

Driving Investments in Energy Efficiency with Energy Savings Insurance model

WEBINAR: EEMI Bauhaus – 4th Edition

29 March 2021, 2pm



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 785061



About BASE



20
years

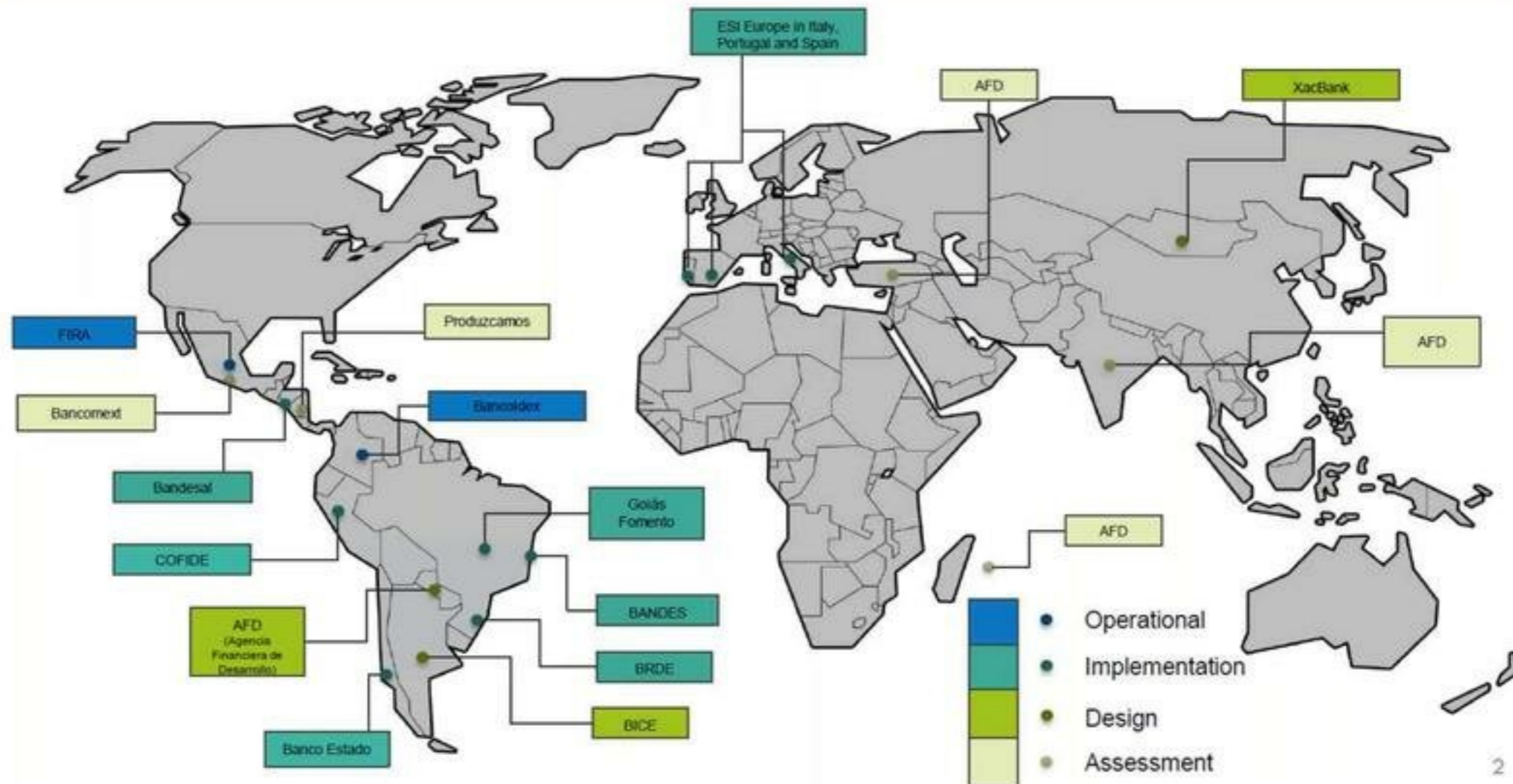


*Driving investment in
climate solutions*

BASE is a Swiss not-for-profit foundation and a Specialized Partner of UN Environment.

We develop innovative, actionable financial strategies and market-driven solutions to unlock investment in sustainable energies and to tackle climate change.

The ESI Model around the world



Why is the ESI model needed?



Investments in energy efficient systems...

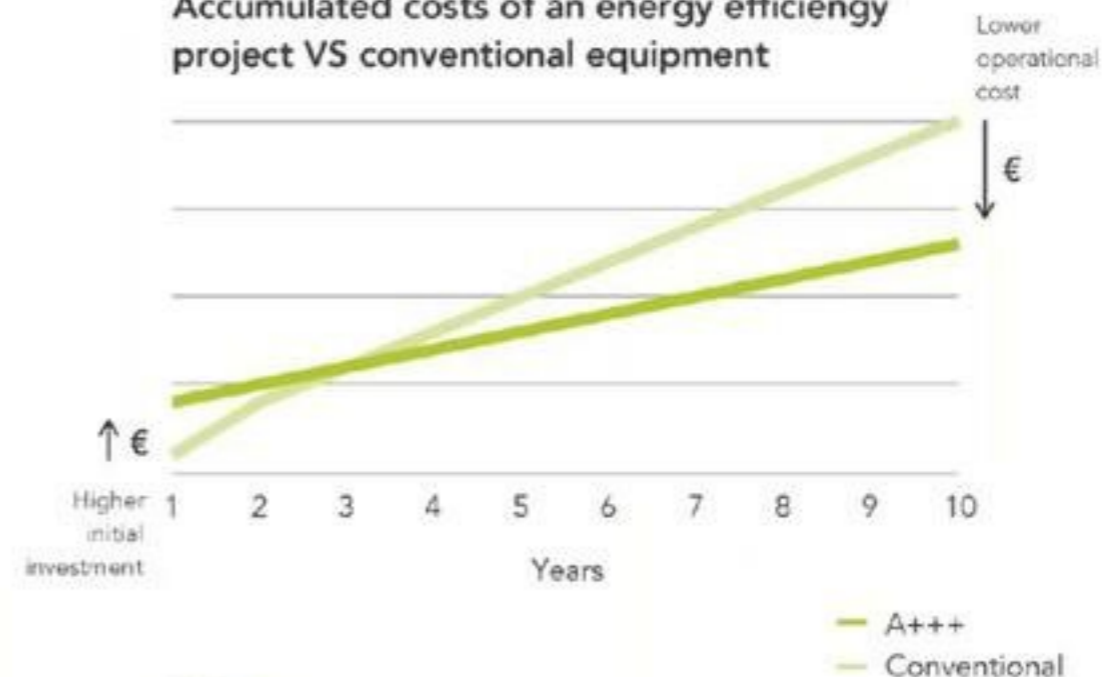
...have **benefits**:

- Reduced operational costs
- Higher productivity and competitiveness
- Improved environmental impact

...but face **barriers**:

- Higher upfront costs
- Lack of trust (among actors, in future energy savings)
- Competing investments opportunities

Accumulated costs of an energy efficiency project VS conventional equipment



ESI Europe Project



GOAL: Development of the **Energy Savings Insurance (ESI) Model** in Italy, Portugal, and Spain

The expected outputs:

- ✓ **Setting up** the mechanisms the model, and **capacity building** of market stakeholders
- ✓ Mobilising **private investments** in energy efficiency, with special attention to Small and Medium sized Enterprises (SMEs)
- ✓ Development of marketing material, an **ESI Europe toolkit** and video to promote the uptake and **replication** of the ESI model in other European countries.

Consortium partners:



www.energy-base.org (coordinator)



www.fire-italia.org



www.bcsdportugal.org



www.energylab.es



CREATING TRUST IN ENERGY SAVINGS

GoSafe with ESI is an integrated solution designed by ESI Europe to help companies from multiple sectors use energy more efficiently with guaranteed savings.



The ESI Europe project has received funding from the European Union's Horizon 2020 research and innovation programme to roll out the successful ESI Model developed in Latin America and under study in many other countries.

www.esi-europe.org



GoSafe with ESI elements



GOSAFE WITH ESI CONTRACT

An agreement between technology provider and client with guaranteed energy savings clause.



ENERGY SAVINGS INSURANCE

Coverage of the guaranteed energy saving provided by an insurance for up to 5 years.



TECHNICAL VALIDATION

The project and the guaranteed savings are validated by a third-party validation entity that also act as an arbiter in case of disagreement.



GREEN FINANCING

Facilitated access to green credit lines with competitive conditions by financial institutions to customers.

How it works



1. PREPARATION PHASE

An energy efficiency technology provider offers a project with guaranteed energy savings.



2. CONTRACT ACTIVATION

A third-party validation entity evaluates the project's energy savings.

The insurance company covers the validated energy savings, and the contract is activated.

3. IMPLEMENTATION PHASE

The technology provider installs the energy efficient equipment, and the validation entity validates on-site it is according to the contract.



How it works



4. OPERATION PHASE

The operation of the new equipment results in reduced energy costs and improved productivity.

Maintenance services by the technology provider ensures that the equipment is operating optimally.

5. SAVINGS MONITORING

The energy savings are measured and reported by the technology provider via a simple online system where they are checked and can be approved.



6. INSURANCE COVERAGE

In case of disagreements on the savings achieved, the validation entity steps in as an arbiter.

If the savings are not achieved, and the technology provider is not able to respond, the insurance covers the guaranteed savings.

Market Assessment



- ✓ Identification of **potential market** for investments in EE and prioritised sectors



- ✓ Initial engagement of **stakeholders**:
 - sector associations
 - financial institutions
 - technology providers

- ✓ Identification of priority **technologies**



Lighting



Motors



Air Compressors



Boilers



Refrigeration



HVAC



Co-generation



PV Panels



Solar water heaters

Validation Process



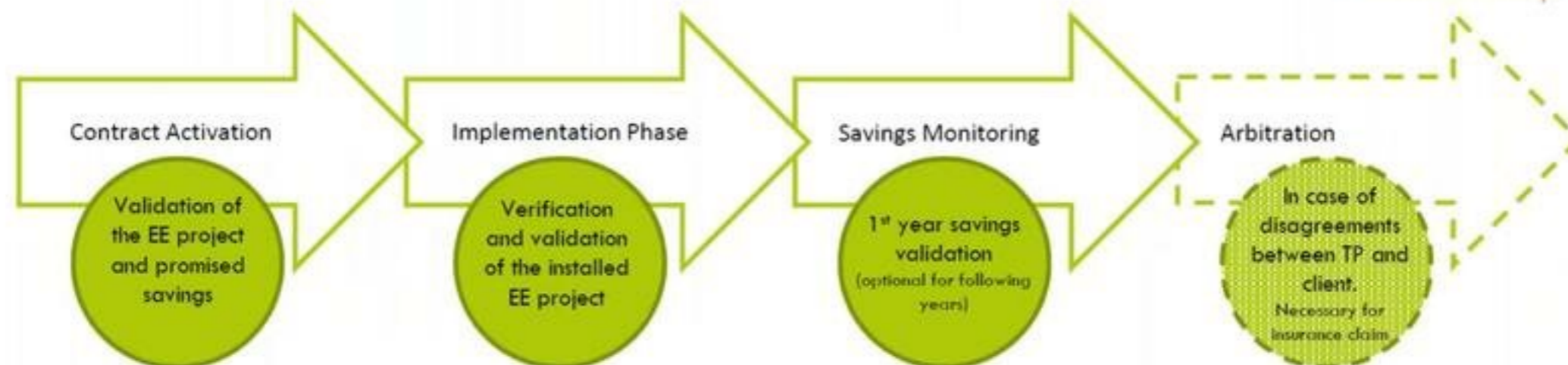
Main characteristics:

- ✓ conducted by an independent technical validation entity
- ✓ Methodology of General Process and Handbook per technology
- ✓ based on Option A – Methodology of the IPMVP® protocol



Validation Entity of the
ESI Europe project:

SGS



GoSafe with ESI Contract

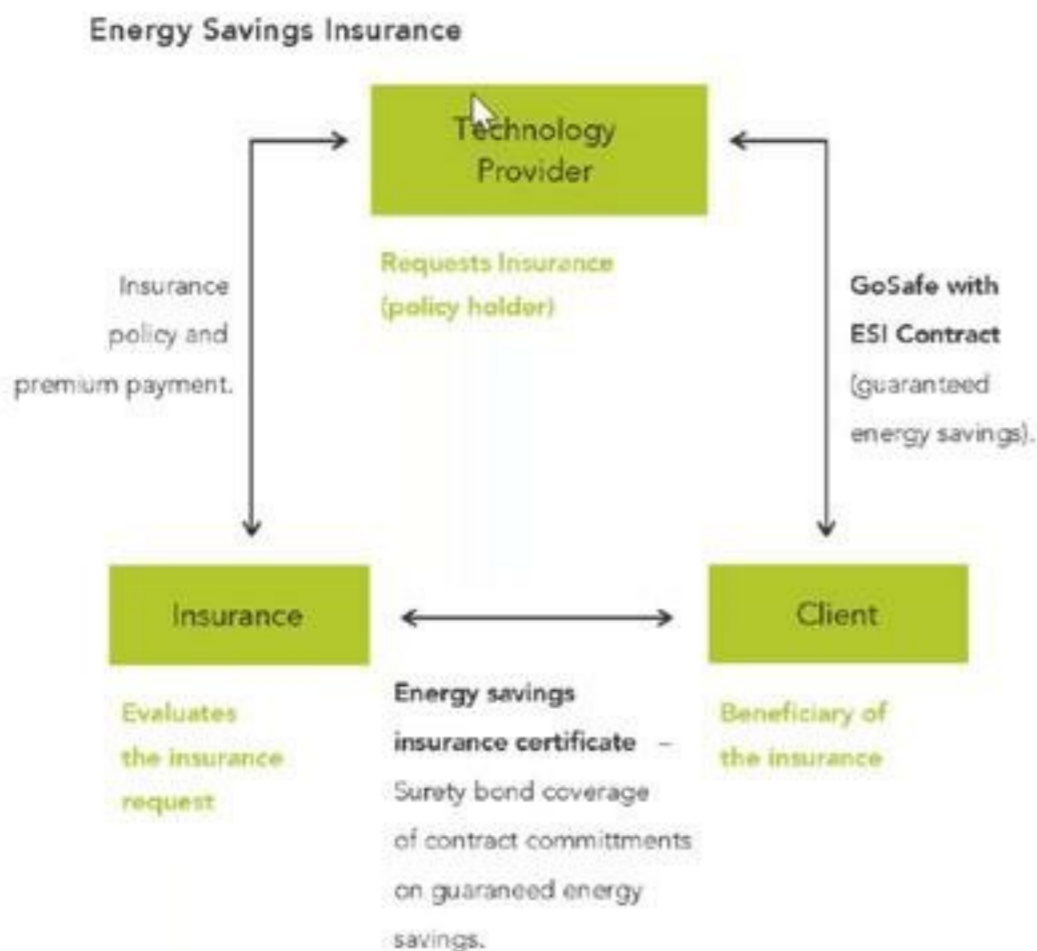


Main characteristics:



- ✓ Easy-to-understand
- ✓ Creates trust
- ✓ Future savings guaranteed by the provider
- ✓ Technical validation and insurance requirements defined in contract
- ✓ Structured on a standard supply, installation and maintenance contract model
- ✓ Prepared and adapted to the country regulations and practices

Energy Savings Insurance



- ✓ Guarantee and de-risk
- ✓ Surety bond type of insurance: three parties involved
- ✓ Covers clients in the event promised energy savings are not achieved, and the TP cannot fulfil its commitments
- ✓ Equivalent to a bank guarantee

Financing Structure



Main characteristics:

- ✓ Client as investor and credit taker
- ✓ Banks mobilise their green credit lines (or create new products)
- ✓ Links existing supporting financial mechanism (e.g. incentives, credit guarantees, etc.) and the European Green Deal.
- ✓ Capacity building for financial institutions

Financing Structure



Other features



- ✓ **Marketing and promotion:**
 - Creation and registration of the brand "GoSafe with ESI"
 - Digital marketing strategy

- ✓ **Building the pipeline of projects using GoSafe with ESI**
 - Assisting companies in the process of technical validation, insurance evaluation and access to finance

- ✓ **Long Lasting tools:**
 - GoSafe with ESI toolkit

- ✓ **Online platform:**
 - Project process: validations and reporting of savings
 - Developed in blockchain
 - Increased transparency, trust, traceability and reliability of information



CASE STUDIES: COLOMBIA



Case I – NEIVA PLAZA

- ✓ **Location:** Neiva Huila
- ✓ **Project:** Replacement of boilers for solar thermal system for water heating. Capacity of 600 L/day
- ✓ **Total Investment:** COL\$120 M (USD 30k)
- ✓ **Energy Savings:** 70% vs old system.
- ✓ **Payback:** less than 3 years

- ✓ Supporting the technology provider in the implementation of the program



ESI program in Colombia:

- ✓ +17'500.000 USD investments
- ✓ +50 projects in PV, air conditioning, solar thermal and engines

www.greenfinancelac.org

Source: Interamerican Development Bank
<https://youtu.be/UBryusgsYco>

CASE STUDIES: COLOMBIA



Case II – HOSPITAL UNIVERSITARIO MAYOR - MÉREDI

- ✓ **Location:** Bogotá
- ✓ **Project:** Replacement of old solar water heating system (30 years old) for a new one. Capacity of 28.800 L/day plus backup system with heat pumps of 15 ton c/u
- ✓ **Total Investment:** COL\$700 M (USD 200k)
- ✓ **Energy Savings:** 46.200 m³ gas/year (COL\$ 74 M/year)
- ✓ Provider selected via tender. Support requested from the final client side (hospital). Support in the validation process of the provider and the project. Support to the hospital and the technology provider



Source: Interamerican Development Bank
<https://youtu.be/Ss-ZRh1-HkM>

THANK YOU!

www.gosafe-esi.com



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Programme coordinator:



National coordinator in Italy, Portugal and Spain:

