



Financing Energy Efficiency as a Viable Alternative to New Energy Supply

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Efficiency Valuation Organization

EVO is an international non-profit organization offering products and services to aid:

- Quantification (M&V) of results of energy or water efficiency projects (in terms of energy, financial and emission impacts)
- Financial risk management of efficiency projects; carbon finance
- Promotion of sustainable and green construction through cost-effective and accurate accounting of energy and water savings

EVO Vision & Mission

Vision

A global marketplace that correctly values the efficient use of natural resources and utilizes end-use efficiency options as a viable alternative to supply options

Mission

To develop and promote the use of standardized protocols, methods and tools to quantify and manage the performance risks and benefits associated with end-use energy efficiency, renewable energy, and water efficiency business transactions

EVO Products & Services

- **Protocols**
 - **IPMVP** – the International Performance Measurement and Verification Protocol
 - **IEEFP** – the International Energy Efficiency Financing Protocol
- **Training, Certification**
 - International training for M&V professionals, bankers
 - In partnership with many organizations
- **Building Community, Promoting Efficiency**
 - Global partners
 - EVO Subscriber Services www.evo-world.org

IPMVP: Setting the Standard for Efficiency Valuation (since 1996)

- Guidance in quantifying End User actual energy, monetary and emission savings.
- 3 volumes, continuous updating; 2007 IPMVP Volume I
- In wide use - several thousand downloads per year
- 10 languages
- Recognized as best practice by government and utility programs; ESCO industry/Energy Service Providers; and emission trading regimes around the world.

IEEFP (2007)

- define standard EE financing terminology, criteria and applications, as a “blue print” for financiers;
- focus on the value of the savings for loan repayment and loan security based on IPMVP;
- guide bankers in assessing EE projects; close contracts with financing sources; term-financing
- enable creation of sustainable *local* lending pools for EE projects, at a “grassroots” level to:
 - permit aggregated project financing;
 - Allow project cashflow-based lending;
 - eliminate the barrier of currency devaluation risk;
 - increase reliability of CO2 reduction programs.

EVO Partners

IPMVP

- DOE - USA (originally)
- numerous sponsors and subscribers
- PCRA – India
- Synergy – Global
- Taiwan Green Productivity Foundation
- AEE – USA and Canada

IEEFP

- APEC (Mexico & Thailand planning)
- UK GOF (Mexico development & training;
UK; G-8 Gleneagles Action Plan)

Will Energy Efficiency ever be as easily financed as new energy supply?

Uncertainty of results is a *unique problem* constraining financing of EE projects as a result of the wide variety of project types, and financier inexperience. Shortfalls do arise through:

- Poor planning of path to savings
- Poor implementation or equipment performance
- Poor operations
- Growing facility usage 'hiding' savings
- Inability to 'see' savings amongst normal variations

Stories of savings shortfalls do scare financiers.

EVO and UNECE EE21 Project and Financing EE Investments

- Goals: (1) Developing self-sustaining financing and local commercial infrastructure; (2) Developing sustainable and commercial approaches to delivering community-based energy efficient and renewable energy services; (3) Improving energy efficiency in the industrial, residential and commercial sectors through market-oriented policies and programs.
- Integrating effective technical assessment with innovative financing modalities.
- Designing, packaging and financing EE projects more effectively and economically based on available in-country systems;
- Promoting, through customized efforts, institutional delivery mechanisms that can operate sustainably in local markets for dispersed investments with benefits concentrated in operating cost savings

Measured Results for Market Development

- Standardized M&V – Evaluate and document generated energy efficiency gains and emissions reductions, improving capabilities to manage financial returns and risks affecting delivery of project cost-savings cash flow (Training and Certification);
- Standardized documents and review criteria – Address the complexities and benefits of EE project financing so products and services match the cost-savings cash flow from projects (Training and Standardized Agreements/Criteria);
- Database of Sectoral EE Improvement Potential; Network of Energy Service Providers/Contractors

IPMVP and IEEFP : Scaling Up EE Financing

- The difference that these approaches can make in mobilizing investment and achieving energy savings and emissions reductions (Examples from applications in developed and transitional economies)
- Through the UNECE's EE 21 Project and Financing Mechanisms, advancing techniques, processes and procedures to develop market-based delivery mechanisms necessary to institutionalize local commercial infrastructure, strengthen capital markets and grow the energy efficiency business for the uptake and replication of EE and clean energy
- Focusing on Delivered Savings and Financing for Results