



# Topic LIFE-2021-CET-MAINSTREAM

## Mainstreaming sustainable energy finance and integrating energy performance in EU sustainable finance criteria and standards

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# Objectives of the topic

- Make sustainable energy investments more attractive to private investors
  - ✓ Need to reduce the perceived complexity and risk profile of energy efficiency and small-scale renewable investments
  - ✓ Need for concrete tools to allow EE/RES to be assessed like other types of investments
  - ✓ Need to integrate non energy benefits
- Align sustainable energy investments with the EU's sustainable finance policy
  - ✓ Ensuring that sustainable finance capital flows are fully utilised for EE/RES investments
- Connecting retail investments to the capital markets – securitisation challenge
- Sustainable energy = energy efficiency and renewables, particular focus on energy efficiency
- Link to the Energy Efficiency Financial Institutions Group ([https://ec.europa.eu/eefig/index\\_en](https://ec.europa.eu/eefig/index_en))
- 2 scopes (A and B), proposals can address 1 or both



# Scope A: mainstreaming and de-risking sustainable energy investments

- support to **securitisation** of sustainable energy assets
- **integration of long-termism and sustainability risks**, including transition risks, and multiple benefits of sustainable energy into decision-making tools (e.g. internal risk models) of private investors
- exploring the impact of revised risk ratings and requirements for energy efficiency on financial regulations including the current banking and insurance prudential frameworks,
- **harmonisation, aggregation, and mainstreaming** of existing market practices through de-risking private investments
- incorporation of energy related sustainability preferences and/or increasing **access to financial markets by retail investors**
- development and application of **digital solutions** including financial technology and algorithms facilitating energy-performance-based financing schemes



# Scope A: mainstreaming and de-risking sustainable energy investments

- **activities focusing on data** (e.g. data collected through the Energy Performance Certificates, energy audits, smart meters, contracts with finance and or energy service providers, as well as ex ante and ex post energy and financial performance data of investment)
  - ✓ should be connected wherever possible to the De-risking Energy Efficiency Platform (DEEP - <https://deep.eefig.eu>)
  - ✓ Activities could include:
    - ✓ high quality data collection and/or analysis leading to refinement of investor risk models or access to specific financing schemes,
    - ✓ improvement of quality and interoperability of data including through standardisation of measurement units,
    - ✓ facilitation of high quality data collection and reporting for project developers,
    - ✓ creation of data governance frameworks leading to improvement of availability of relevant data including open access solutions



# Scope B: alignment with or overachievement of the EU sustainable finance requirements in the field of sustainable energy investment

- development and support to implementation of **labelling and certification schemes**
  - ✓ for benchmarking, tagging, monitoring of investment performance, and disclosure of investment data set out in the EU sustainable finance legislation;
- **accelerating compliance or overachievement** of the EU sustainable finance requirements by private investors and/or companies
  - ✓ including support to sustainable energy **project developers' response to private investors' needs and practices** with a focus on technical and regulatory considerations
- enhancement of transparent and regular **integration of sustainable energy-related metrics** in the market for sustainability assessment tools;
- targeted support to sustainable energy finance related activities by **regulatory bodies and the supervisory authorities**;
- support to sustainable investment **portfolio analysis** based on granular and reliable data in order to increase transparency of sustainable energy investment strategies and markets.



# For both scopes A and B, proposals should

- **involve private finance stakeholders**, with a focus on institutional investors with a clear benefit to retail investors,
- have strong **potential for being taken up by market actors** and avoid risks of unnecessary multiplication of already existing tools and practices,
- contribute to the already existing practices or fill potential identified gaps with new approaches, e.g. in line with the EEFIG recommendations and findings,
- be embedded in the most up-to-date contexts relevant to private finance investment, in particular sustainable finance
- ensure that all sustainable energy investment triggered by the project is aligned or goes beyond the latest technical screening criteria developed in the frames of the EU Taxonomy regulation,
- for actions focusing on data and digital solutions, demonstrate how they build on the existing relevant initiatives such De-risking Energy Efficiency Platform (DEEP).



# Expected impacts should be clearly justified

## For scope A:

- Investments in sustainable energy triggered by the project (cumulative, in million Euro)
- **Evolution of investment practices** of private financial institutions leading to improved financing of energy efficiency and renewable energy investments
- Improved **access to data** supporting increased investments in energy efficiency
- **Number of institutional investors** reflecting multiple-benefits of energy efficiency investment in their market strategies
- Number of companies or financial institutions who embedded the minimum technical criteria for sustainable investment set out in EU taxonomy or went beyond them in their activities
- Number of stakeholders using new or harmonised schemes, methods or data leading to increased flows of private finance to sustainable energy
- Number of market actors, in particular financial institutions, who integrated energy efficiency and sustainable energy specificities into their usual practices
- Primary energy savings/Renewable energy generation triggered by the project (in GWh/year), particularly in the building sector



- Depending on content of the proposal
- Quantified indicators and targets, wherever possible

# Expected impacts should be clearly justified

## For scope B:

- Improved integration of the specificities of energy efficiency and small-scale renewables within the sustainable finance strategies and investment practices of financial institutions
- Number of entities who embedded the minimum technical criteria for sustainable energy investment set out in EU taxonomy or went beyond them in their activities
- Number of stakeholders using new or harmonised schemes or methods leading to increased flows of private finance to sustainable energy
- Number of market actors, in particular financial institutions, who integrated sustainable energy specificities into their usual practices
- Number of retail investors benefiting from new market practices
- Support to financial regulatory bodies and the supervisory authorities on energy efficiency and renewable energy specific policies
- Investments in sustainable energy triggered by the project (cumulative, in million Euro)
- Primary energy savings/Renewable energy generation triggered by the project (in GWh/year), particularly in the building sector



- Depending on content of the proposal
- Quantified indicators and targets, wherever possible



# What makes a good proposal?

- Sufficiently **clear, concrete and mature concept** (e.g. financial product(s) or tools to be developed or replicated, sectors/investment types targeted etc.)
- Adequate analysis of the **market needs and existing barriers**
- **Relevant response to market needs** and significant market impact
- **Involvement of market actors** (e.g. involvement of and/or engagement strategies regarding key stakeholders and, in particular, financial sector actors)
- **Market acceptance** (ensure results will be taken up)



# Project examples

- **SEAF – LAUNCH – PROPEL:** IT based framework for valuation and benchmarking of sustainable energy projects (energy efficiency, demand response, distributed renewable generation etc.) reducing transaction costs and risks
- **SEI METRICS – ET RISK – LIFE PACTA** - Enabling investors to measure the climate alignment of their portfolios
- **CRREM** - the Carbon Risk Real Estate Monitor Project – integrating energy performance in the portfolio management of real estate investors
- **Energy Efficient Mortgage Initiative – EEMMIP – NEEM** – Development of new financial products fostering investments in energy efficient homes



# Project examples

- **QUEST:** risk appraisal tool for investments in building renovation with integration of quality management services and non-energy benefits
- **EENVEST:** framework for technical and financial risk valuation focused on the energy retrofit of commercial buildings
- **Triple A:** set of tools to help financiers in the identification and due diligence of bankable projects at an early stage,
- **LEVEL EEI** – Supporting the development of green financial products addressing EE/RES and checking compliance of existing green products
- **REFINE** - set up a refinancing cycle through the sale of receivables from energy efficiency services in 10 countries

