



Economic Commission for Europe

Financing Energy
Efficiency Investments

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Long-Term Objective

Financing Energy Efficiency Investments for Climate Change Mitigation

Promote an investment environment for self sustaining energy efficiency and renewable energy projects to be developed and financed to reduce greenhouse gas emissions

Countries

Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kazakhstan, Former Yugoslav Republic of Macedonia, Russian Federation, Romania, Serbia, Moldova, Ukraine and RENEUER

Investment Fund

- Euro Denominated
- Equity and Mezzanine Financing
- Public Private Partnership
- Energy Efficiency & Renewables Projects
- Companies Developing Projects ESCOs
- Equipment Manufacturers & Installers

Investment Fund

- Generate Energy Savings
- Carbon Credits
- Tradable Renewable Energy Certificates
- Fund Manager Coordinates Carbon Finance
- Project Qualification & Emissions Monitoring
- Investor Preferences Carbon Credits

Investment Fund

- Capital Commitments EUR 250 million
- Design & Legal Start-Up Costs Supported
- Lead Investor Minimum 10% Commitment
- Minimum EUR 5 million Investor Commitment
- Fund Manager Experienced Private Company
- Lead Investor Selects Manager – Structure

Investment Fund

- Investors – Private & Public Banks
- Insurance Companies
- Local Banks in Beneficiary Countries
- Large Industrial Groups
- Dedicated Environmental & Green Funds

Investment Fund

- Fund Term 10 Years – Renewal Options
- Investment Period 4 Years
- No Single Country > 30% Fund Commitments
- No Single Investment >30% of Fund
- Target Initial Closing 4th Quarter 2007
- Final Closing 2nd Quarter 2008

Project Selection Criteria

- Geographic Region – 12 Countries
- Demand Side Energy Efficiency Improvements
- District Heating Modernisation
- Supply Side – Production & Cogeneration
- Equipment Manufacturing
- Boilers, Heat Pumps, PV Cells, Lighting

Project Selection Criteria

- Renewable Energy Projects
- Wind, Biomass, Hydro, Geothermal
- Internal Rate of Return – 15% Minimum
- 20% Maximum – Leverage Other Investors
- Investments in ESCOs – Small Projects
- Large Energy Efficiency Projects

Public – Private Innovation

- Private Sector Interest Clean Energy Market
- Public Sector Leverage Private Investors
- Private 70% - Public 30%
- Rate of Return – Public Sector Tranche
- Public Sector – Energy Policy Reforms
- Replicate Successful Fund

Fund Start-Up Work Plan

- Determine Fund Investment Policy
- Vehicle and Project Structuring
- Missions to Potential Investors
- Private Placement Memorandum
- Investor Seminars
- Identify Lead Investor

Fund Start-Up Work Plan

- Placement with Investors
- Selection of Fund Manager
- Constitution of Fund
- Optimise Fund Fiscally
- Implementation and Closing
- Target Final Closing 2nd Quarter 2008

National Coordinator Role

- Assist Fund Consultation Government
- Identify Public & Private Sector Investors
- Information for Vehicle & Project Structuring
- National Energy Legislation
- Foreign Investment and PPP Legislation
- Accounting Practices

Regional Energy Policy Analysis

- Review of 12 Countries
- Recent Developments Energy Sector
- New Reforms Market Based Systems
- Energy Policy and Investment Legislation
- Specific Bottlenecks to Energy Efficiency
- Case Studies

Energy Policy Workshops

- Energy Efficiency Market Formation
- Review Recent Developments
- Identify New Reforms Needed
- Select Specific Bottlenecks
- Case Studies Reforms - Bankable Projects
- Energy, Finance & Environment Benefits

Business Development Courses

- Equity Participation in Projects & ESCOs
- Fund Investment Criteria
- Fund Structure, Policies & Procedures
- ESCOs and Performance Contracting
- Special Purpose Project Companies
- Equipment Manufacturers

Pipeline Identification

- Project Selection Criteria
- Fund Manager Project Qualification
- Projects of ESCOs and SPVs
- Large Energy Efficiency Projects
- Project Development Advisory Service
- Investment Project Pipeline Inventory

Next Steps

- Work Plan for First Year of Operations
- Initial Donor Disbursements
- Project Operations Begin 2nd Half 2007

Investment Fund

Fund	Companies
70% Private	20% Capital -> 20% up to 49%
30% Public	80% Loan