



Energy Savings insurance & Energy Efficiency as a Service **Innovative tools to boost investments**

Covenant of Mayors Investment Forum
- Energy Efficiency Finance Market Place 2021 -

Daniel Magallon



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 785061 and No 892499



ABOUT BASE

WHAT WE DO

Business models and financing instruments for:



RENEWABLE
ENERGY



ENERGY
EFFICIENCY



ENERGY
ACCESS



ELECTRIC
MOBILITY



CLIMATE
FINANCE



ABOUT BASE

WHERE WE WORK





2. Opportunity vs. Challenge

- Small projects
- EE require higher upfront investments than “conventional” solutions
- Lack of TRUST
- EE compete with other investment priorities
- Not a priority

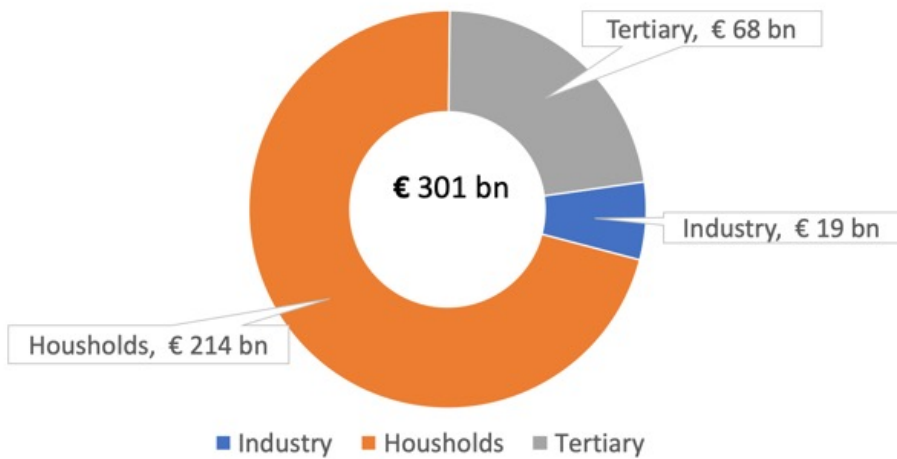


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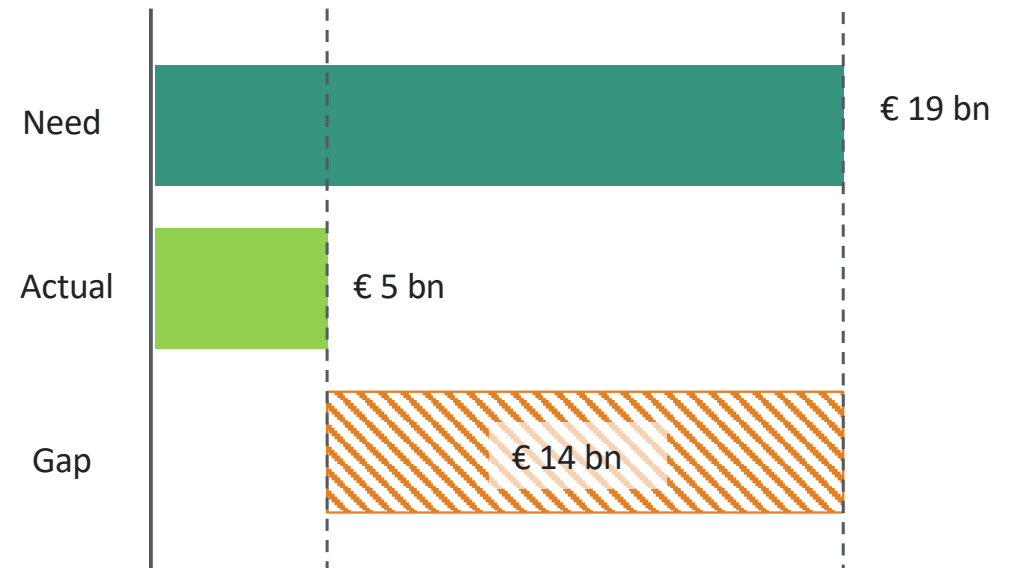


3. SMEs

EU Annual Clean Energy Investment Needs
2020-2030 - Demand Side (billion EUR)



EU Annual Energy Efficiency/Demand side
Investment Need vs Gap



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3. Large + SMEs

- 25 million enterprises – 99.8% are SMEs
- Collective energy consumption of SMEs is considerable.
 - Italy SMEs - 70% of total industry energy use (Trianni and Cagno, 2011)
 - UK SMEs - 45% of total industry energy use (Middlesex University, 2009).
 - China SMEs - 2.5 times the energy of large manufacturing firms (IFC, 2012).
 - USA SMEs - 50% of total industry energy use (Trombley, 2014)
 - Australia SMEs - 50% of of total industry energy use.
- Energy efficiency policies are design for large energy consumers (not SMEs)





4. Policy vs. reward

Policies /
regulation



Rewards

Energy
efficiency



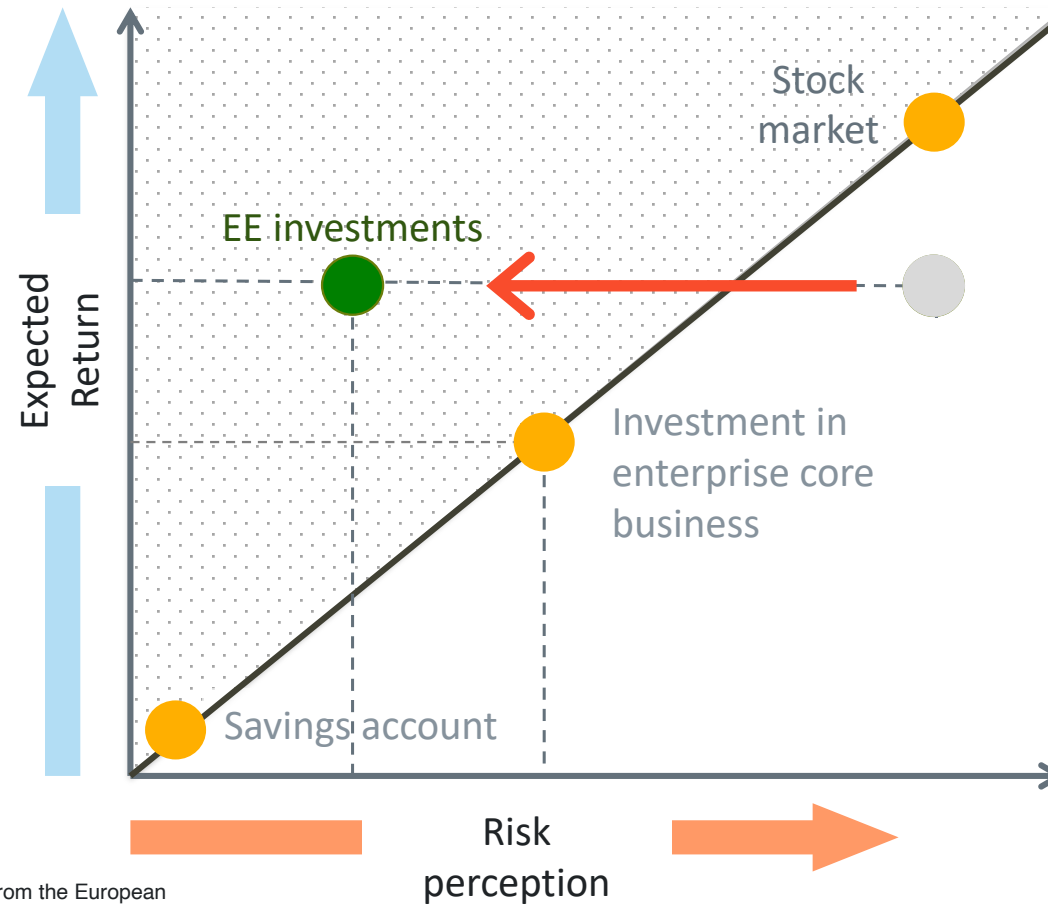
Investment
Opportunities



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4. Risk-Return



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4. Business models/ financing strategies

- Energy Savings Insurance (ESI)
- Efficiency as a Service (EaaS)



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Energy Savings Insurance (ESI)



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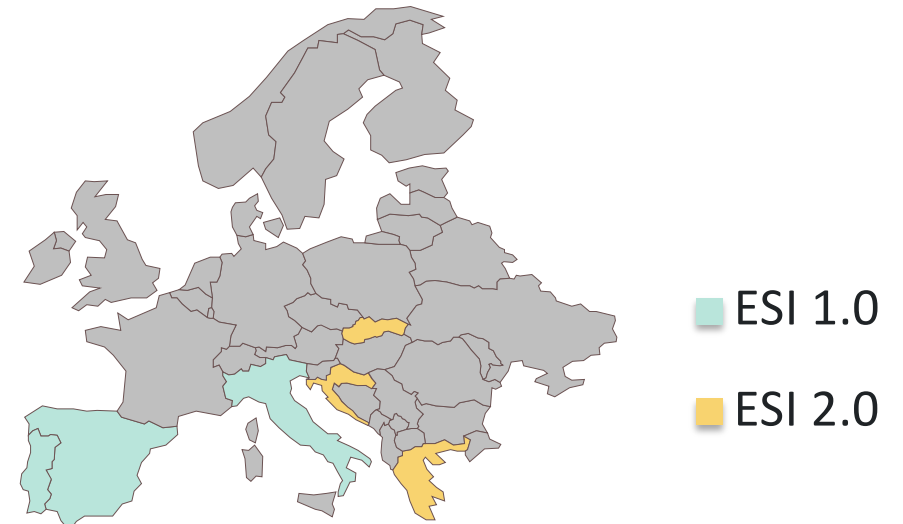


5. Energy Savings Insurance

- ESI – Latin-America



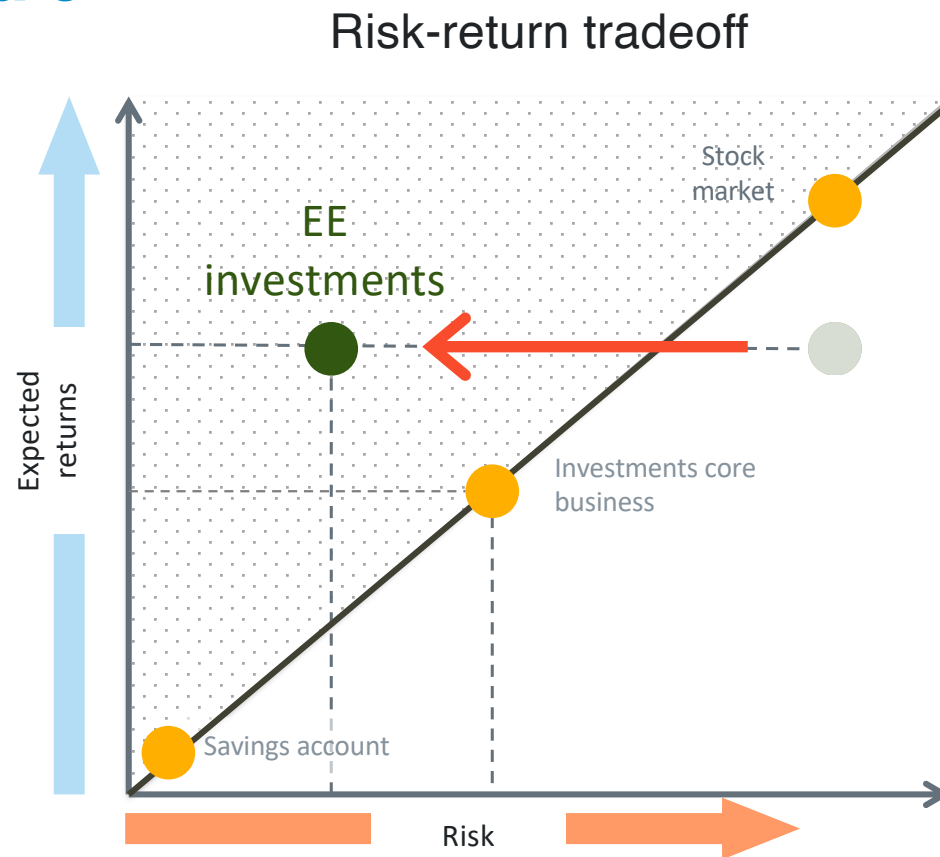
- ESI – Europe



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5. ESI Rationale



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5. ESI Components



Contract

Technology provider -
SMEs



Energy Savings Insurance

Guarantees the guarantee



Technical Validation

Referee



Green Financing

Funding

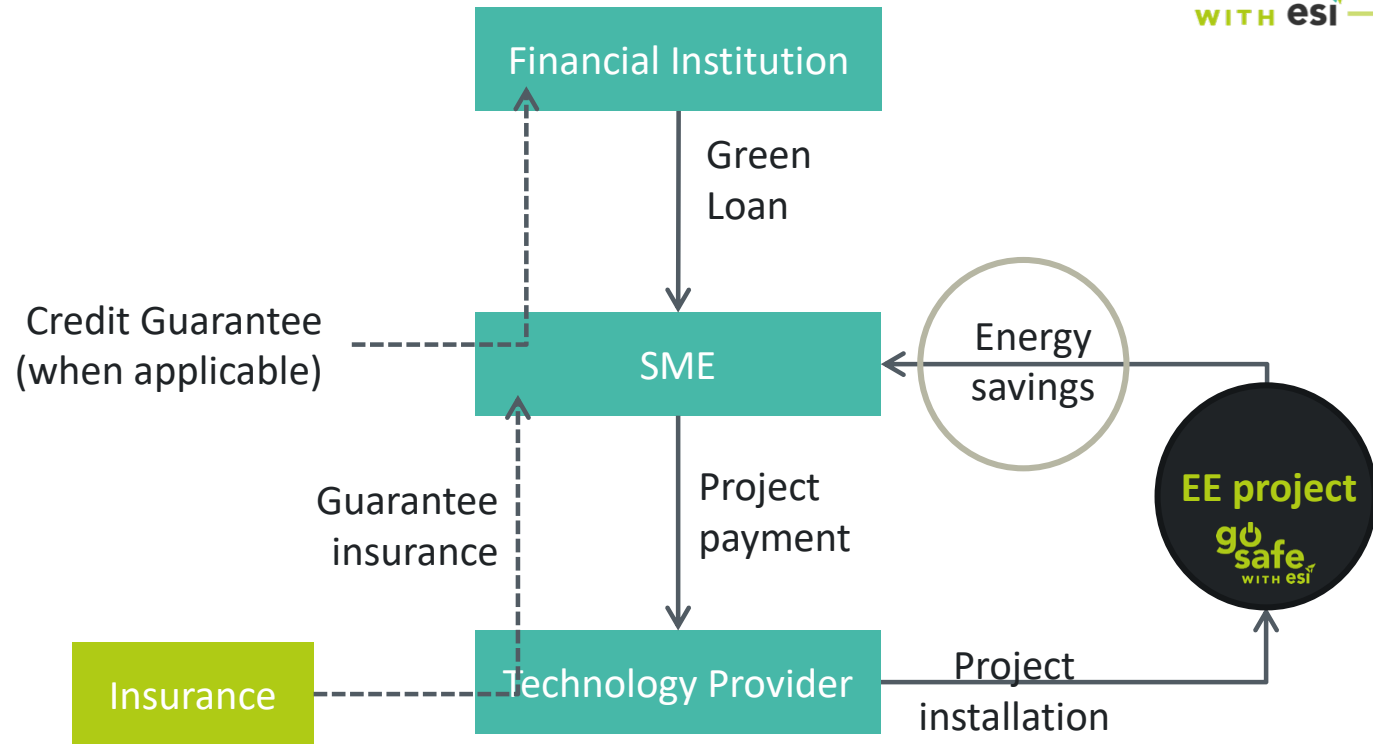


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5. ESI Financial Flow Diagramme



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5. ESI - Insurance



Insurance policy for SME on not achieved energy savings, and when Provider cannot fulfil commitments.

- Guarantees the guarantee
- Provided to robust and reliable Providers



BUILD TRUST



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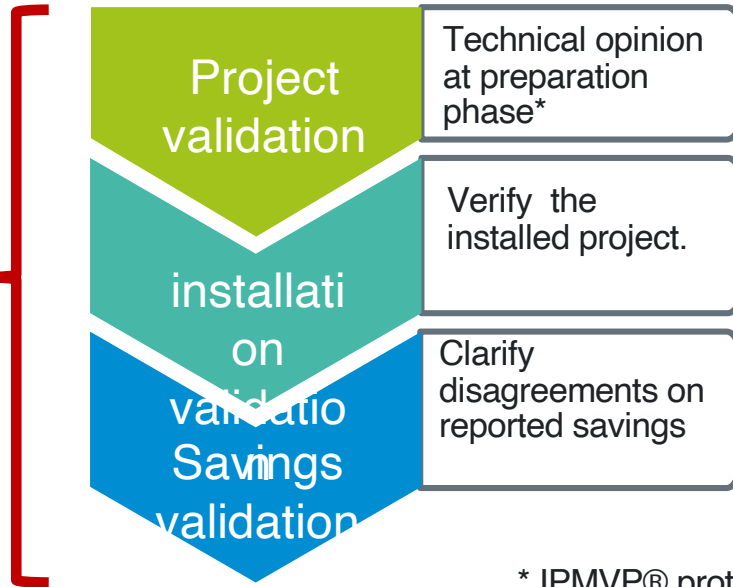


5. ESI - Validation



Technical Validation

SGS
Validation Entity



* IPMVP® protocol



be energy efficient
go safe
WITH esi

be energy efficient
go safe
WITH esi



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5. ESI – Management Information System



Online Platform

- ✓ ONLINE PLATFORM
- ✓ FACILITATE WORKFLOW
- ✓ INFORMATION ACCESS STAKEHOLKDERS
- ✓ DEVELOPED IN BLOCKCHAIN
- ✓ TAILORED ACCESS
- ✓ REPORTING



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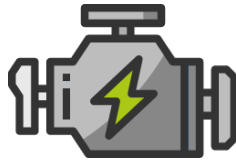




5. ESI - Technologies



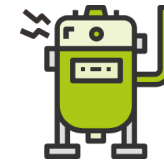
Lighting



Motors



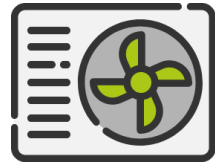
Air Compressors



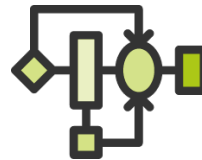
Boilers



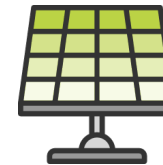
Refrigeration



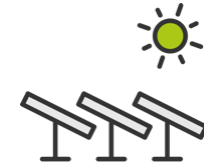
HVAC



Co-generation



Photovoltaic Panels



Solar water heaters



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5. ESI – Insurance companies



✧ Italy:



✧ Portugal:



✧ Spain:





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6. Business models/ financing strategies

Efficiency as a Service (EaaS)



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6. EaaS

game-changing business model that makes efficient and high-tech efficient competitive with cheaper, less efficient systems through a **pay-per-use model**.

The EaaS project aims to develop and deploy the servitisation model and a financial structure to enable the transition and accelerate the **market adoption of energy efficient solutions** by Small and Medium-sized Enterprises (SMEs) in Belgium, the Netherlands and Spain.



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6. EaaS Rationale



Benefits for customers

- No capital expenditure
- Reduced operating expenses
- Service is off-balance
- No more performance risks
- Full out-sourcing of service
- Customer can focus and invest in core business

Benefits for technology providers

- Deploy full potential of technology
- Increase demand for energy efficient solutions
- Predictable and continuous revenue streams
- Bringing additional value by selling outcome instead of selling equipment and parts

Benefits for banks & investors

- Opportunity to place green funding
- Become front-runner to finance servitisation models (new trend)
- Investing in assets generating cashflows

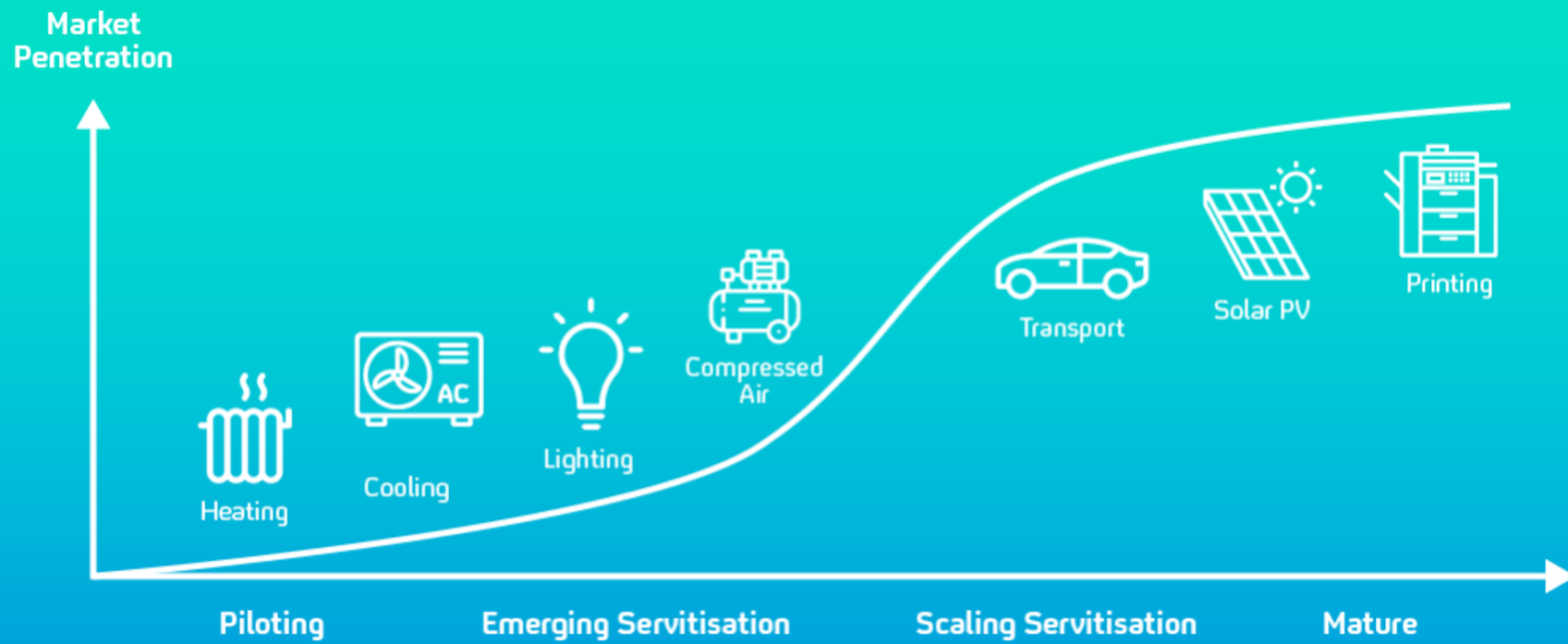


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Servitisation is not new, its adoption has been growing rapidly across industries



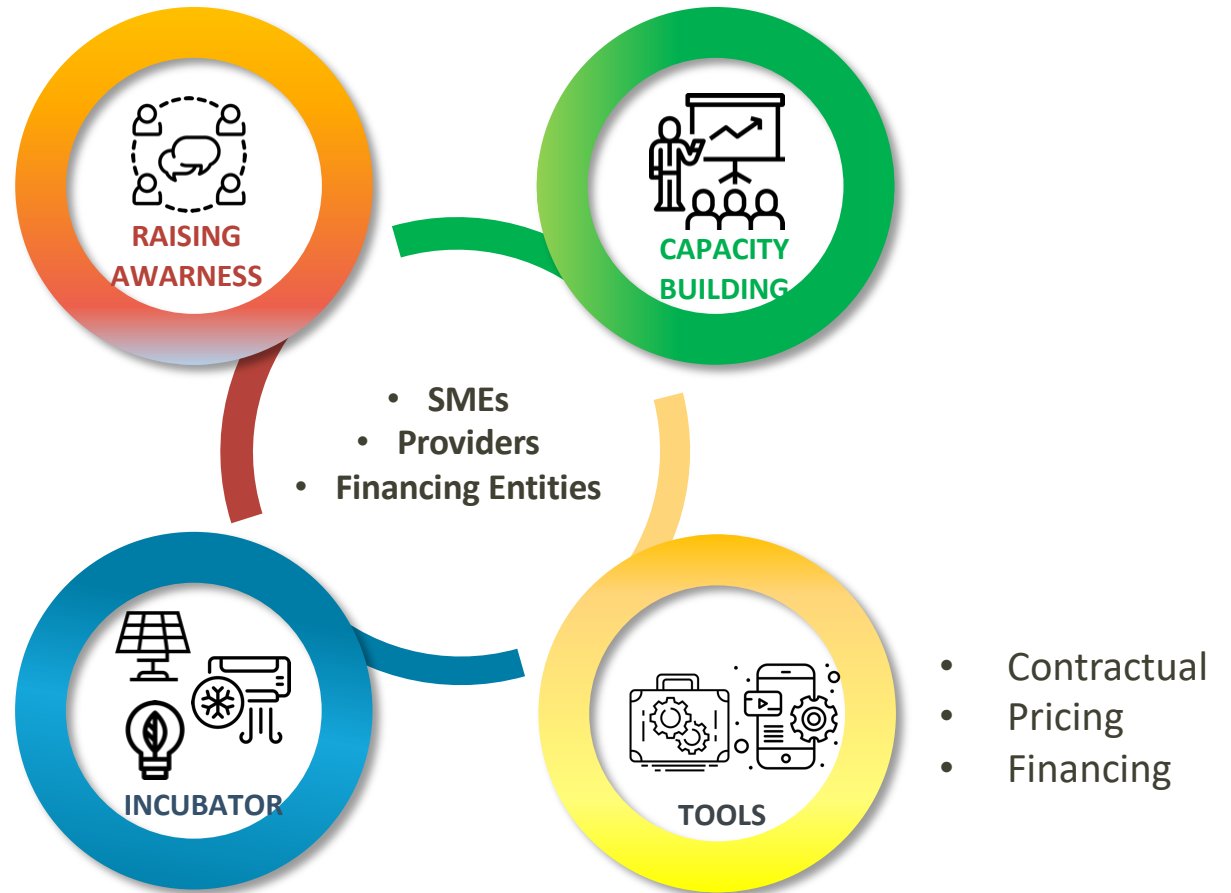
6. EaaS Rationale



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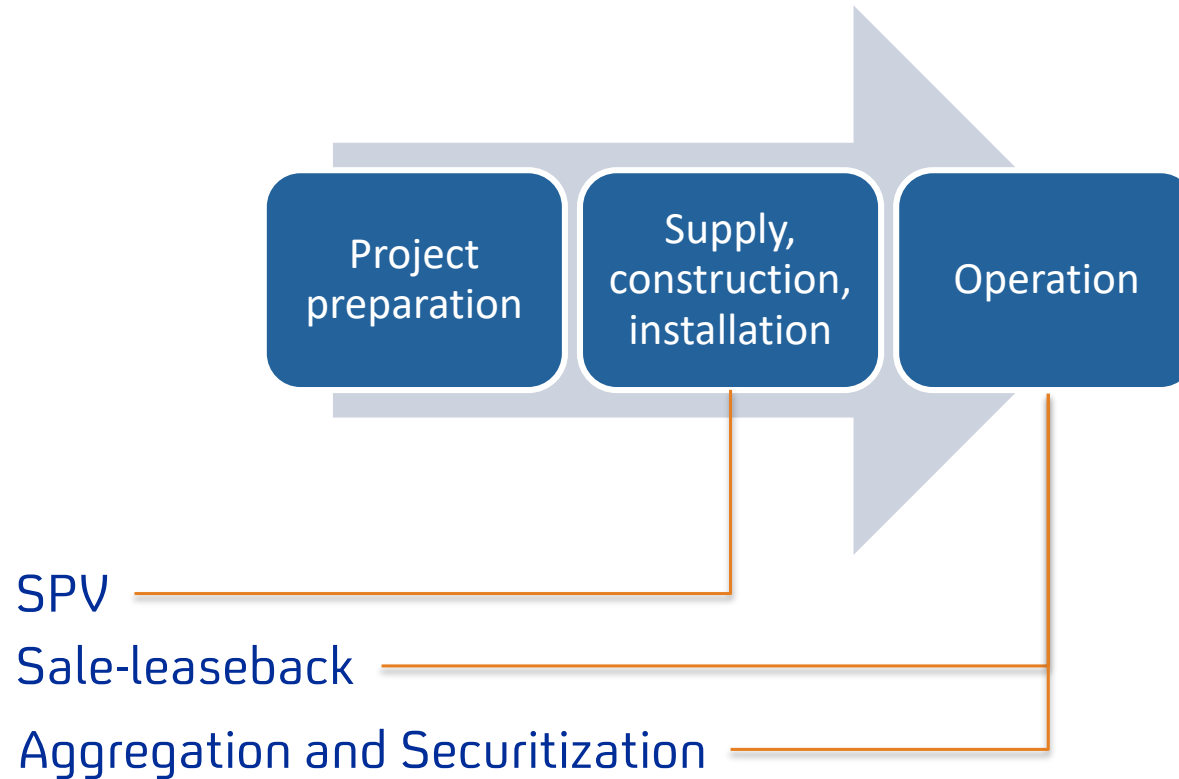
6. EaaS - Components



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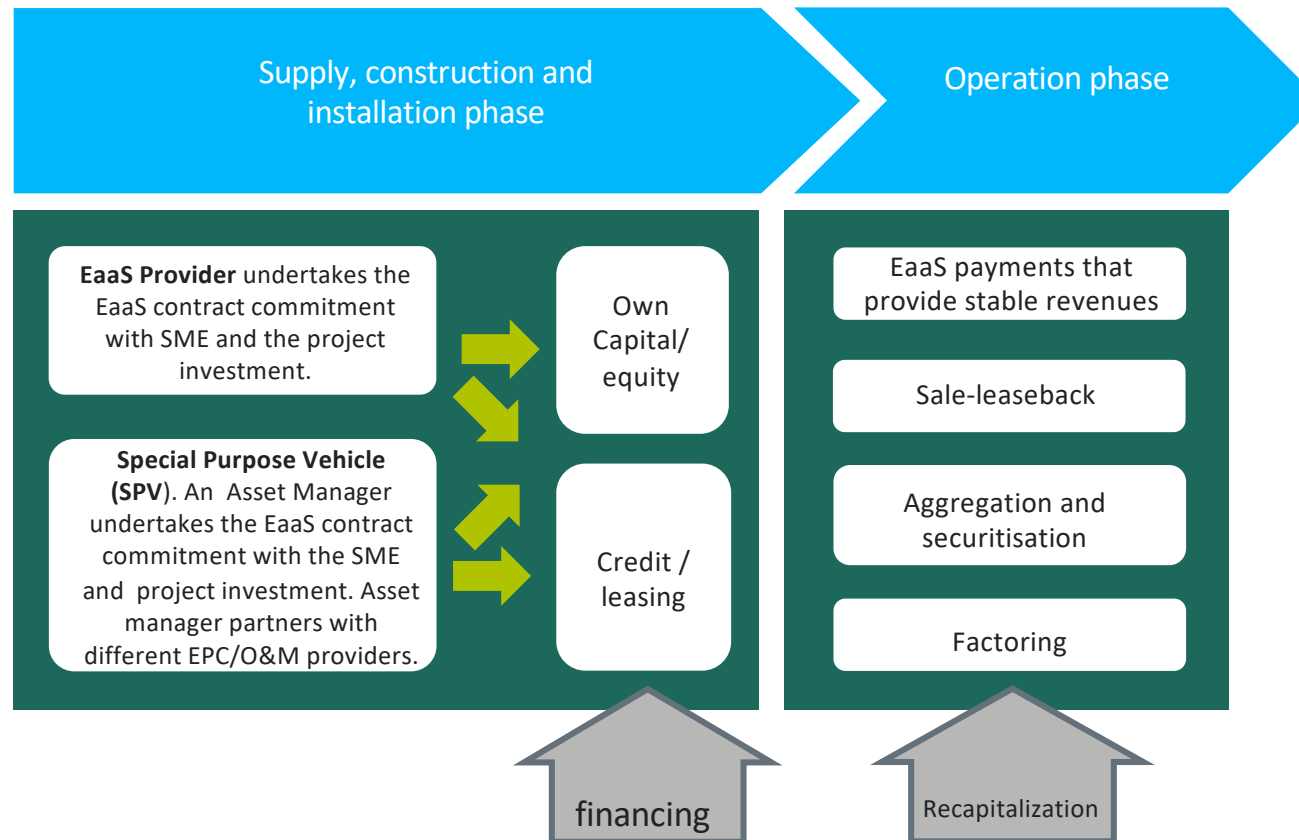
6. EaaS – Financing structuring



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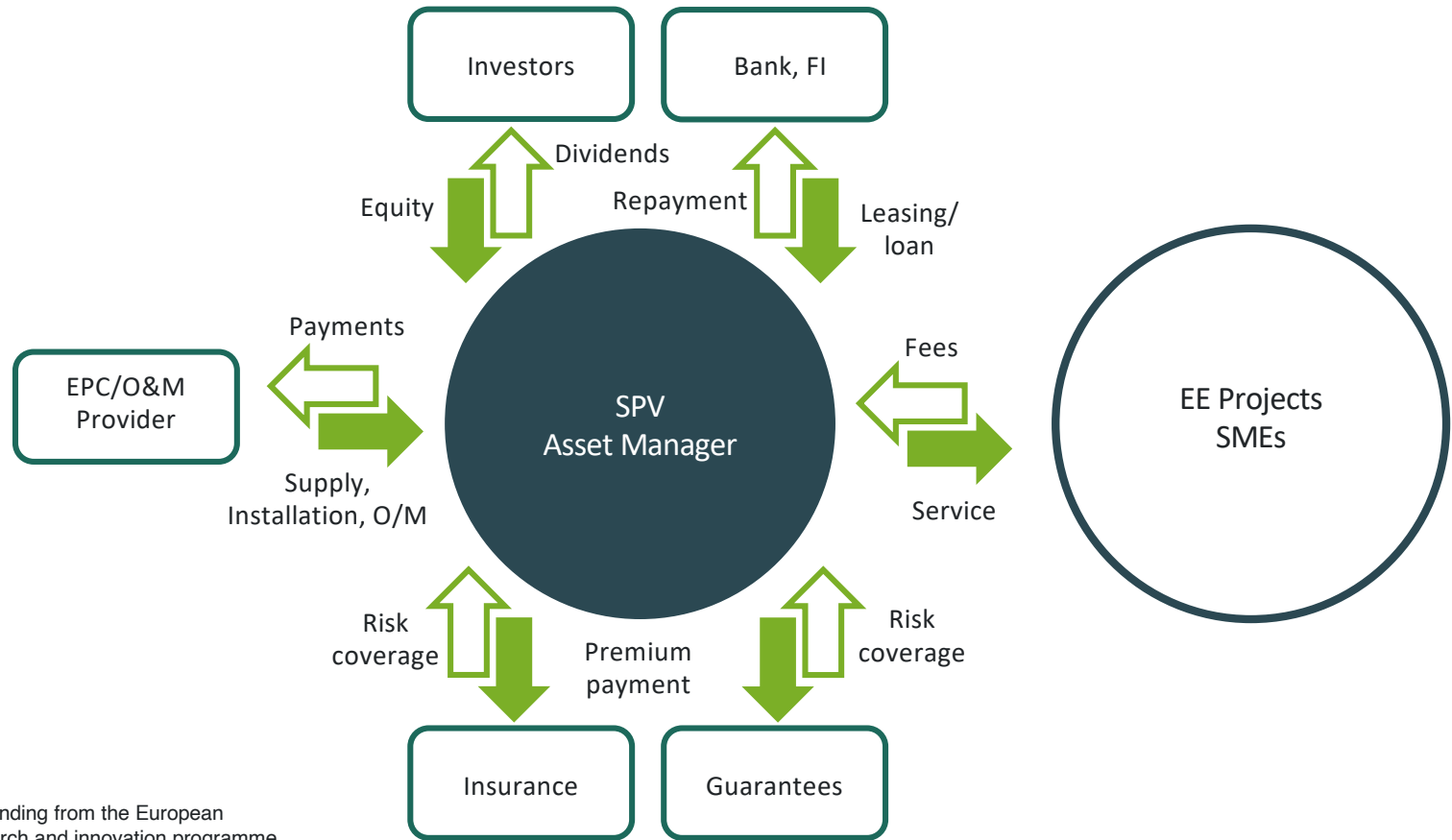
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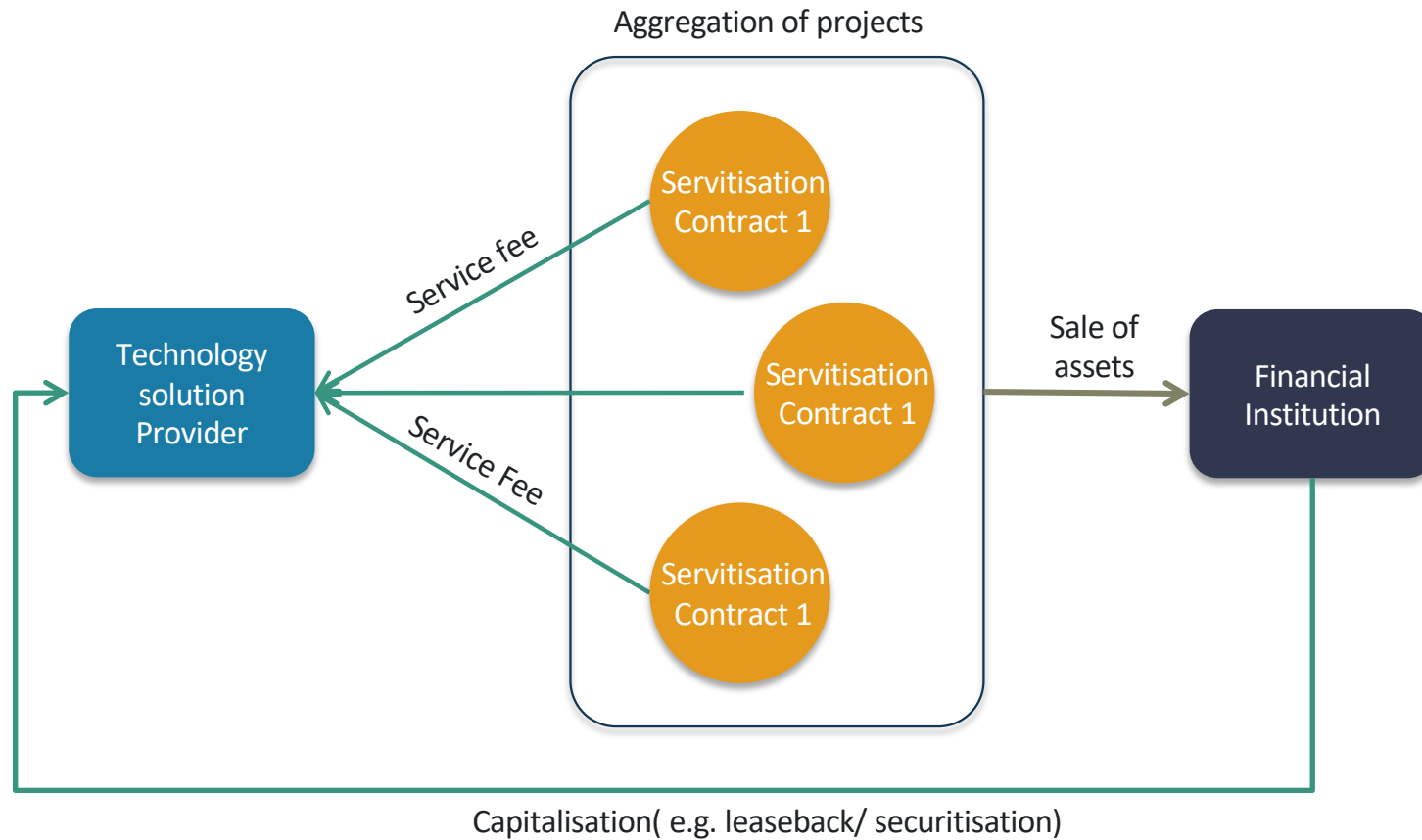
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THANK YOU FOR YOUR ATTENTION

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