

The Power and Challenge of Third-Party Finance

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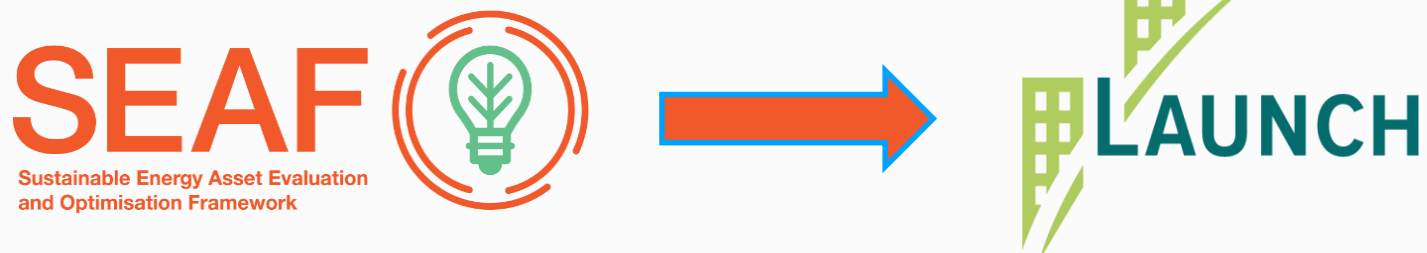
Covenant of Mayors, 2020

Company Offering

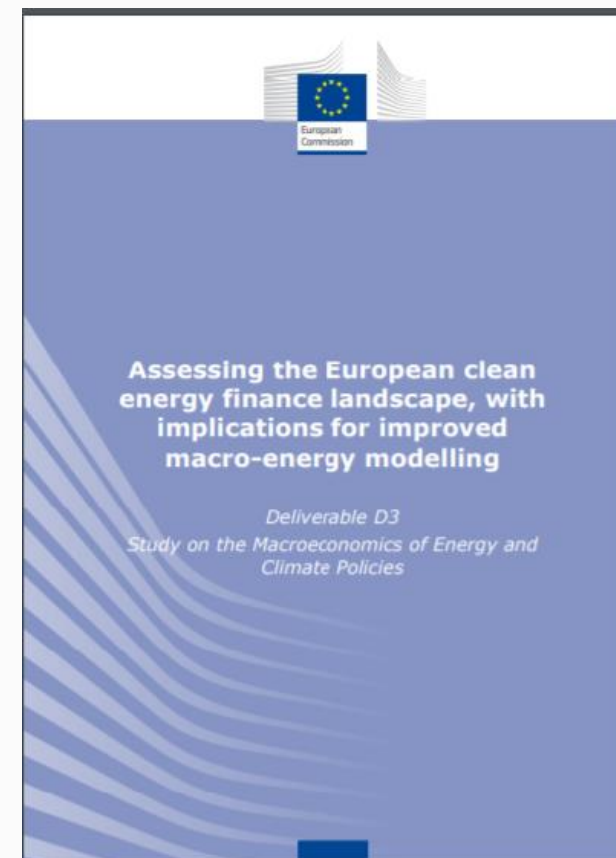
- Based out of New York, offices in London and Italy
- Began as a financial fund manager of Energy Reduction Assets (ERA)
- Today acts as conduit for finance in Europe, a project developer and financier in the US
- Project coordinator of SEAF H2020 funded project
- Forwards policy: Board Member and Chair of Smart Homes and Buildings Committee at SmartEn association in Brussels



To learn more visit: www.eu.jouleassets.com



“The mobilisation of an extra €177 billion from public and private investment sources is needed annually from 2021 to 2030 to reach the 2030 climate and energy targets.”

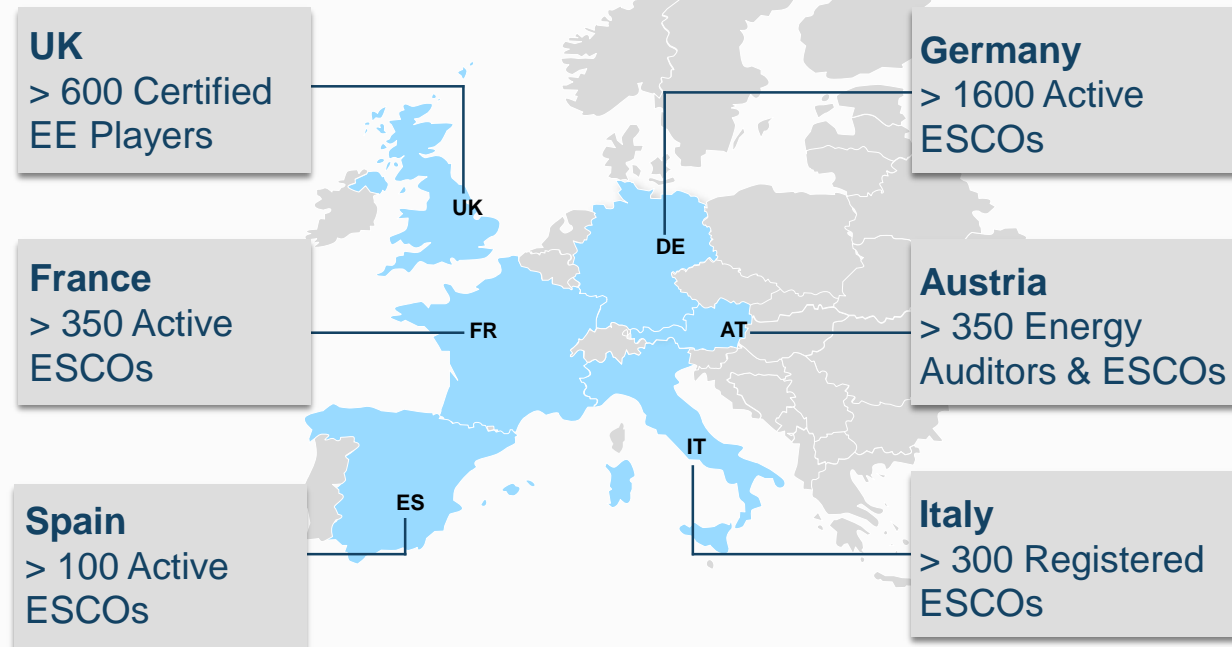


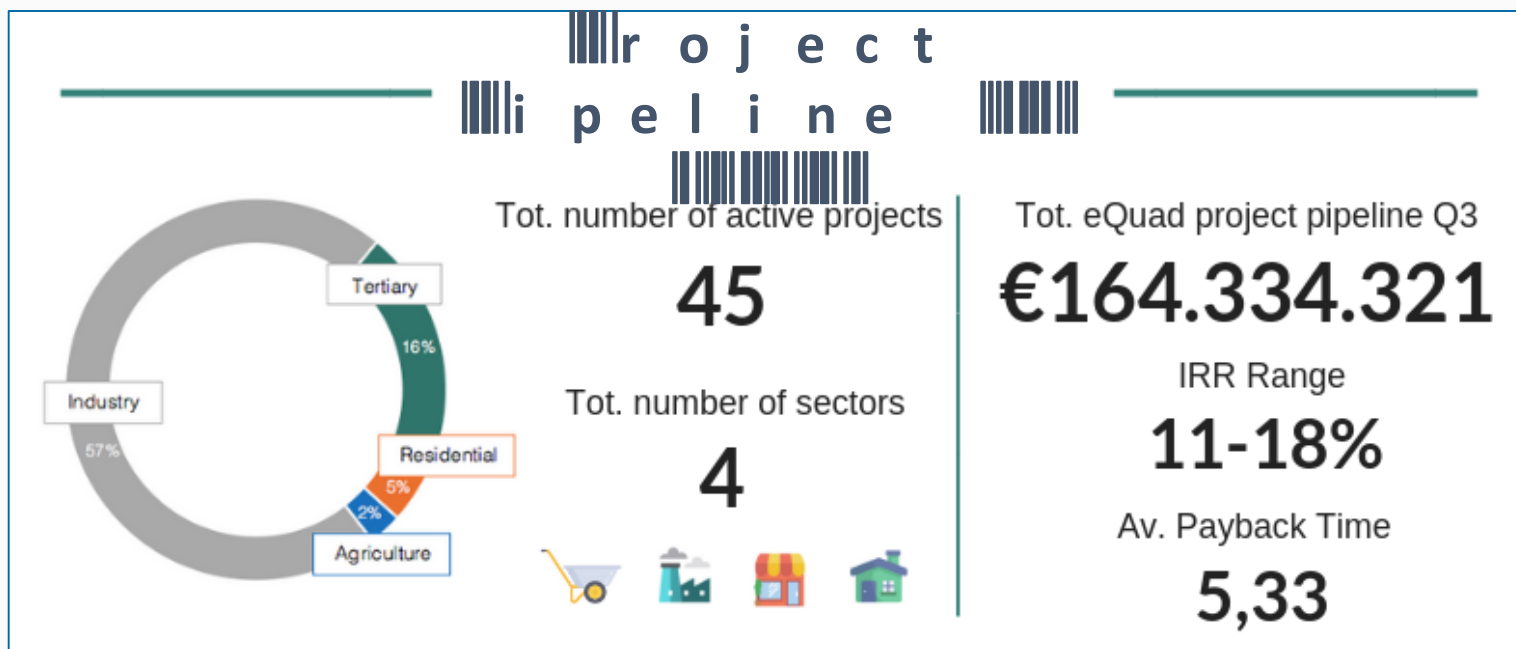
What if ALL viable projects were successfully financed?



Fund managers: successfully finance only 5%-15% of all projects reviewed-representing a significant upfront cost and reduction of profits

Project developers: often self finance their projects or use bank loans due to perceived difficulties in accessing appropriate finance





MAIN TECHNOLOGIES*

Lighting - LED Lighting

Boilers

District heating

Photovoltaic

Battery storage

Co-generation

Solar thermal

Heat pumps

Energy Management System

LAUNCH H2020 Project



Large Scale Aggregation of Sustainable Energy Assets

Aggregation of Sustainable Energy Assets as **tradable securities**, accelerated **deal closure**, and **market growth** at scale.



- **Budget:** 1.4 million €
- **Duration:** 30 months

Project Consortium:



To learn more visit: www.launch2020.eu



Large Scale Aggregation of Sustainable Energy Assets

Scaling and aggregating Sustainable Energy Assets requires:



☑ Scalability

☑ Accelerated deal closure

☑ Market growth

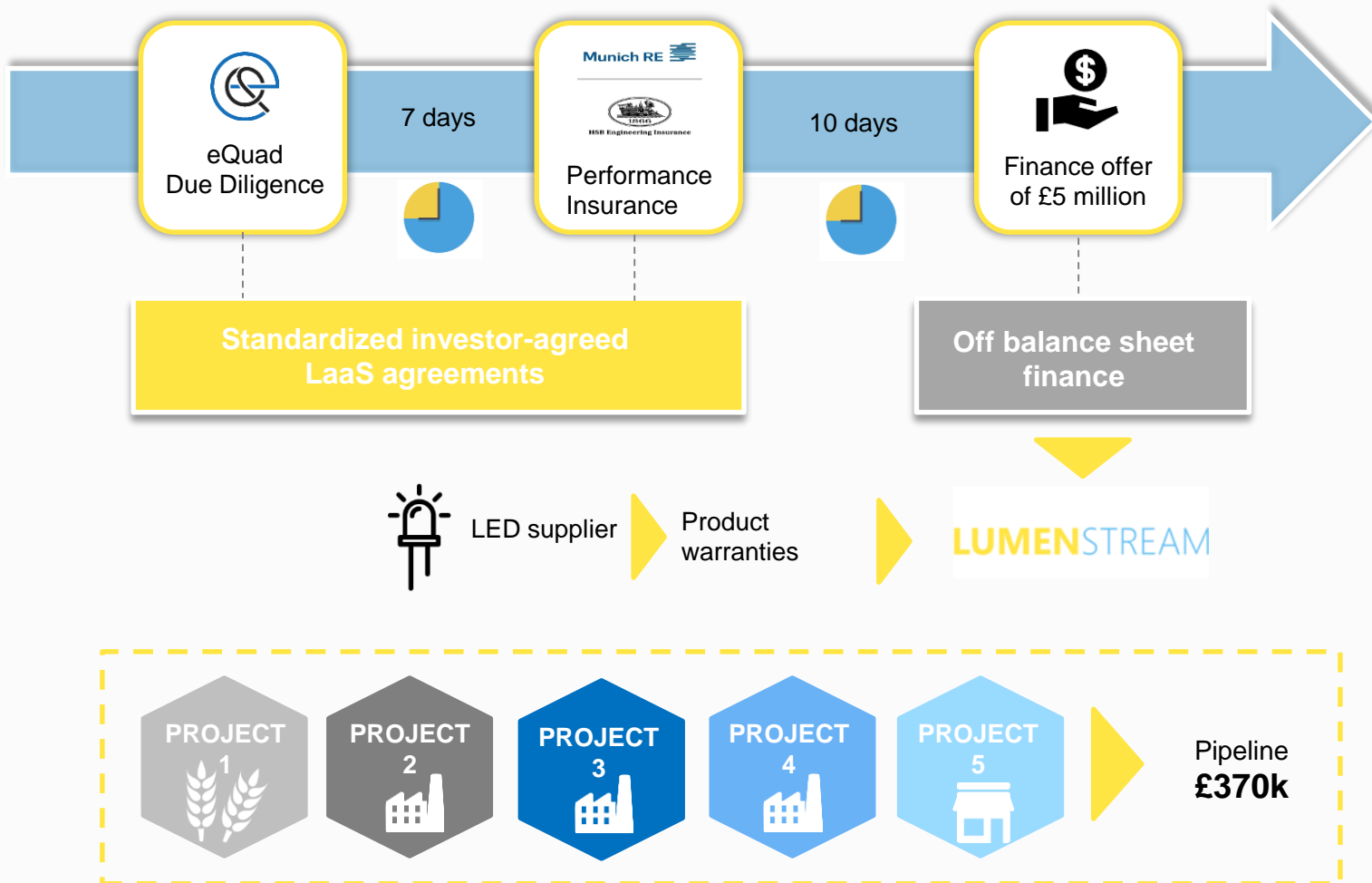
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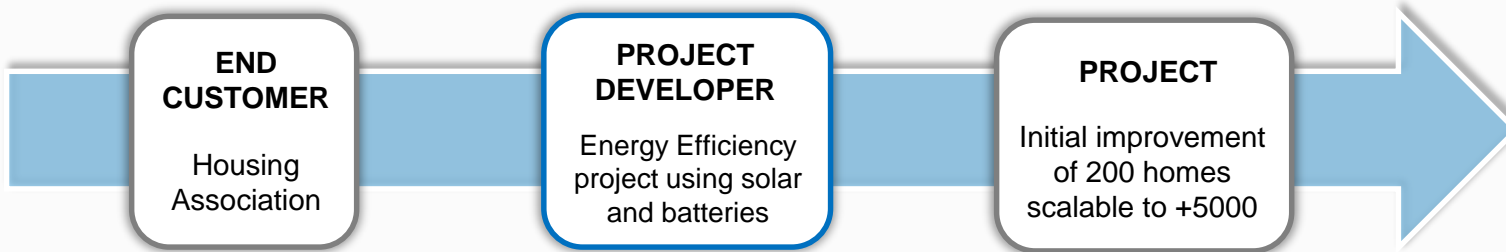
Case Study of Joule's experience







Case Study: Lighting-as-a-Service



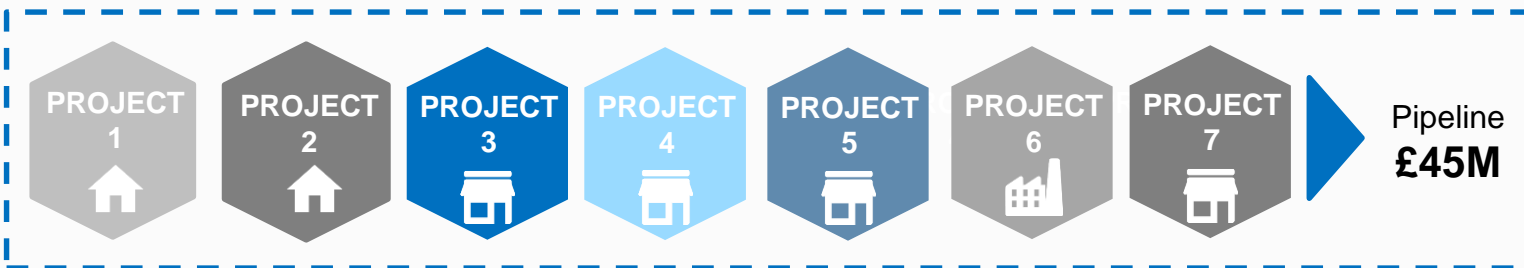
Case Study: Hybrid Homes



BENEFITS

-  Lower utility payments
-  Improved comfort for families
-  Ability to carry out Demand Response
-  Solid client credit rating

PROJECT DETAILS	
Total Initial Investment	£ 12,000
IRR	14 %
Payback Time	7-9 years
Contract Period	20 years



Case Study: Hybrid Home Challenges Public Housing

DIFFICULT TO CONTROL

- **Financing model mismatch:** not only the projects are highly specific. Funds are as well. Different requirements, risk mitigation strategies and appetite, money types (debt, equity) contract types (SPV, EPC...)
- **Investment size:** The investment may be too small/large, in the wrong country, wrong tech...
- **Stage of the fund:** The fund may either be in too early, too late a stage in their own fund deployment

EXAMPLES OF WHAT CAN BE MITIGATED:

- **Credit risk of client CRITICAL:** What happens if the low-income families don't pay their bills?
Have a portion of each payment go to an account to protect against default
Housing association will step in after this
Default in reality for this group is very low
- **Credit risk of contractors:** A minor technology supplier in the group is a small company: will they last?
Be ready to change out one technology provider for another
- **Contractual risk:** Investors need protection through your client contract
Have a clear and fair contract, deals with default risk, reputational risk
- **Technological risk:** This could be a lot of technology risk – what are your guarantees?
Include performance insurance and technology insurance

CONCLUSIONS

Hybrid Homes bring real societal benefits and returns – also with today's prices

- Tech providers focus on:
 1. The technological solution
 2. Creating a good offering for customers
 3. Gaining access to strong customers and to market share

The time and energy required securing investment should not be underestimated

- This is still a new industry and funds are not familiar with such solutions
- The investments/projects are not yet standardized and make risk assessment difficult

Project can access finance but time has a cost and a risk

The housing association may not wait (the families have no choice)

Joule's mission remains to ensure every viable project gains access to finance



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☑ Accelerated deal closure

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Engaging with LAUNCH

LAUNCH Community

Companies who join our community will be able to provide inputs that will shape LAUNCH deliverables.



Engage with **funds**
concerning your
projects and company



Participate and
present at
LAUNCH
Webinars



Participate and present
at **free LAUNCH**
Investor Forum
networking conferences



Be a first mover
and pilot LAUNCH
tools on real projects



Gain visibility: have
your logo, name and
involvement publicized
with in our marketing
materials

Today, **our LAUNCH Community includes around 280 companies** from all over Europe active in the project development, finance, policy making, consultancy, research and media industries.

How stakeholders can engage with the project

- **Sign-up to the email** distribution list
- **Receive updates** on the project materials and LAUNCH events e.g. future webinars and workshops

1. Join community



- **Receive material and provide feedback** to inform development
- Feedback may be related to e.g. fit-for-purpose or ease-of-use

2. Provide feedback



- **Apply material in practice** e.g. project development, capital raising
- Identify deal-breakers / key challenges in their application

3. Pilot



Sign-up on: www.launch2020.eu/stakeholder-network

To learn more about the LAUNCH pilot visit: www.launch2020.eu/about-the-pilot

Thank you!

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