Enabling Investment

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Using policy to enable investment

What is energy efficiency policy?
A set of strategies, legislation, regulations, measures and 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 stimulate energy efficiency improvement
Using policy to enable investment

Enabling Policies

- Regulation:
  - Codes/standards
  - Disclosure
  - Sticks

- Information:
  - Capacity building
  - Awareness/labels
  - Tambourines

- Incentives:
  - Rebates/loans
  - Non-financial incentives
  - Carrots

No. Buildings

Illegal

Minimum Performance

Innovation

Source: adapted from GBPN
Using policy to enable investment: regulation

Mandatory regulation

- **Codes**: regulation for energy efficiency and sustainability for a whole building.

- **Standards**: regulation for individual products or services, often referenced within a building code for individual building components.

- **Mandatory disclosure**: regulation that requires organisations or individuals to report or disclose how their building is performing, such as disclosing the energy performance certificate or energy usage.

Obligations

- **Utility obligations**: rules for regulated utilities that enable increasing investment in energy efficiency and passing the costs system-wide in the energy prices.

- **Public procurement**: rules for government organisations to purchase products and services that meet certain criteria, such as energy performance or certification.
Using policy to enable investment: information

Data and information

- **Energy performance certificates**: documentation of basic building information plus energy performance.
- **Building passport**: documentation of most buildings data and information, including basic information, construction materials, systems, renovations and energy use.

Awareness

- **Labels and branding**: easily identifiable visual that enables consumers to recognise product or service as efficient.

Capacity building

- **Education and training**: learning efforts to increase the knowledge of building sector professionals or general population.
- **Labour certification**: searchable documentation of professional expertise in delivering energy efficiency.
Using policy to enable investment: incentives

Non-financial incentives

- **Time:** expedited approval for permits
- **Scope:** increased floor area, building height or number of floors

Financial incentives

- **Finance:** enabling private investment, including through loan guarantees, preferential loan terms or increased access to funds
- **Direct fiscal credit:** improving the cost of energy efficiency to consumers through rebates, tax credits and discounts
Using non-financial incentives to enable investment

What do building investors/developers want?

- **Height and density bonuses**: extra height or floor/area ratio (FAR) can be given in return for achieving high levels of sustainability.
  - This is also valuable to cities where there is limited land for construction, achieving multiple benefits including improved efficiency, profitability and tax base.

- **Expedited permitting**: Buildings require construction permits and occupancy permits, which can often take a long time. Expedited permitting sustainable and efficient buildings are incentivized by receiving priority during their permit appraisal.
  - This is also valuable to cities that have a large number of permits, where the sustainable and efficient buildings that are surpassing the requirements of law are easier to evaluate.
What do financial investors want?

- Clear and transparent construction or renovation project plan based on industry best practices
- Evidence of the qualification of professionals
- Third-party measurement and verification
- Consistent documentation
- A project label that represents these components and can live with the project

Source: Investor Confidence Project
Roadmap for Buildings and Construction

Set targets for:
- Urban planning
- New buildings
- Building retrofits
- Building operations
- Systems
- Materials
- Resilience
- Clean energy

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A collaboration of the IEA and GlobalABC
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