



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA



# Financing energy efficiency

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Energy Efficiency Training Week, Industry Stream, Pretoria, South Africa, October 2019

# What is needed to obtain finance for an energy efficiency project?

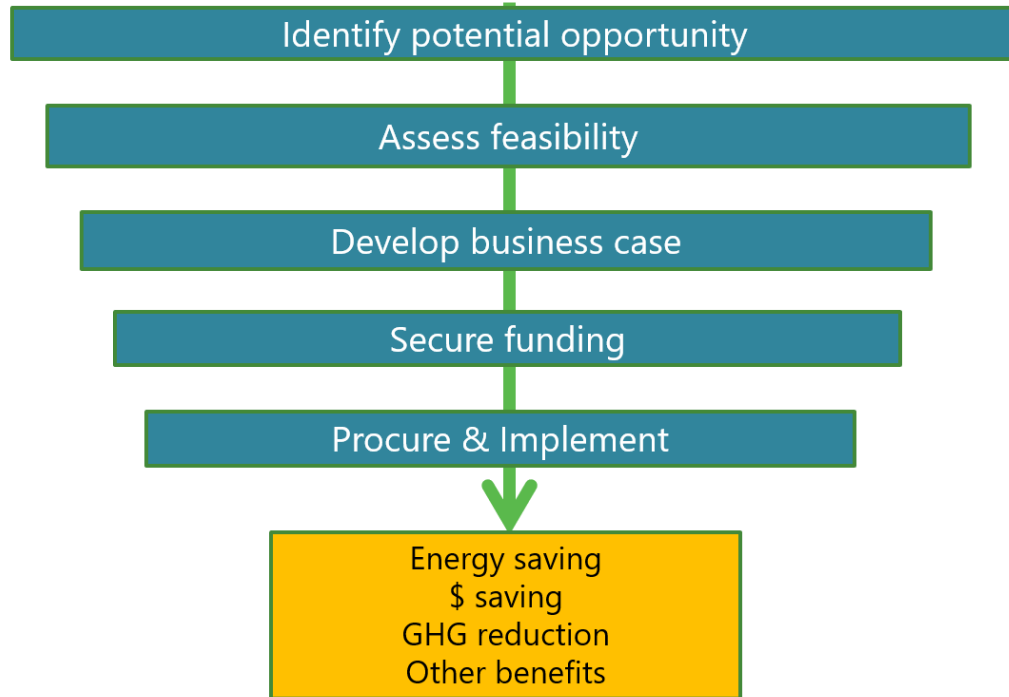


Form a group of 3 or 4 people. Choose one of the following scenarios, discuss it in your group and then report back your findings.

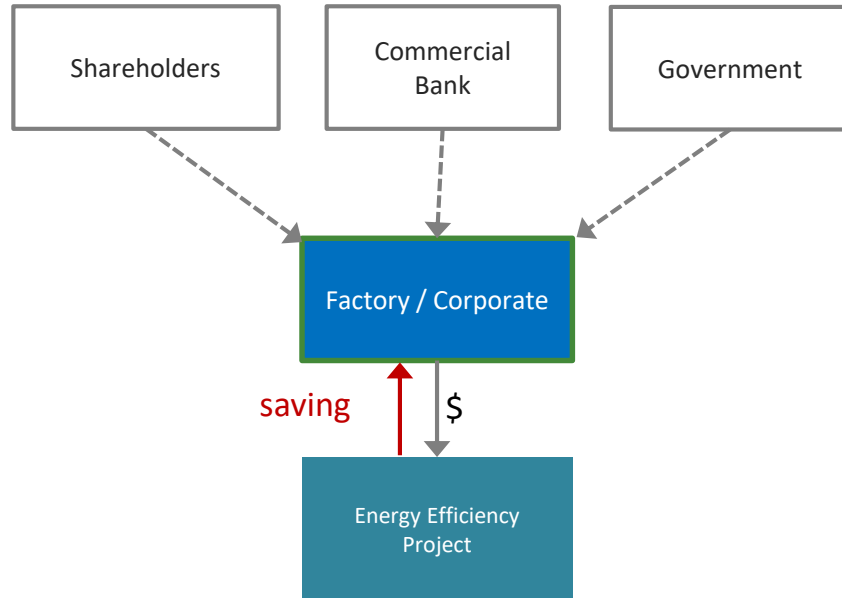


1. Imagine that you are the senior finance manager in a business in the industry sector. A funding proposal for an energy efficiency project is placed on your desk. You review the proposal and consider it to be a good one. ***What features of the business case proposal convince you that the project is worth pursuing?***
2. Imagine that you are a senior banker. You receive a funding proposal for an energy efficiency project from a business in the industry sector. You like the proposal and intend to provide the funding. ***What features of the business case proposal convince you that the project is worth pursuing?***



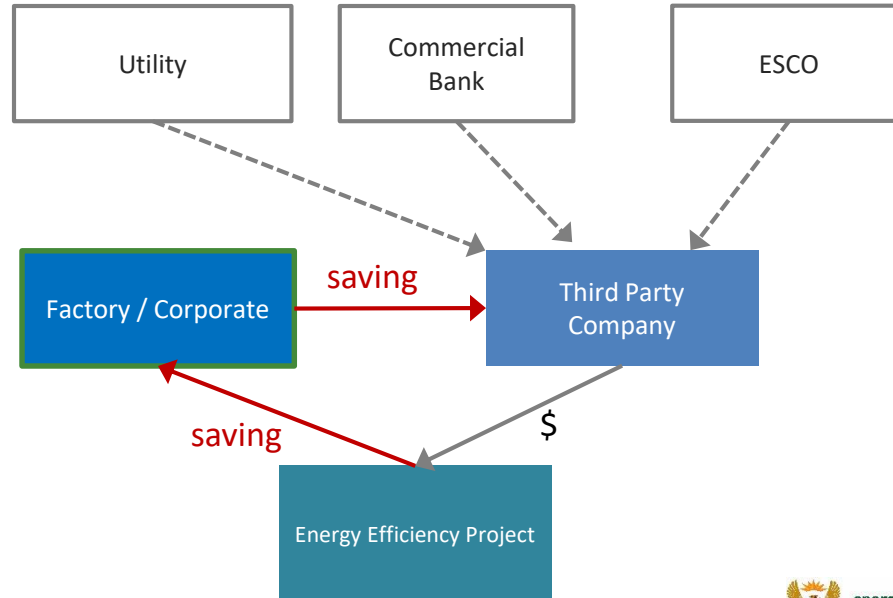


- Equipment company owned
- Held on the balance sheet as an asset

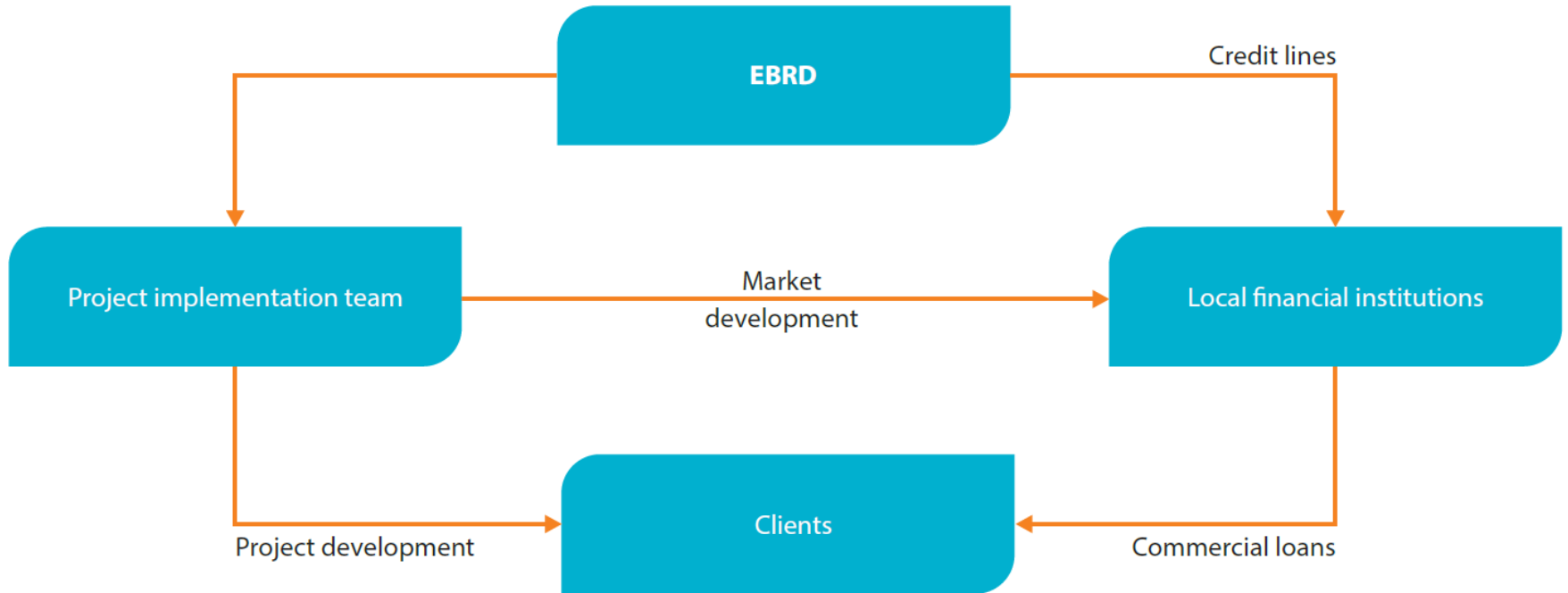


# Third-party financing

- Equipment owned by a third party
- No asset on the balance sheet
- Service fees covered by savings



1. Grants
2. ESCO funding model with shared savings
3. Preferential loans
4. Equipment leasing
5. Utility on-bill financing
7. Market based instruments
  - a. White certificate schemes
  - b. Utility obligations
  - c. Auctions and tenders
8. Tax incentives
9. Others ...



Source: Policy Pathways - Accelerating Energy Efficiency in Small and Medium-sized Enterprises, IEA 2017

# Capacity building through the SEFF model

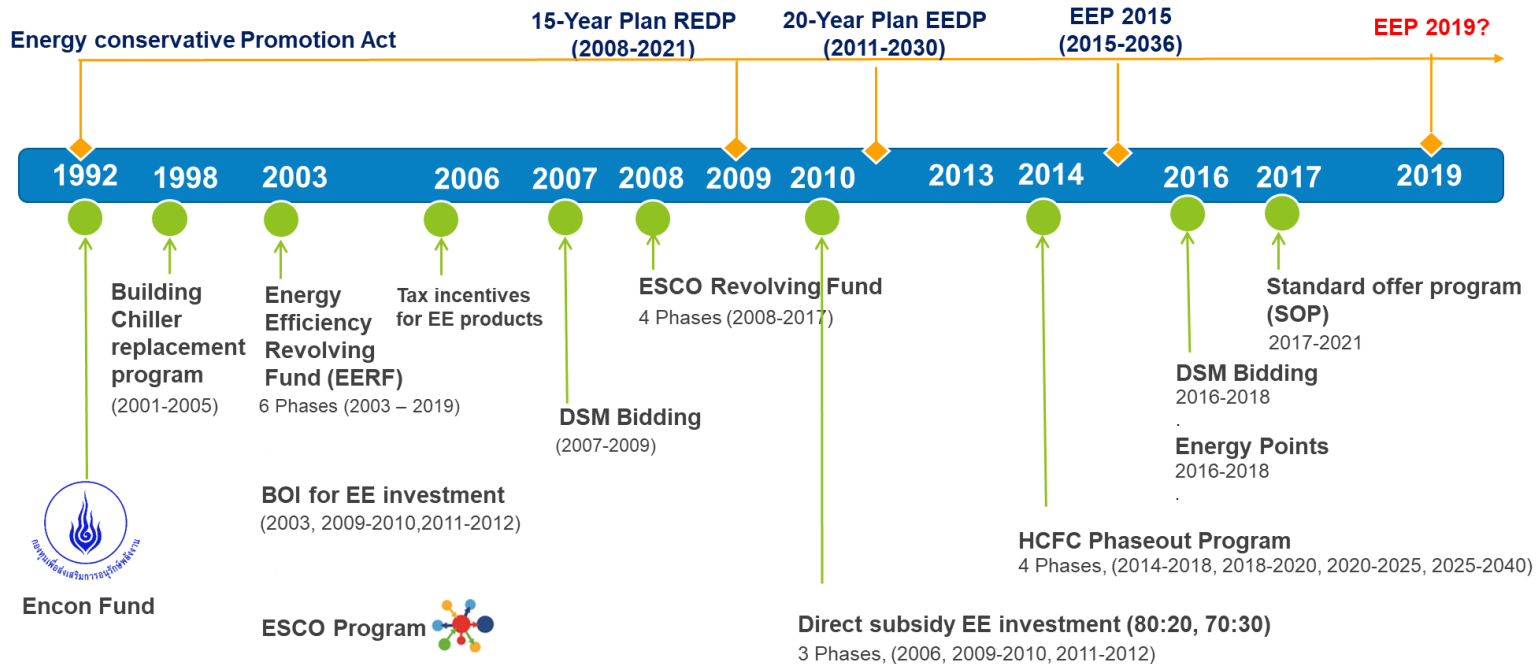


<i>Financial institutions</i>	<i>SME clients</i>
Training staff in promoting new product	Identifying energy efficiency investments and enhancing project design
Supporting staff in recognising technically eligible projects	Promoting the benefits of high performance technologies
Marketing the benefits of the finance programme	Supporting the completion of finance applications
Creating standards for environmental and social due diligence	Providing guidance during and after project implementation
Encouraging clients to originate investment opportunities	

Source: Policy Pathways - Accelerating Energy Efficiency in Small and Medium-sized Enterprises, IEA 2017



# Financing energy efficiency in Thailand



Source: Boonrod Yaowapruerk, The Creagy Company 2019

## Market Based Instruments for energy efficiency:

- Use market forces to minimise the cost of saving energy
- Set a policy framework specifying the outcome (e.g. energy savings, cost-effectiveness) to be delivered by market actors, without prescribing the delivery mechanisms and the measures to be used.

• Click

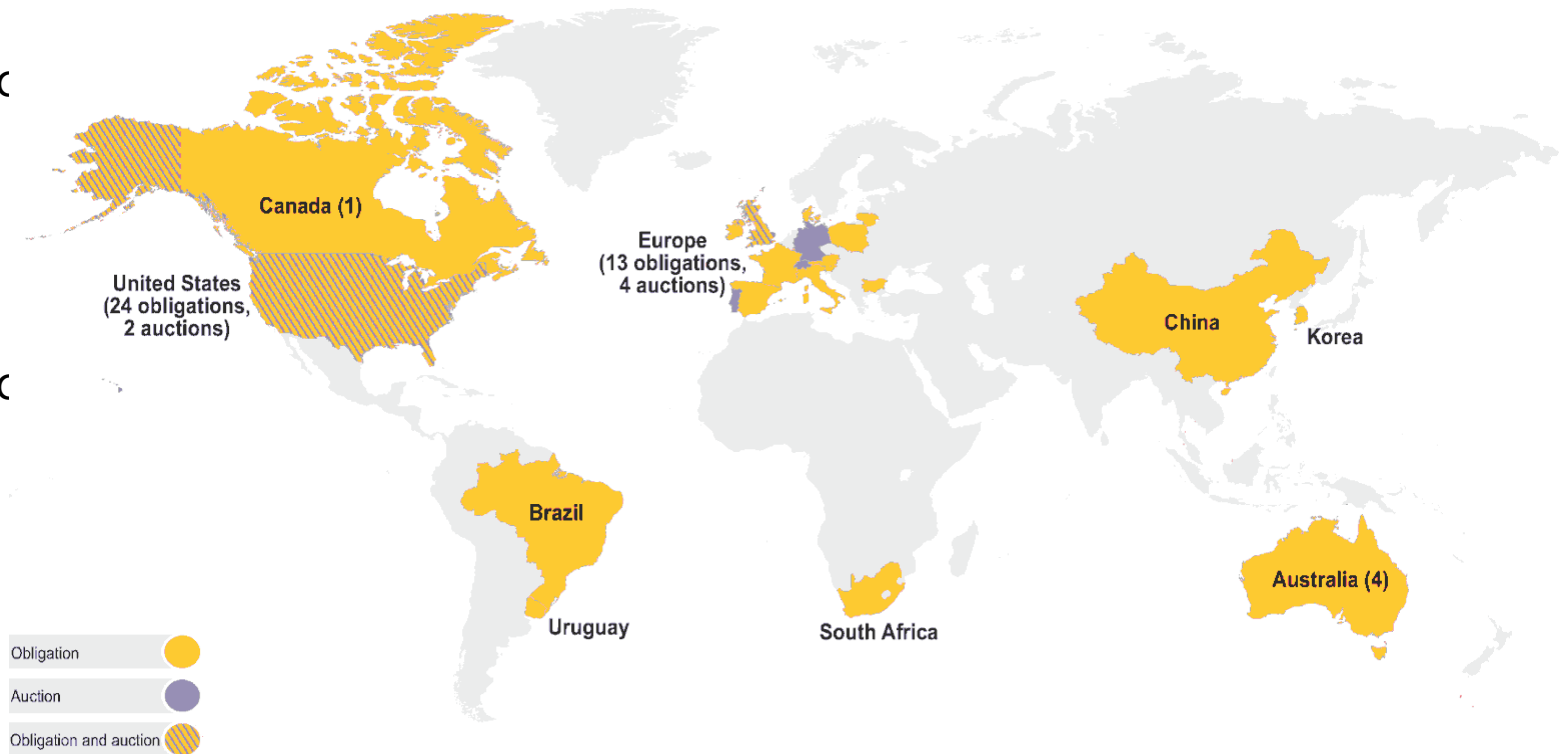
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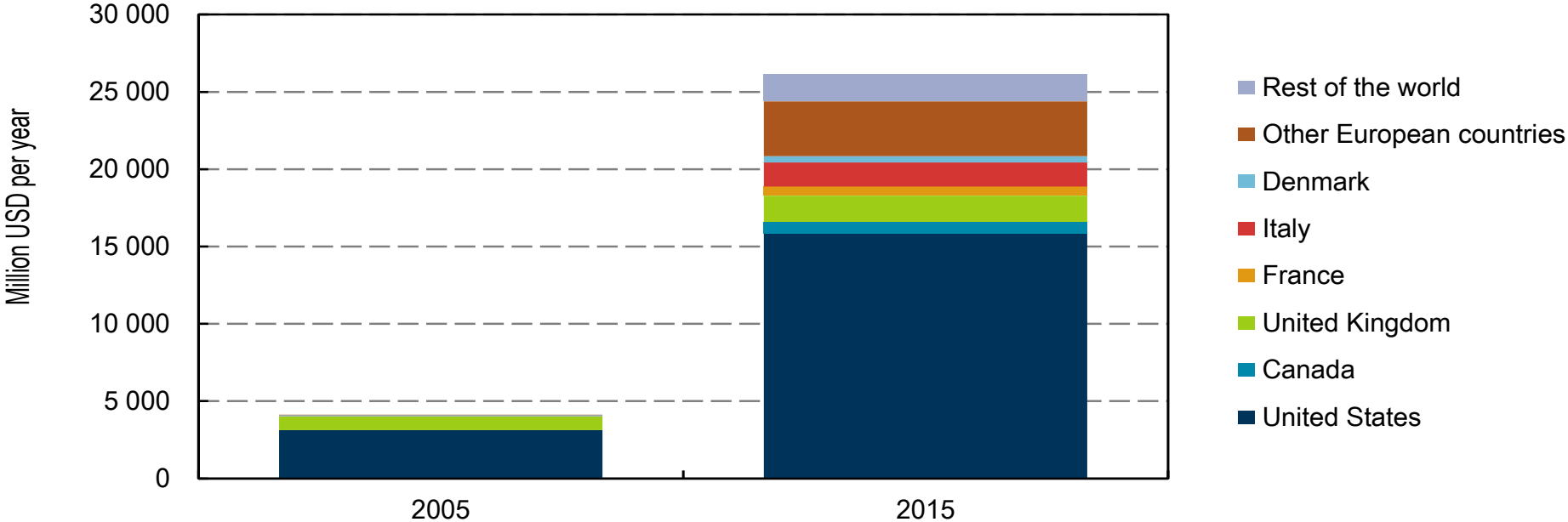
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**The number of Market Based Instruments has quadrupled over the last ten years**

# Investment through Market-based Instruments

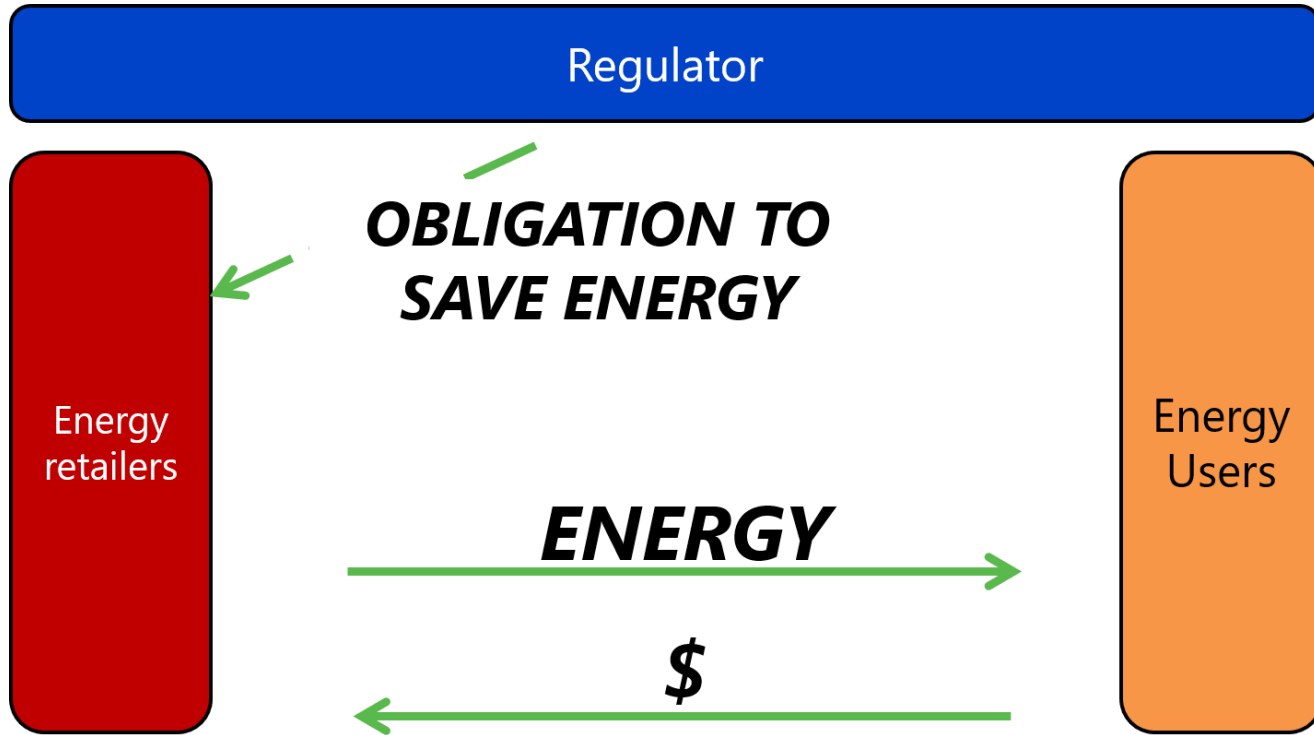


**The amount of investment generated by Market Based Instruments has increased six-fold over the last decade**

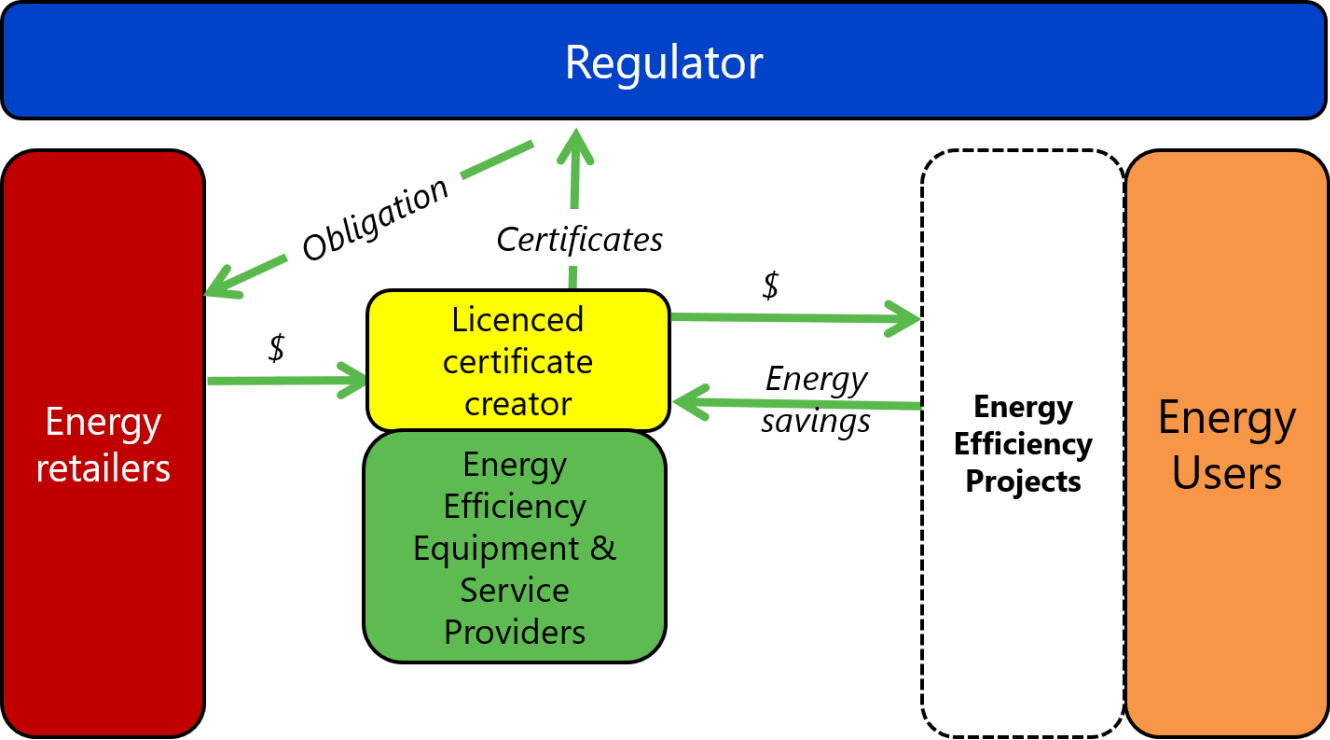
- THE FOLLOWING SLIDES WILL ONLY BE PRESENTED IF THERE IS SUFFICIENT INTEREST IN THE DETAIL OF MARKET BASED MEASURES

# White certificate model

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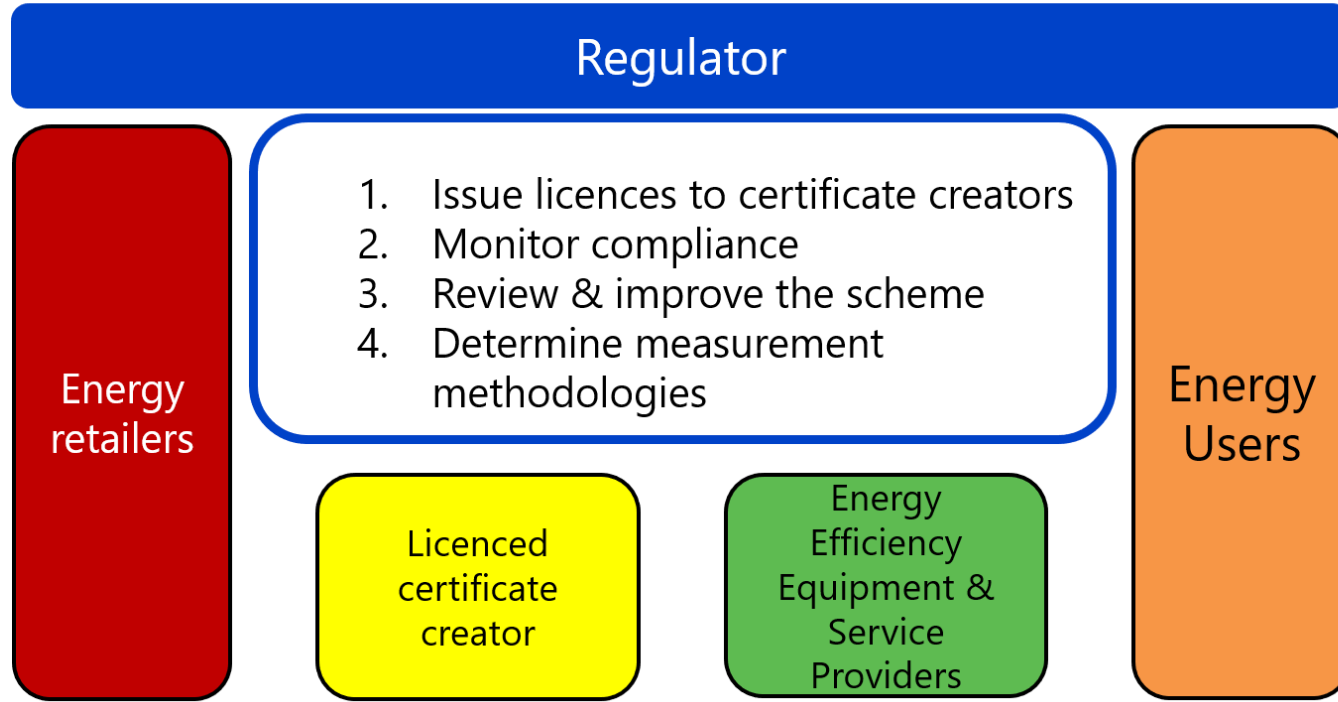


# White certificate model



# White certificate model

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- Italy's white certificate scheme
  - Commenced in 2005
  - Over 24 million tonnes of oil equivalent saved to date
  - Companies with energy managers can create certificates



- India's Perform Achieve and Trade Scheme
  - Government sets energy consumption targets for individual firms
  - Enterprise achieves energy targets through energy savings or purchase energy savings certificates generated by companies that have gone beyond their target





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