



# EEFIG - analysing barriers and opportunities for private finance for energy efficiency

*Nationalt roundtable omkring finansiering af energieffektivitet i Danmark*

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# The Energy Efficiency Financial Institutions Group ‘EEFIG’

- The EEFIG was established in 2013 by DG Energy and UNEP FI as a platform for public and private financial institutions, industry representatives, sector experts and policy makers to **identify barriers to the long-term financing for energy efficiency and propose solutions.**
- The EEFIG 2015 report “**Energy Efficiency – the first fuel for the EU Economy**” highlighted that:
  - EE Investment is strategically important for the EU
  - Public-private collaboration is required
  - Lack of evidence on the performance of EE investments makes the benefits and the financial risk harder to assess
  - Lack of commonly agreed procedures and standards for EE investment underwriting increase transaction costs
- **The report has been a key source of inspiration for EU policy** in the area and formative for the continued work of EEFIG.

## The EEFIG members

- Public and private financial institutions (banks, investors, insurers etc.)
- Banking associations and investor groups
- Industry representatives and associations
- Energy efficiency industry experts
- Energy efficiency services representatives
- SME associations and expert representatives
- Civil society experts representing diverse energy efficiency stakeholder groups
- International Energy Agency (IEA)
- European Commission
- UNEP FI

# EEFIG Working Groups, Tools and Activities

## EEFIG Working Groups

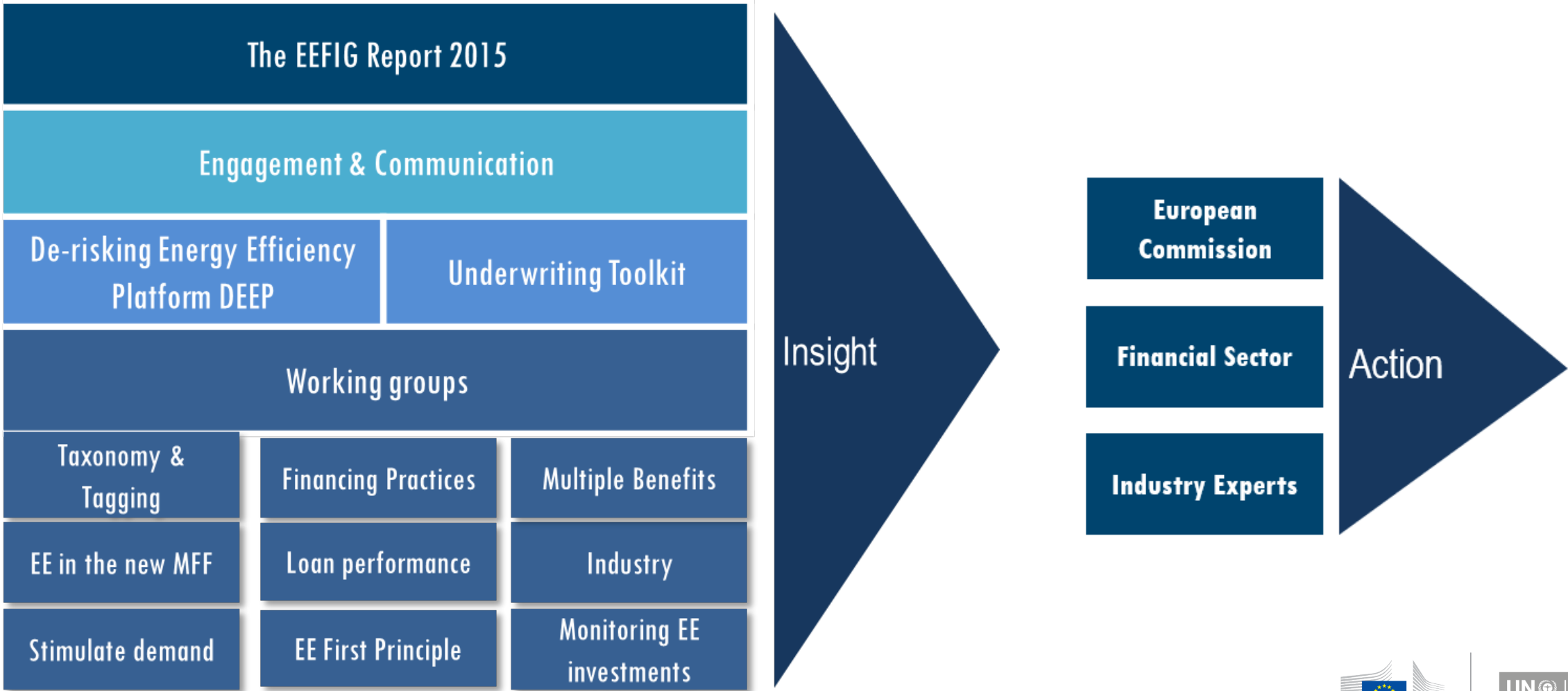
- EE in the EU Taxonomy and tagging of EE loans
- Evolution of EE financing practices
- Financial performance of loans for EE improvements
- Multiple benefits of EE projects
- Further improvements of EE in industry
- EE financing in the framework of the next MFF
- Stimulate consumers' demand for EE investments
- Applying the EE First principle in sustainable finance
- Collecting and monitoring data on EE investments and financing

## EEFIG Tools and other activities

- EEFIG De-risking Energy Efficiency Platform 'DEEP' (database for EE investments performance monitoring and benchmarking)
- EEFIG Underwriting Guidance (value and risk appraisal framework for energy efficiency finance and investments)
- EEFIG dissemination activities and stakeholder activation

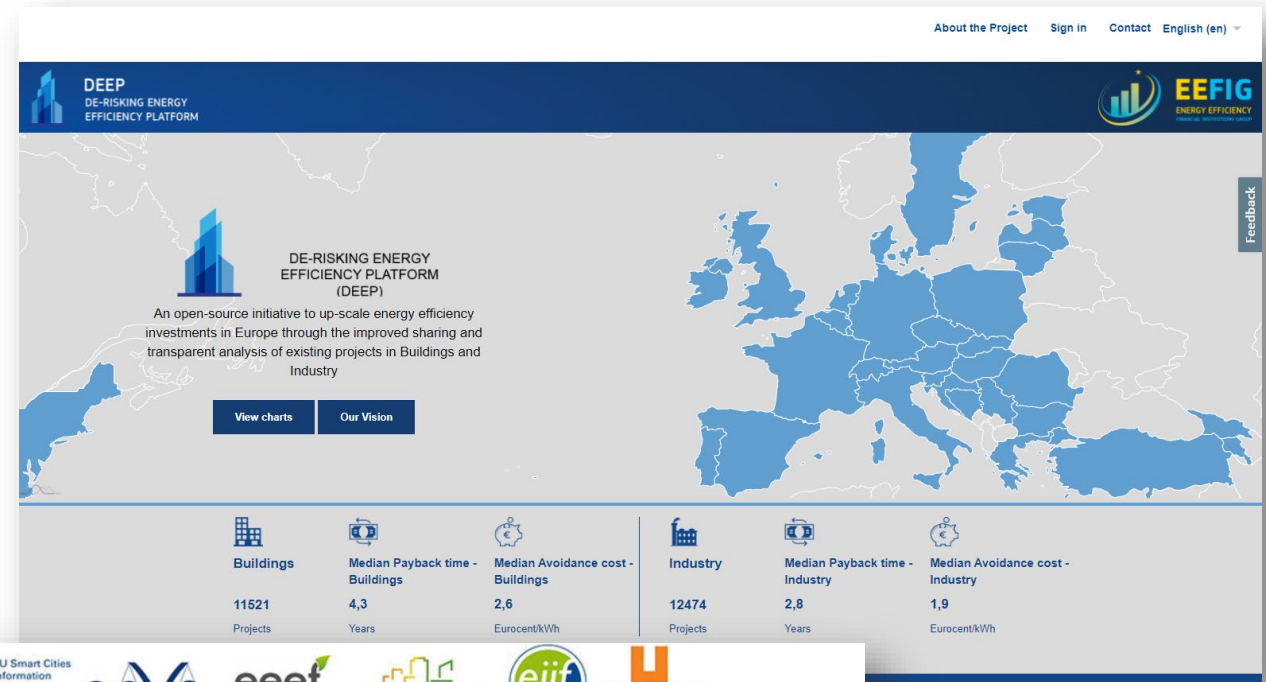


# EEFIG as a Catalyst for Deep Decarbonization



# The EEFIG De-risking Energy Efficiency Platform (DEEP)

- An open-source database for energy efficiency investments **performance monitoring and benchmarking**.
- Provides improved **understanding of the real risks and benefits** of energy efficiency investments by providing market evidence and investment track records.
- Now includes **24,000+ energy efficiency projects** in buildings and industry from 32 data providers.
- New data and **improved functionality** is added regularly.
- DEEP can be accessed at [deep.eefig.eu](http://deep.eefig.eu)



# The EEFIG Underwriting Guide

- The EEFIG Underwriting Guide aims to assist financial institutions to scale up their deployment of capital into energy efficiency. It has several purposes:
  - help originators, analysts and risk departments in FIs better understand the nature of energy efficiency investments and therefore **better evaluate both their value and the risks.**
  - provide a **common framework** for underwriting energy efficiency investments.
  - **support training and capacity building** around standardised processes and understanding.
  - help developers and owners develop projects that better **addresses the needs of financial institutions.**
  - foster a **common language** between project developers, owners and financial institutions.
- The Toolkit is accessible online through [valueandrisk.eeig.eu](http://valueandrisk.eeig.eu)



#### Recommendations from the European Commission and UN Environment:

- "I strongly recommend this toolkit to project promoters, banks, financial institutions and anyone else interested in financing energy efficiency", Maroš Šefčovič, Vice-President, Energy Union, European Commission
- "I recommend this toolkit to any policy maker, investor, business, developer or citizen seeking a more inclusive, green economy", Erik Solheim, Executive Director, UN Environment

## Recent interesting EEFIG reports



# EEFIG WG on Financing Practices for Energy Efficiency

- Energy efficiency **investments must more than double** to achieve the EU's climate and energy targets.
- This EEFIG report takes a deep dive into the current status and **identifies necessary actions to scale up** energy efficiency investments in buildings, SMEs and industry.
- **Driving demand requires policy measures.** Facilitating the right financial offer is mainly the responsibility of financial institutions. Providing the right financial incentives requires blending or loans and grants or guarantees. Reducing transaction costs requires standardisation of investment processes.



**Buildings**



**Industry**



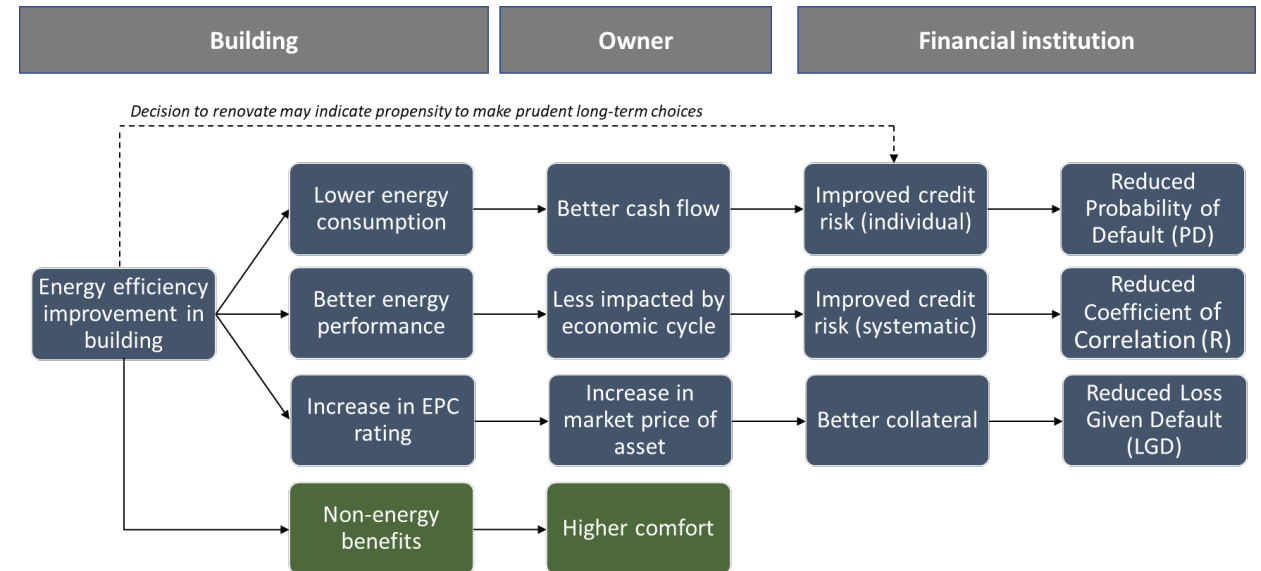
**SMEs**





# EEFIG WG on Risk Assessment of Energy Efficiency Loans

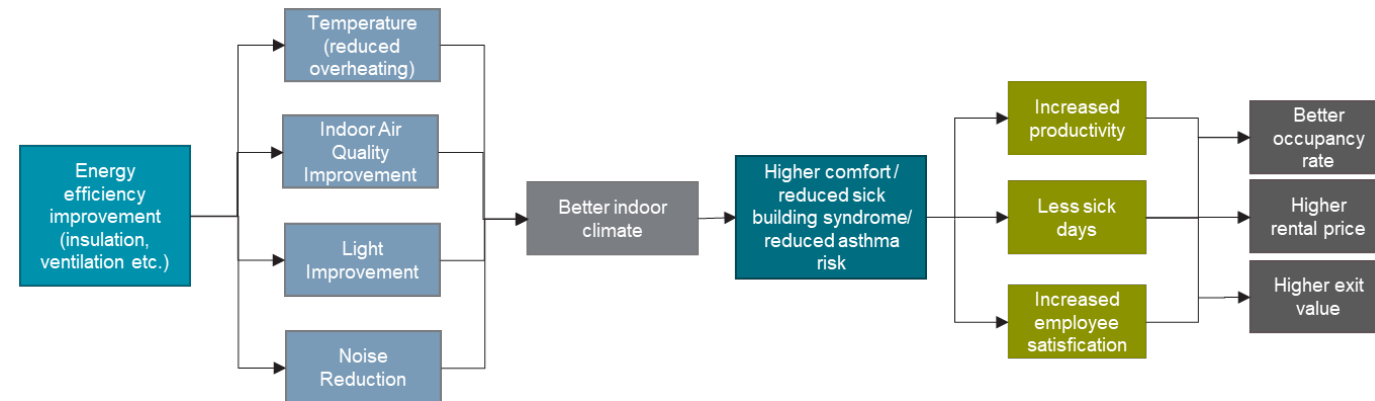
- This EEFIG report looks at the relationship between the energy performance of buildings, credit risk and asset values with the **aim to understand if green loans are less risky** or if a better energy performance can increase the property value.
- It presents findings based on analysis of nearly a million mortgages in Europe and **concludes that there is a statistically relevant correlation between the energy performance of building collateral and mortgage credit performance.**



# Multiple Benefits of Energy Efficiency Investments

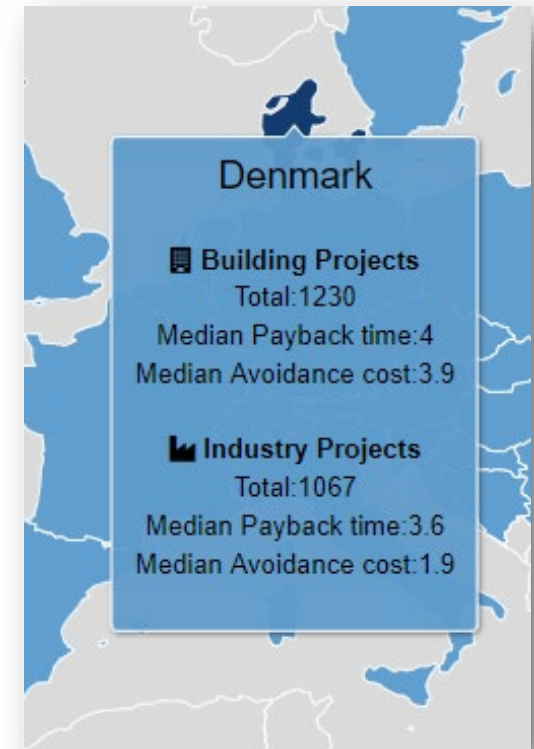
- This EEFIG report looks at the multiple benefits of energy efficiency investments such as **improved indoor air quality, job-creation, energy poverty alleviation, and environmental sustainability.**
- These benefits are **increasingly considered by policymakers**, but not yet fully a part of the financing and investment decision making routines of asset owners and financial institutions.

IMPACT CHAIN: NON-ENERGY BENEFITS FROM EE IN COMMERCIAL REAL ESTATE



# A Danish perspective on the EEFIG results

- Danish projects in the EEFIG DEEP database show that there are still **many opportunities for cost efficient energy efficiency investments** in buildings and industry in Denmark – and these projects were all implemented prior to the recent energy price increases.
- The EEFIG work on risks show that **credit risk is lower for energy efficient buildings** (again even before recent energy price changes). Danish mortgage lenders should tag the EPC of underlying assets in their lending portfolio and replicate the analysis in a Danish context.
- Multiple benefits of energy efficiency investments such as improved indoor air quality **should be an integrated part of the value proposition** for energy efficiency financing.
- Energy poverty has not been a key concern in Denmark for the last three decades, but this **this winter could be different**.



Thank you!

