

PROPEL
Energy Efficiency Finance

Scaling up the EE finance market – the Sustainable Energy Finance Association

Covenant of Mayors Investment Forum
Brussels, October 18, 2022



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101033810.

2022 PROPEL



Key Barriers to Energy Efficiency Finance

SUITABILITY

Opportunities need to be located in the right **country**, at the right **time**, with the right **technology**, matching the **risk appetite** – financing is not only a struggle for the project developers!

KEY RISKS

Credit risk is the **KEY** risk category for investors, and often representing an unsurmountable hurdle. Other risks of growing importance are management risk, supply chain risk and ESG risk factors.

INVESTMENT SIZE

Single projects of <100k€ rarely get financed, as the **due diligence costs quickly outweigh the investment returns**. Standardization enables project aggregation.

CONTRACTUAL TERMS

Investors require **protection from the end-client contract** (change in control, occupancy, etc.). Standardization could reduce due diligence costs significantly.

DEBT BURDEN

Many contract types (EPC, BOOT, ...) transfer ownership of equipment to the end-client, increasing their balance sheet debt. **Off-balance sheet solutions** address this e.g. through servitization (EaaS, HaaS, ...).

The Journey so far



2016-2018

H2020 project,
developing
standardized
underwriting and
finance process built
into eQuad

The Journey so far



2016-2018

H2020 project,
developing
standardized
underwriting and
finance process built
into eQuad

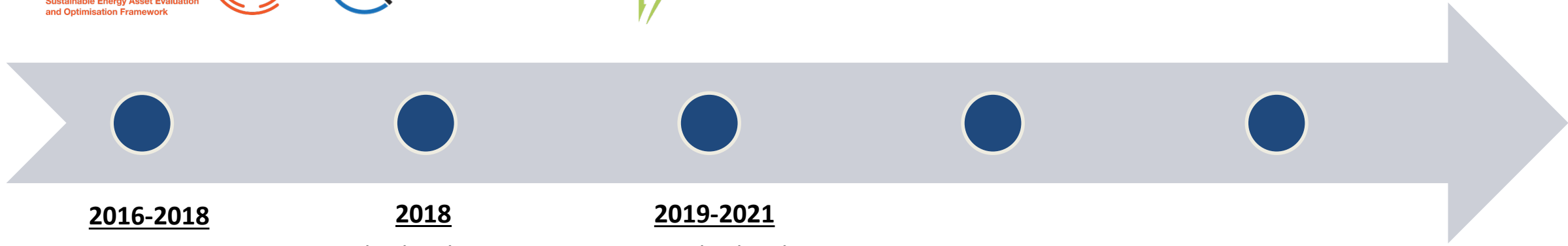


2018

Standardized project
processing
Pre-due diligence
Matchmaking with
Investors



The Journey so far



2016-2018

H2020 project,
developing
standardized process
built into eQuad

2018

Standardized project
processing
Pre-due diligence
Matchmaking with
Investors

2019-2021

Standardized
collateral
Market validation
and testing
Training

PARTNERS



Our solution

LAUNCH Standardized Collateral



STANDARDIZED
CONTRACT



RISK ASSESSMENT
PROTOCOL



TEMPLATES FOR EQUITY
FINANCING



TEMPLATES FOR END
CLIENT ENGAGEMENT

A flow diagram showing four icons in a row (Standardized Contract, Risk Assessment Protocol, Templates for Equity Financing, Templates for End Client Engagement) inside a white box. Below this box is a dark blue rounded rectangle containing the text "LAUNCH Pilot and Education Programme" and "Validate | Test | Educate". Two large, dark blue curved arrows point from the white box to the dark blue box, one on the left and one on the right, indicating a feedback loop.

LAUNCH Pilot and Education Programme
Validate | Test | Educate

Our LAUNCH Impact



STAKEHOLDERS REACHED

393

Stakeholders in LAUNCH community



460

Total participants engaged in LAUNCH webinars



106

Participants engaged in face-to-face workshops and virtual group discussions



22

Stakeholders involved in testing and piloting LAUNCH materials

LAUNCH PILOT IMPACT

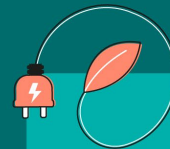
Investments triggered

Exploring **€118 M**

€30.9 M Processing

Closure **€2.1 M**

€151 M Total investments

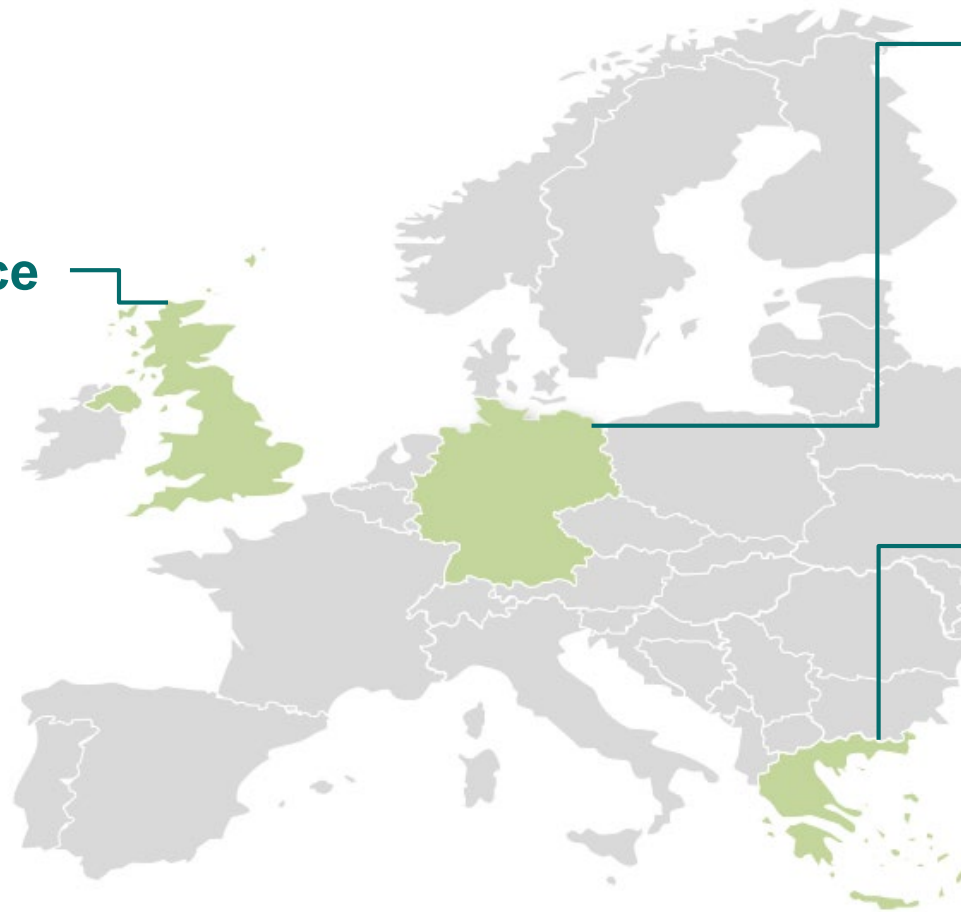


Our LAUNCH Impact



Lighting-as-a-Service

- 5m£ framework agreement
- Off-balance sheet LaaS: SPV owning the equipment
- Individual projects of 50-100k£



E-Mobility-as-a-Service

- Retrofitting of buses and trucks
- Pilots with both the public and private sector



Heating-as-a-Service

- 6m€ pilot
- Solar thermal for a brewery

The Journey so far



2016-2018

H2020 project,
developing
standardized process
built into eQuad

2018

Standardized project
processing
Pre-due diligence
Matchmaking with
Investors

2019-2021

Standardized
collateral
Market validation
and testing
Training

2021-2023

Standardized
collateral
Capacity building
Creating the SEFA
ecosystem

PARTNERS



Our solution

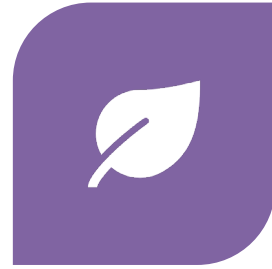
PROPEL Standardized Collateral



LOAN APPLICATION
GUIDANCE



KNOW YOUR
CUSTOMER (KYC)
TEMPLATE



ENVIRONMENT, SOCIAL
AND GOVERNANCE
(ESG) TEMPLATE



DIGITAL MEMBER
ACCESS PLATFORM

PROPEL Capacity Building Programme
Validate | Test | Educate

Our solution – Member Access Platform


sefa PROJECTS LEARNING HUB 

Home / Projects

MY PROJECTS

Project	Status
<input type="text"/>	<input type="text"/>
Solar rooftop PV	Active
Lighting-as-a-Service	Active
Heating-as-a-Service	Active

- Overview
- Contract
- Financial Assessment
- Risk Assessment**
- Loan Application
- KYC
- ESG

sefa PROJECTS LEARNING HUB 

Home / Projects / Lighting-as-a-Service / Risk Assessment / Risk Assessment Overview

Risk Assessment Overview

Status: Active Created: 6/14/2022

Language 

Risk Title	Risk Presence	Action
Credit Risk Service Provider/Contractor	-	 MANAGE
Credit Risk Implementor End/Client	-	 MANAGE
Regulatory Risk	✓	 MANAGE
Market Risk	-	 MANAGE
Energy Price Risk	✓	 MANAGE
Currency Risk	✓	 MANAGE

Channel partners - associations

- PROPEL target countries
- Materials available

Belgian partner
tbc



PPS Network
Nederland



anese



FIRE
FEDERAZIONE ITALIANA PER
L'USO RAZIONALE DELL'ENERGIA



Key challenges to scaling up and accelerating energy efficiency finance

- **Lack of a unified ecosystem of industry players:** No agreed set of best practices, standard materials and processes, and regular exchange of information across the energy efficiency financing value chain
- **Incomplete and fragmented support:** A critical and largely invisible barrier. Initiatives supporting the development, processing, and analysis of projects for finance exist, but are splintered, inefficient and temporary
- **Lack of continuous access to well-maintained, standardized materials:** EU funded projects and other initiatives are typically specialised, and once they finish, knowledge and collateral often becomes dispersed or dormant
- **Lack of access to training on standardized materials:** Even if materials are well-maintained, project developers may not have the internal knowledge or capacity, or access to training to learn how, to apply these materials

The Journey so far



2016-2018

H2020 project,
developing
standardized process
built into eQuad

2018

Standardized project
processing
Pre-due diligence
Matchmaking with
Investors

2019-2021

Standardized
collateral
Market validation
and testing
Training

2021-2023

Standardized
collateral
Capacity building
Creating the SEFA
ecosystem

2022 onwards

***Long-lasting
ecosystem to
support growth
and development
of sustainable
energy finance***

PARTNERS



About SEFA

“

SEFA is a not-for-profit industry group that represents all the voices in Europe's sustainable energy sector.

”



SEFA's primary objective

To scale up and accelerate energy efficiency initiatives in the built environment.

SEFA will enable its members to seamlessly deploy sustainable energy initiatives by:



Being a holistic resource centre providing all critical collateral

- Market, Policy and Technical insight
- Standardized project finance collateral to fast-track your deal closure
- Sales and marketing material to accelerate client engagement



Clearing pathways to successful deal closure

- Access to equitable project finance
- Project pipeline prequalification

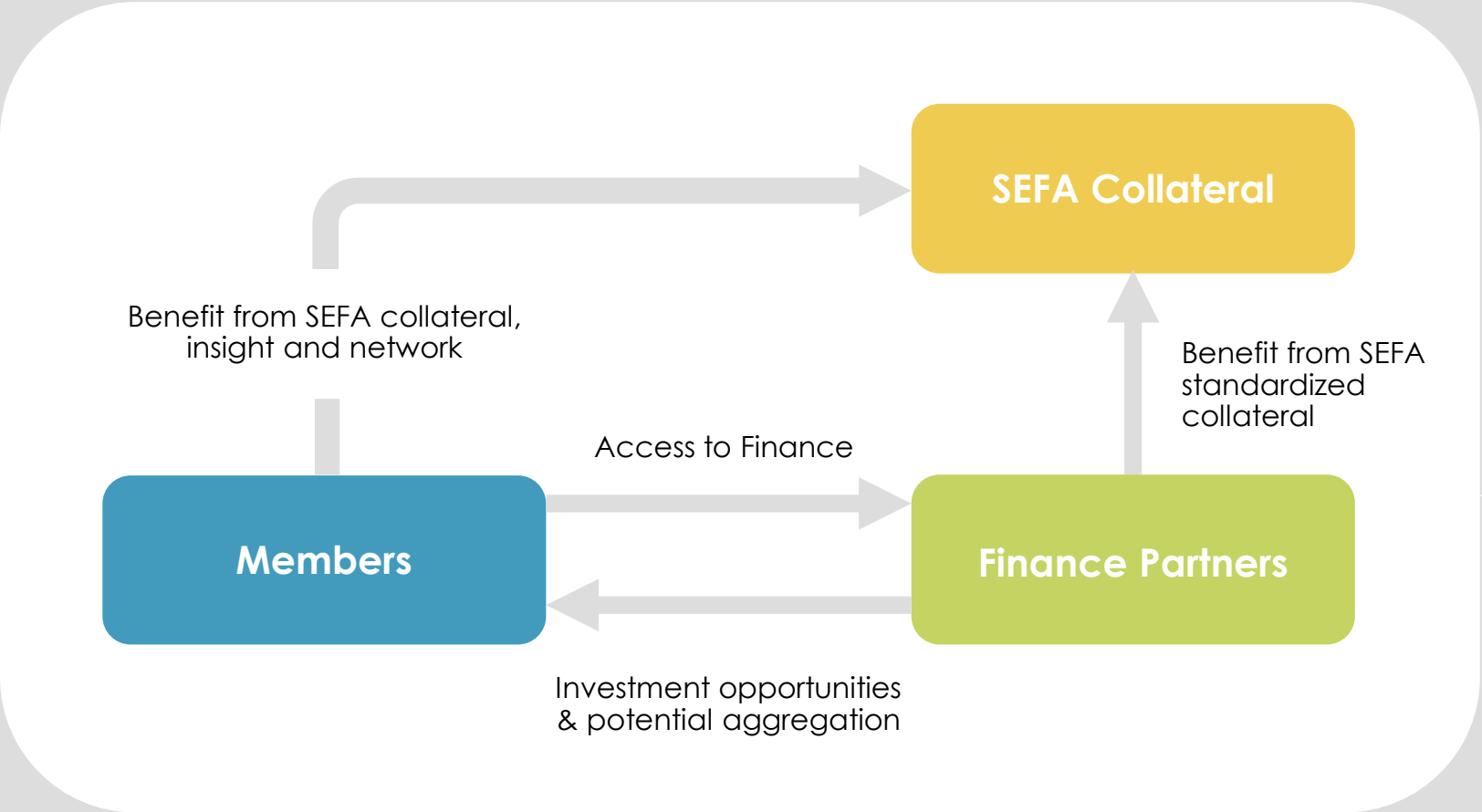


Connecting and enabling key actors

- Investor matchmaking within our ecosystem
- Industry representation at events with policymakers

SEFA Ecosystem

Channel partners
Interaction with the SEFA ecosystem



Sponsors
Endorse and support SEFA

SEFA benefits to building owners

Reduced energy costs
and CO2 emissions

Enhanced building
value

No upfront investment

Non-energy benefits,
e.g. air quality and
health benefits

Off-balance sheet
solution – no additional
debt

Reduction in legal and
administrative costs

Assurance on project
design and service
delivery

Access to low-cost
capital

Acceleration of
decision-making
processes

Less dependency on
energy price hikes

Risk transparency and
quality control in tender
processes

Timeline and next steps

PROPEL Capacity Building Programme

First targeting Belgium, the Netherlands, Italy and Spain

...and growing beyond those in 2023

OCT

NOV

DEC

JAN

FEB

MAR

Incorporation of
SEFA

First General
Assembly of
SEFA

Public launch
event of SEFA in
Brussels

Growing the network of Finance Partners

Signing up SEFA members for 2023

How to get engaged

- Are you interested in **learning more about the standardized materials?** We have training materials available in **English, Italian** and **Spanish**.
- At the end of October 2022, the **SEFA platform is ready** for testing – you can sign up with a test user account free of charge.
- Do you want to **test the materials in real-life projects?** The PROPEL team is ready to support you with their expertise and network of financial partners.
- Interested in **joining the SEFA ecosystem?** Let's discuss how best to collaborate, be it as a member, finance partner, sponsor or channel partner – get in touch!



Scan me for
mailing list
sign up!

Thank you!

Michael Pachlatko, Joule Assets Europe

info@sefaeu.org



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101033810.

