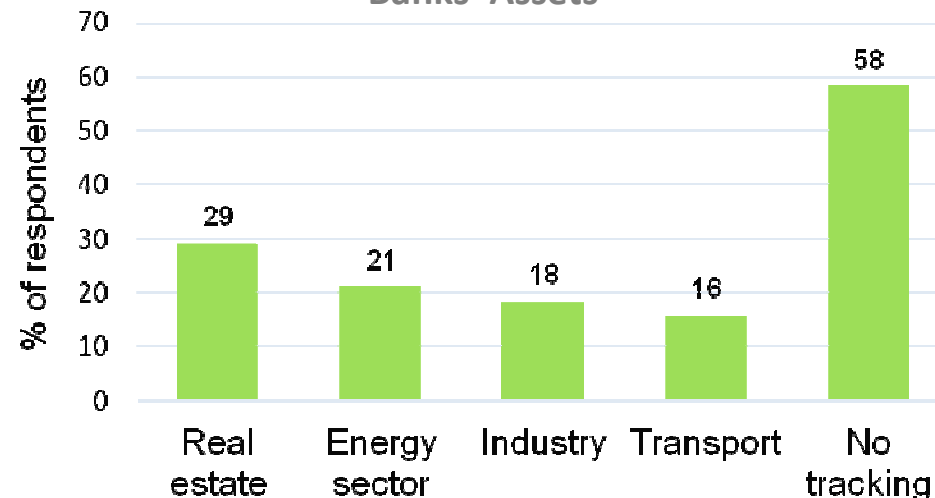
Opportunities for energy efficiency finance by sector



Dedicated energy efficiency financing products



Green Tagging to Track the Energy Performance of Banks' Assets

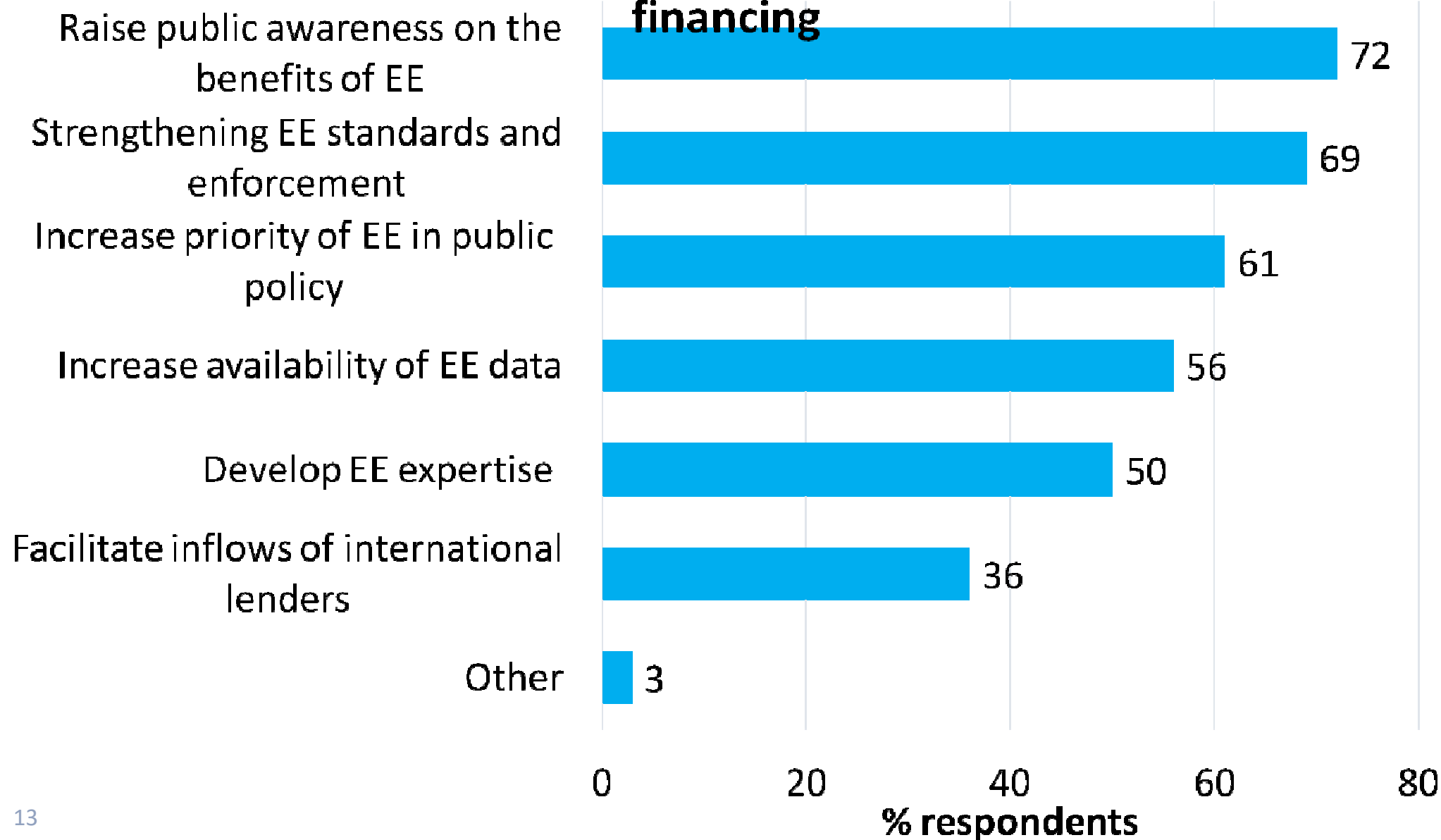


III. What banks need to scale up EE financing...



Main policies & tools to catalyse energy efficiency

financing



IV. Public Finance Tools: Joint Statement & Action Framework



Joint G20 Energy Efficiency Statement



1. **Increase policy-based lending** to support investment grade **policy frameworks** that require and **promote EE** and to drive “**life-cycle cost optimal**” procurement of public infrastructure and buildings
2. **Increasing** the amount, availability, simplicity and connectedness of **technical assistance/ project development assistance facilities**
3. **Lever multiple retail distribution mechanisms**
4. Encouraging **implementation of integrated planning** by **recognising energy efficiency’s central role** in the future of mobility, smart grids and infrastructure

Framework of Action for Public Financial Institutions and Country Partners



Use the toolkit's framework to **engage in a collaborative dialogue with all stakeholders** (policy makers, public and private financial institutions) to **co-create the investment environment** needed and **learn from good practice** cases internationally.



Design and implement an enabling policy framework for EE investments, guided by the **G20 Energy Efficiency Investment Principles**.



Adopt **specialised products and services for EE**, as well as tools that **improving the visibility and enable tracking of asset energy performance**, using the insights and good practices cases provided by the toolkit.



Work closely with public financial institutions to **dedicate more concessional financial instruments to EE**, and **develop awareness and capacity** of bank management and staff to develop specialised products and services for EE.

Opportunities for LAC



De-risking Energy Efficiency

- Example case: Energy Saving Insurance
- What it does: guaranteeing an expected level of energy savings for specific EE measures as agreed upon in a standard contract between business and ESCO/technology providers. The insurance reimburses the project owner if this level is not reached.
- Good practice for: improving risk profiles of energy efficiency projects and also improving understanding of these risks, through the need for more robust data and greater trust in EE solutions.



Lever large-scale LED procurement and on-bill sales

- Example case: Energy Efficiency Services Limited, India
- What it does: procuring LED bulbs in large quantities and distributing them at a lower price to households. Investments are recovered through on-bill financing, where energy cost savings are transferred to EESL via the utility company.
- Good practice for: providing a solution to the aggregation challenge of EE and coordination between different levels of administration, from the national over regional to municipal level.

No single stakeholder group can deliver the scale up of energy efficiency investment required on its own

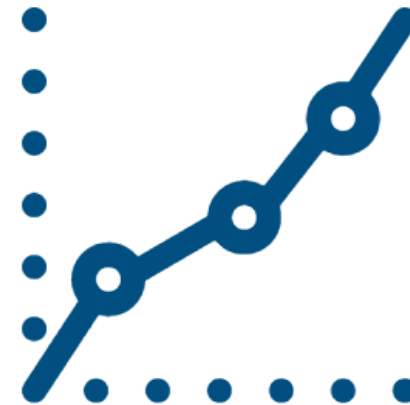
The G20 EEI Toolkit
provides:



**Collaborative
Architecture**



**Value through
network effect**



**Scale up of EE
investments**



Thank You

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