



G20 Energy Efficiency Investment Toolkit

G20 Energy Efficiency Finance Task Group (EEFTG)

Presentation for CEM Solution Centre/ DOE

Webinar 30th November 2017



G20 Energy Efficiency Finance Task Group (EEFTG) (Work & Achievements)

Comprised of
15 countries
and co-chaired
by France &
Mexico



In **2016** EEFTG engaged with around **1,200 individuals** through a programme of **18 workshops** or contributions to **G20** and related activities in **Europe, USA, China** and **Latin America**

EEFTG global survey generated **140 specific ideas, instruments, approaches, mechanisms, instruments** and **practices** shared by 72 **experts**

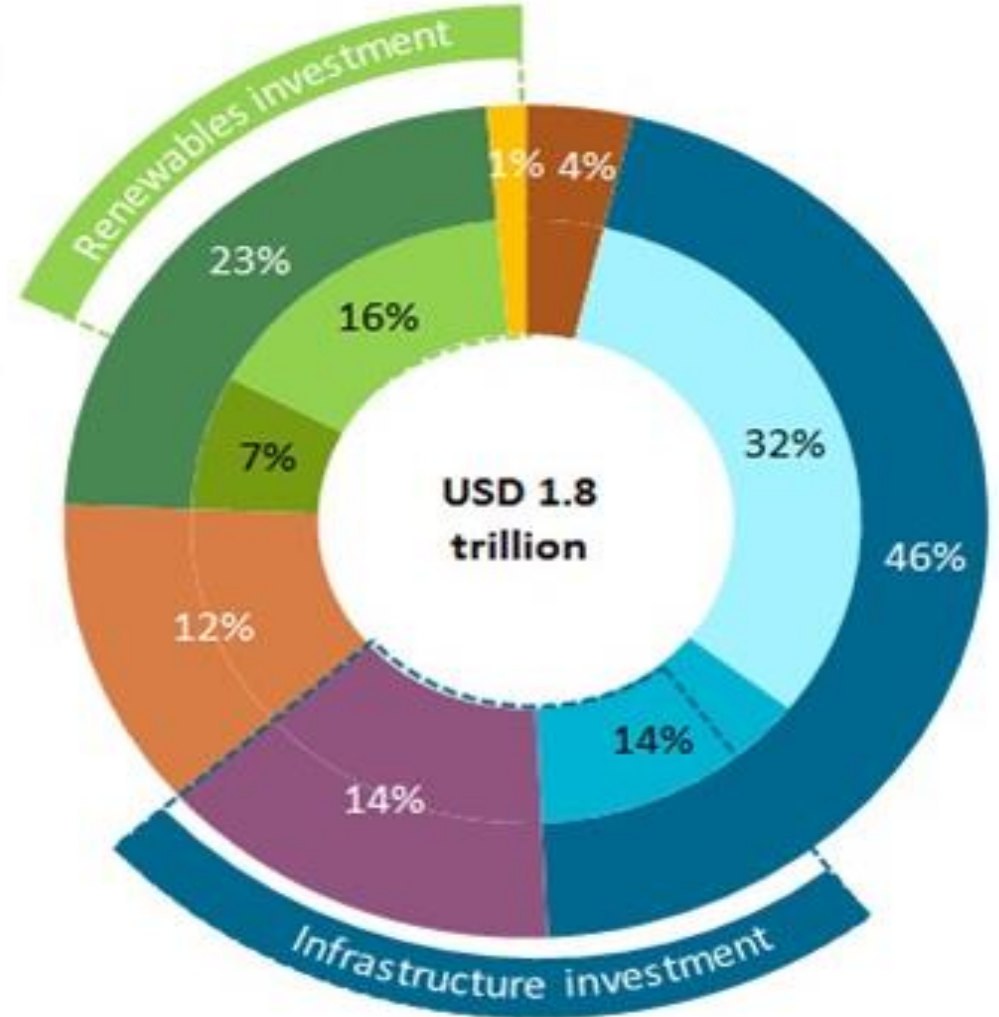
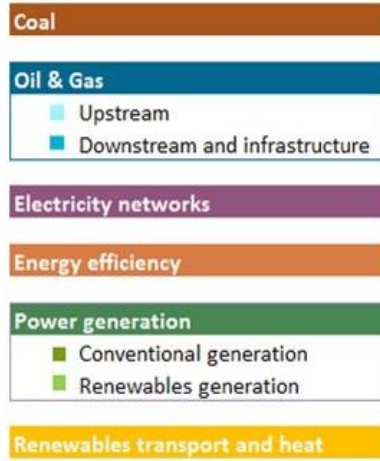
Beijing G20 Energy Ministerial
Communique calls for “upscaling
energy efficiency investment”

Launched campaign to
engaging with **122 banks
& asset managers** managing
\$4+ trillion of funds

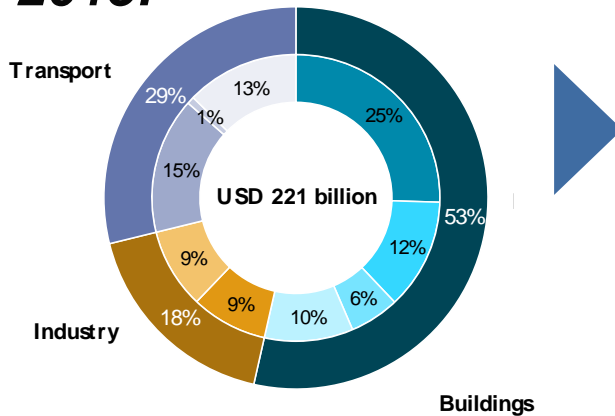


EE Investments of \$221mm match “Networks” or “Downstream Infrastructure” in global size...

Global Energy Investment 2015:



EE Investments by Sector 2015:



Map & Measure: EE Integrated and “Core” Investments

			Integrated	Core
Market	\$	USD trillions	USD 221bn	ESCOs (USD 24 bn); “Self-financed”
Policy	2000+ policies	Energy subsidies; Inefficient markets; Supply-led planning.	Energy Transition; National Renovation Strategies; Vehicle Fleet Standards; Transparent Energy Planning.	“EE First”; Mandatory targets/ standards; NZEBs; EE Obligation schemes; National EE Action Plans.
Private Sector	Banks \$110tr	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Green tagging; Green buildings lending; green lending; climate lending; Equator principles.	EE mortgages; Building renovation loan; EE credits/loans; EE tagging.
	Investors \$70tr	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Green tagging and company disclosure; Collaborative shareholder activism; Green funds; Sustainable real estate funds.	EE funds; Energy Productivity Indexes; Own real estate EE renovation; EE tagging.
	Insurers \$31tr	Product and services without explicit consideration of energy “externalities”.	Green buildings insurance; Climate mitigation insurance and investments; Addon coverage; Technical assistance, advisory services.	Energy saving insurance; energy performance guarantee; EE advisory services.
Public Sector	Public finance \$176 + bn	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Resource Efficiency; Safeguards; ESG & Climate Commitments; \$33 bn	Direct EE Lending; EE Policy lending; EE targets; Technical assistance. \$7 bn

Policy Case Study: How G20 Policymakers can address “EE Premium” and “Take it to Zero” (or negative)...

Example:

*Consumer or
business*

To invest in:

Energy Efficient Equipment

Full cost can be divided into

1.

Cost of a new but
very standard and
less efficient piece of
equipment
(Base Cost)

2.

Cost of the added
increments of
energy efficiency

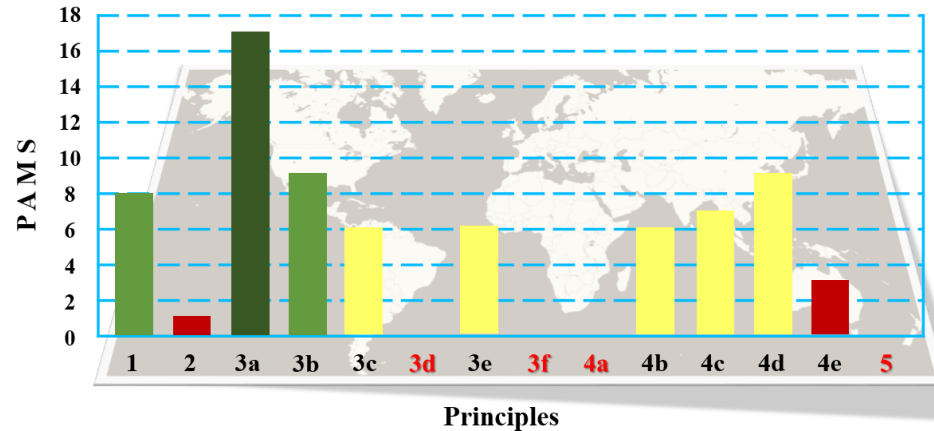
**Energy Efficiency
“Premium”
[or “discount”]**

The base plus this
“Premium” equals the
full technology cost, or the
“Total Spend” in
Efficiency

I. G20 Policy Tools: voluntary EE Investment Principles (vEEIP) Framework, Databases & TEWs

- EEFTG reviewed 2,000 policies in the **IEA's PAMS database**, focusing on **G20 countries**, in combination with the results of its **2016 global expert survey**.
- To then sort the data by principle and sub-principle of the **vEEIP** for G20 participating countries
 - Attaining an approximate view of the **Principles** and **sub-Principles** that are widely implemented in existing policies and **identified the gaps where further progress can be made**.

Concentration of PAMS policies in the vEEIP Framework for G20 countries



Policy toolkit: based on the Principles

will
provide
for each

- Rationale
- Key Findings
- Case Studies (policy innovations that promote EEI)
- Action Areas

of the Principles and sub-Principles in the G20's vEEIP

EEFTG's Tools for Bilateral Engagement with G20 Countries

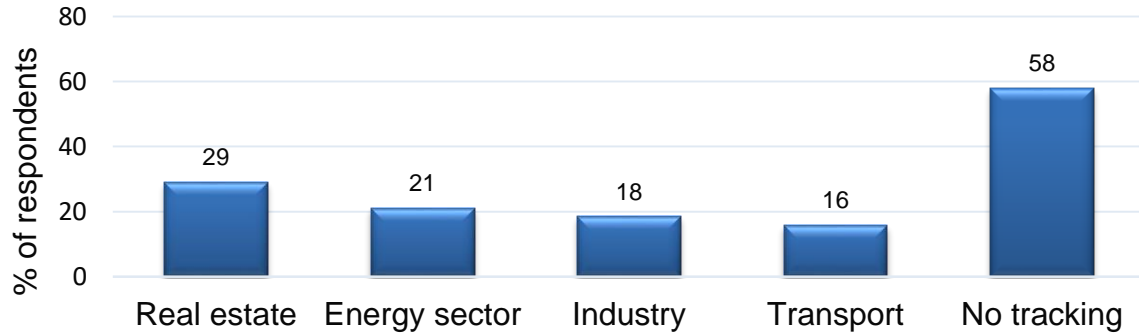
- I. Supporting the development of an enabling **national policy framework**
- II. Providing an **engagement platform** and mechanism through its Technical Engagement Workshops (TEWs)
- III. **Exchanging knowledge** of good practices

II. Private Sector Tools: Collective Statements, Green Tags, Best Practice Surveys and De-Risking

2016 EEFTG's Bank Survey Key Conclusions:

- a. Well-recognized opportunity
- b. Needing awareness raising and supportive policies
- c. Requiring tracking of energy efficiency finance

Green Tagging to Track the Energy Performance of Banks' Assets



G20 Energy Efficiency Investor Statement



Insurers can help De-Risk Energy Efficiency Investments:

1. **Technical risks** - particularly during the implementation of the energy efficiency improvements as a multi-stakeholder process and when using complex equipment.
2. **Financial/performance risk** - the level of energy savings and the financial value of these savings.

Endorsed by more than USD 4tn of Investors!

III. Public Finance Tools: Joint Statement, Focus Action Framework, Structured Engagement for Development

Public Financial Institutions have led Energy Efficiency in 3 Areas:

1. **Showcasing & replication** of energy efficiency investment models.
2. **Identification & implementation** of new financial instruments that **facilitate** the **replication** and **scale up** of energy efficiency investments.
3. Identification of **internal policies** that **mainstream** EE investing **across all activities** of the organisation.

Joint G20 Energy Efficiency Statement



Framework of Action for Public Financial Institutions and Country Partners to scale-up Energy Efficiency Investments

1. **Increase Policy-based Lending** to Support Investment Grade **Policy Frameworks** that require and **promote EE** and to drive **“Life-cycle Cost Optimal”** Procurement of Public Infrastructure and Buildings
2. **Increasing** the amount, availability, simplicity and connectedness of **Technical Assistance/ Project Development Assistance facilities**
3. **Lever Multiple Retail Distribution Mechanisms**
4. **Energy Efficiency’s Central Role in the Future of Mobility, Smart Grids and Infrastructure**



Opportunities for Development of G20 EE Investment Toolkit in 2018 Presidency...



Use the toolkit's framework to **engage in a collaborative dialogue with all stakeholders** (policy makers, public and private financial institutions) to **co-create the investment environment** needed and **learn from good practice** cases internationally.



Design and implement an enabling policy framework for EE investments, guided by the **G20 Energy Efficiency Investment Principles**.



Adopt **specialised products and services for EE**, as well as tools that **improving the visibility and enable tracking of asset energy performance**, using the insights and good practices cases provided by the toolkit.



Work closely with public financial institutions to **dedicate more concessional financial instruments to EE**, and **develop awareness and capacity** of bank management and staff to develop specialised products and services for EE.

EE Investment Opportunities Arise through multi-stakeholder collaboration...

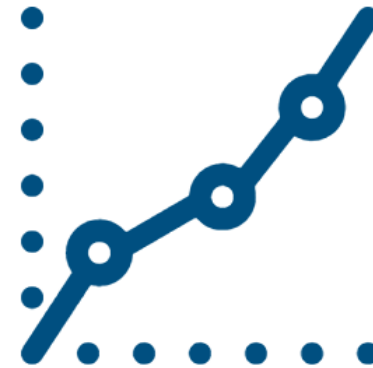
The G20 EEI Toolkit provides:



**Collaborative
Architecture**



**Value through
network effect**



**Scale up of EE
investments**

3x Toolkits in One to Scale-up Energy Efficiency Investments

G20 EE Investment Toolkit

“10-pager”
For Policymakers

Comprehensive
Toolkit

30x G20 Case
Studies



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Coordinated by the International Partnership for Energy Efficiency Collaboration (IPEEC)
and with 13 participating G20 countries

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Thank You

G20 Energy Efficiency Finance Task Group

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Supported by: CLIMATE & STRATEGY

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