Investment Grade Energy Efficiency Policy

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Here's what I'll cover

- Why is energy efficiency **investment & policy important?**
- What is the difference between "energy efficiency policy" and "**investment-grade** energy efficiency" policy?
- What does IGEE policy **look like**?
- When is it **needed**?
- How to **target** it?
- **Example** from the EBRD
- Introduction to the **EBRD**


We need to make our
infrastructure more
energy efficient
For this
we need investment
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$35 trillion

Cumulative investment in EE from 2016 to 2040 to meet 2° C goal

IEA, World Energy Outlook, 2016

But what's the bill?

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What is **energy efficiency** policy?

A set of strategies, legislation, regulations, measures, programmes that together stimulate energy efficiency improvement

What is **investment-grade** energy efficiency policy?

A set of strategies, legislation, regulations, measures and programmes that together *enable investments* that stimulate energy efficiency improvement

How is IGEE policy different to ordinary energy efficiency policy?

1. Focused **goal**
2. Focus on specific set of **barriers**
3. Focused group of **stakeholders**
4. Specific **criteria**
   - for evaluating appropriateness
   - for evaluating success of measures
5. Specific types of **measures**
   - include measures not traditionally associated with energy efficiency

What does EE policy look like?

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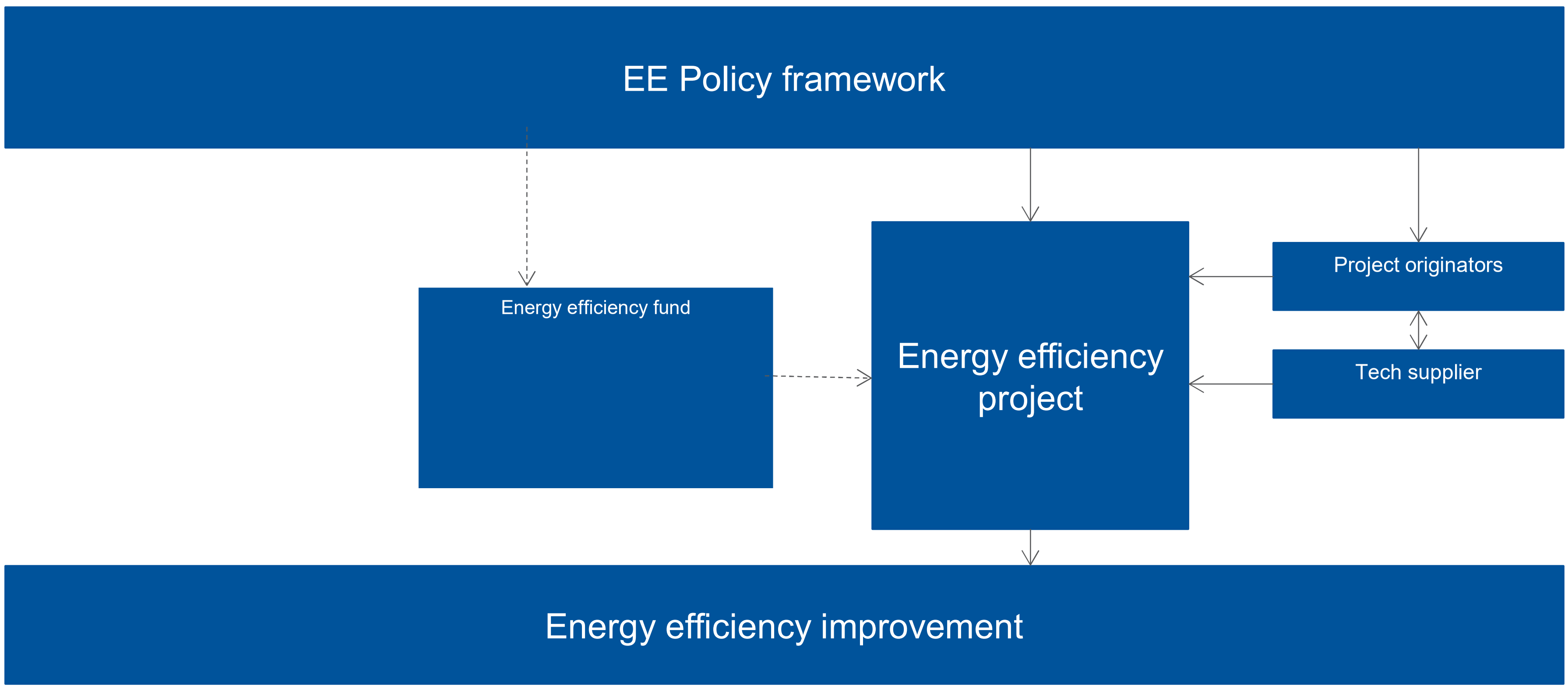
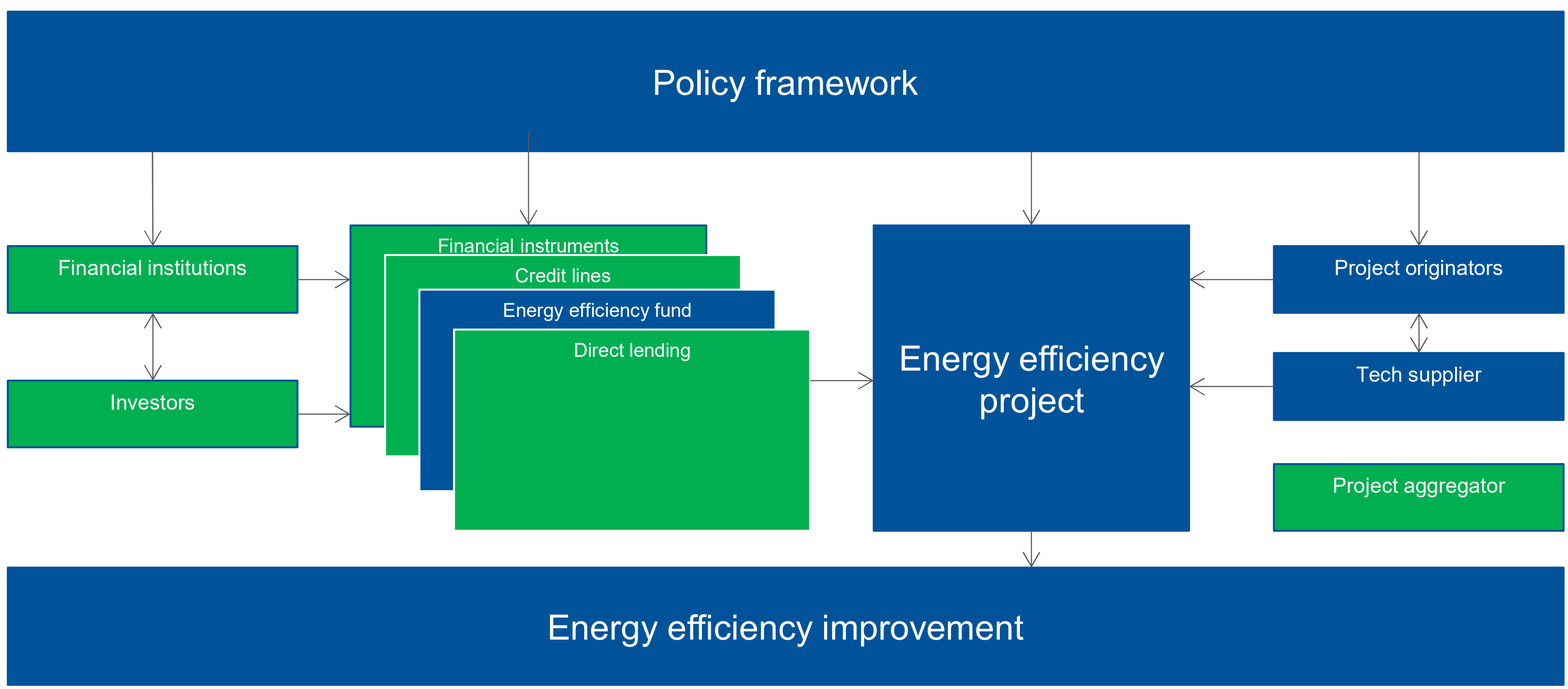


What does EE policy look like?



Western Balkans case study

Western Balkans REEP Plus

Grants

€30m EU IPA, €1.8m WBIF, €2.7m Austrian Federal Ministry of Finance, €5m to be mobilised from other donors

Objective

Sustainable market for energy efficiency in the Western Balkans

Window 4
Direct Lending to Municipalities

€20m direct EBRD financing
€4.5m grants (EU IPA + Other Donors)

- Direct loans to the State, cities or municipal companies
- Focus on public buildings EE
- Capital expenditure grant co-financing and TA

Window 2
Intermediated financing
&
Window 3
Direct financing

€108m EBRD & KfW financing via FI
€27.05m grants (EU IPA + Other Donors)

- SME and public sector lending (KfW)
- Residential sector lending across all 6 WB countries (EBRD).

€1.8m WBIF, €2.7m Austrian Federal Ministry of Finance for TC

€30m direct EBRD financing
€1m grants (EU IPA + Other Donors)

- Direct lending for Medium scale RE, EE
- Target financing of ESCOs
- TA for project preparation

Window 1
ESCO support
&
Policy dialogue

ESCO development
€3m grants (EU IPA + Other Donors)

- TA for ESCO projects and tenders preparation

Policy dialogue
€2.5m grants (EU IPA)

- Key focus on residential sector regulations

What is the EBRD?

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Who we are

1991
established
to foster transition to market economies

65 owner countries, and the EU and the EIB

37 countries of operations in Central and Eastern Europe, Central Asia and the Southern and Eastern Mediterranean

Our experience

€ 30 billion
capital base

€ 41 billion
portfolio

€ 9.2 billion
average annual business volume in the past three years

Key principles

Sound Banking

Transition Impact

Environmental Sustainability

Green Economy Transition (GET)

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40%

Green finance in EBRD annual business by 2020, from a 2015 level of 30%

€ 4 billion

Target annual EBRD green business by 2020

€ 22 billion

Target cumulative EBRD green business 2006-2016

EBRD's green financing

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€22.4 billion

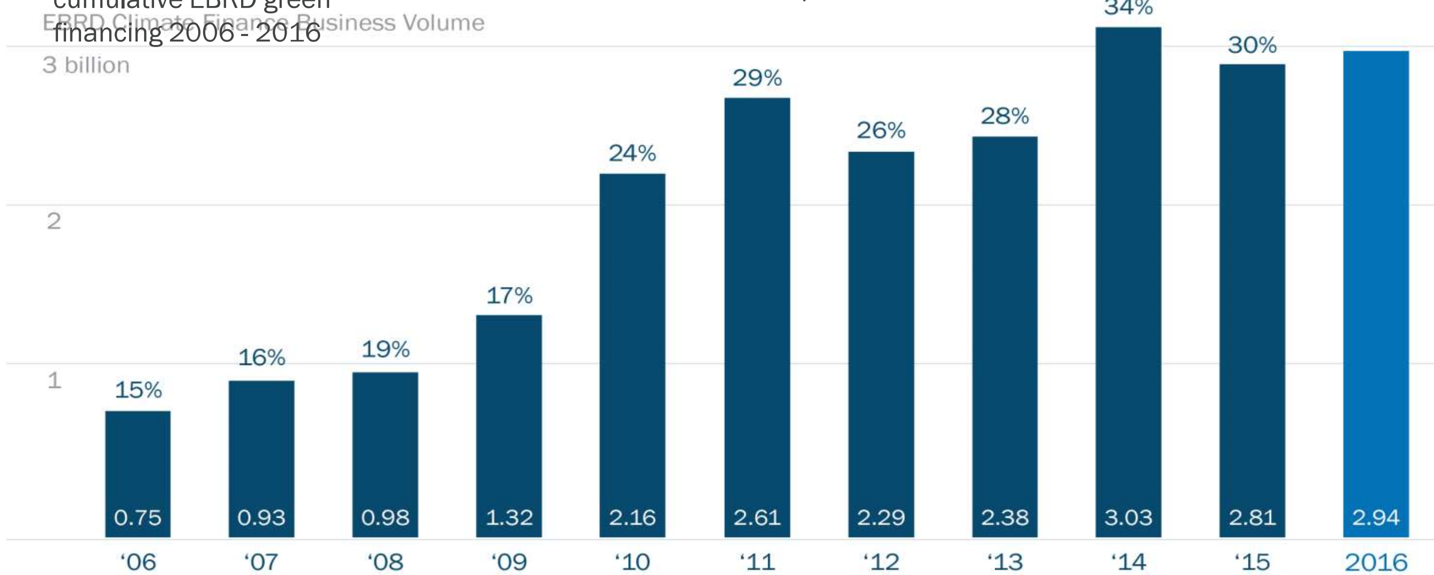
cumulative EBRD green financing 2006 - 2016

1,271 projects

with climate components

33%

of **2016** business



Mainstreaming green financing: The business model

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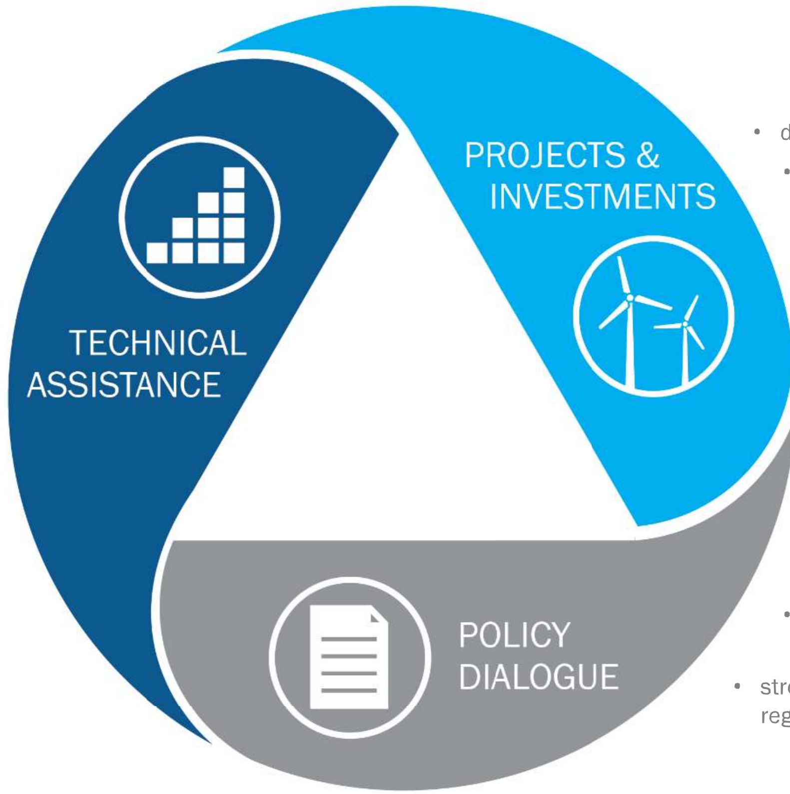
- develop sustainable energy lending
- climate vulnerability risk assessments
- transition gaps & market scoping



- direct & indirect financing
- investment grant support
- blended concessional finance

- address sustainability & environmental market failures
- strengthen the institutional & regulatory context

What policy assignments to deliver this investment?

218 assignments

13 primary laws

46 secondary regulations

€52m cost

27 countries

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Summary

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- Demonstrate **importance** of:
  - **Policy**
  - **Investment**
- Distinguish between “**investment-grade** energy efficiency” policy and “energy efficiency policy”
- What does IGEE policy **look like**?
  - When is it needed?
  - How to target it?
  - Examples from the EBRD

Contacts

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