



# G20 Energy Efficiency Investment Toolkit

G20 Energy Efficiency Finance Task Group (EEFTG)

LAUNCH PRESENTATION

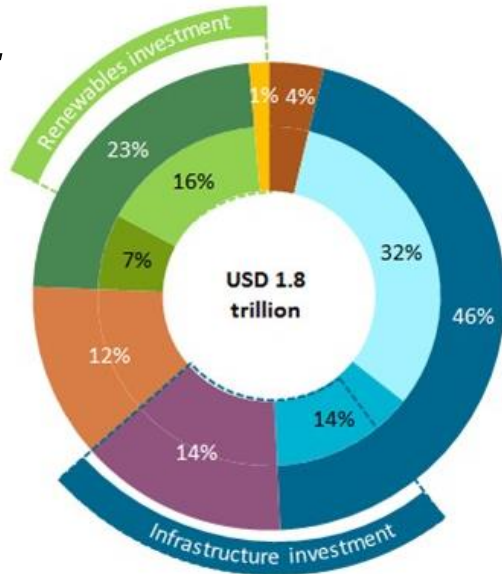
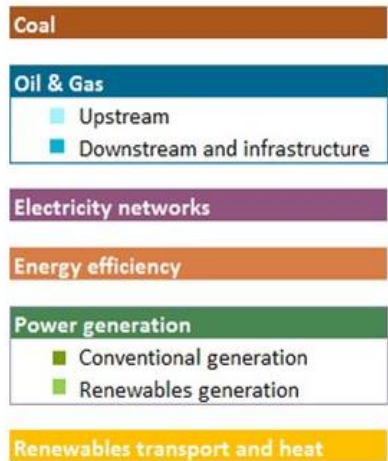
G20 Energy Efficiency Forum – Hamburg 2<sup>nd</sup> May 2017





# I. Measurement and Definitional Tools

## Global Energy Investment 2015:

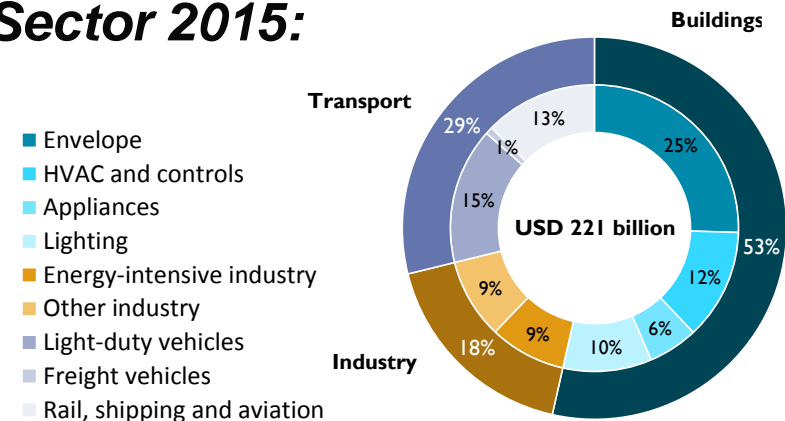


## Investment in Energy Efficiency, Concepts:

- **Method 1, Total Spend:** Market size for energy efficient goods and technologies.
- **Method 2, The Incremental Investment:** Additional investment needs that would lead to energy efficiency improvements above BAU levels.

- **Energy efficient investment** needs to increase (**independent of source**)
- While **Energy Efficiency Financing** is a mechanism (**means to an end**) which can accelerate the growth of energy efficient business models, enabling the **up-scaling of energy efficiency investments**

## EE Investments by Sector 2015:



# Energy Efficiency Premium: How G20 can “Take it to Zero”

**Example:**

*Consumer or  
business*

To invest in:

**Energy Efficient Equipment**

Full cost can be divided into

1.

Cost of a new but  
very standard and  
less efficient piece of  
equipment  
**(Base Cost)**

2.

Cost of the added  
increments of  
energy efficiency

**Energy Efficiency  
“Premium”  
[or “discount”]**

The base plus this  
**“Premium”** equals the  
full technology cost, or the  
**“Total Spend”** in  
**Efficiency**

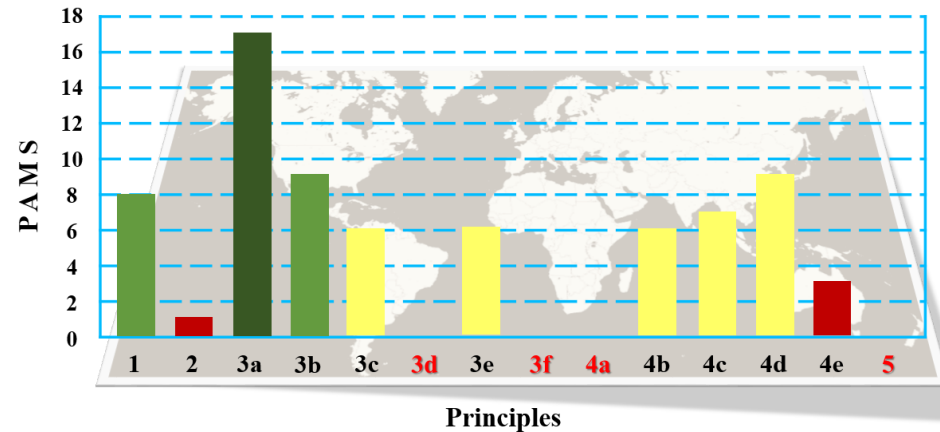
# Mapping Tools: “Energy Efficient World” for the G20...

			Integrated	Core
<b>Market</b>	\$	USD trillions	USD 221bn	ESCOs (USD 24 bn); “Self-financed”
<b>Policy</b>	2000+ policies	Energy subsidies; Inefficient markets; Supply-led planning.	Energy Transition; National Renovation Strategies; Vehicle Fleet Standards; Transparent Energy Planning.	“EE First”; Mandatory targets/ standards; NZEBs; EE Obligation schemes; National EE Action Plans.
<b>Private Sector</b>	<b>Banks</b> \$110tr	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Green tagging; Green buildings lending; green lending; climate lending; Equator principles.	EE mortgages; Building renovation loan; EE credits/loans; EE tagging.
	<b>Investors</b> \$70tr	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Green tagging and company disclosure; Collaborative shareholder activism; Green funds; Sustainable real estate funds.	EE funds; Energy Productivity Indexes; Own real estate EE renovation; EE tagging.
	<b>Insurers</b> \$31tr	Product and services without explicit consideration of energy “externalities”.	Green buildings insurance; Climate mitigation insurance and investments; Addon coverage; Technical assistance, advisory services.	Energy saving insurance; energy performance guarantee; EE advisory services.
<b>Public Sector</b>	Public finance \$176 + bn	Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.	Resource Efficiency; Safeguards; ESG & Climate Commitments; \$33 bn	Direct EE Lending; EE Policy lending; EE targets; Technical assistance. \$7 bn

# II. G20 Policy Tools: voluntary EE Investment Principles (vEEIP) Framework, Databases & TEWs

- EEFTG reviewed 2,000 policies in the **IEA's PAMS database**, focusing on **G20 countries**, in combination with the results of its **2016 global expert survey**.
- To then sort the data by principle and sub-principle of the **vEEIP** for G20 participating countries
  - Attaining an approximate view of the **Principles** and **sub-Principles** that are widely implemented in existing policies and **identified the gaps where further progress can be made**.

## Concentration of PAMS policies in the vEEIP Framework for G20 countries



### Policy toolkit: based on the Principles

*will provide for each*

- Rationale
- Key Findings
- Case Studies (policy innovations that promote EEI)
- Action Areas

of the Principles and sub-Principles in the G20's vEEIP

### EEFTG's Tools for Bilateral Engagement with G20 Countries

- I. Supporting the development of an enabling **national policy framework**
- II. Providing an **engagement platform** and mechanism through its Technical Engagement Workshops (TEWs)
- III. **Exchanging knowledge** of good practices

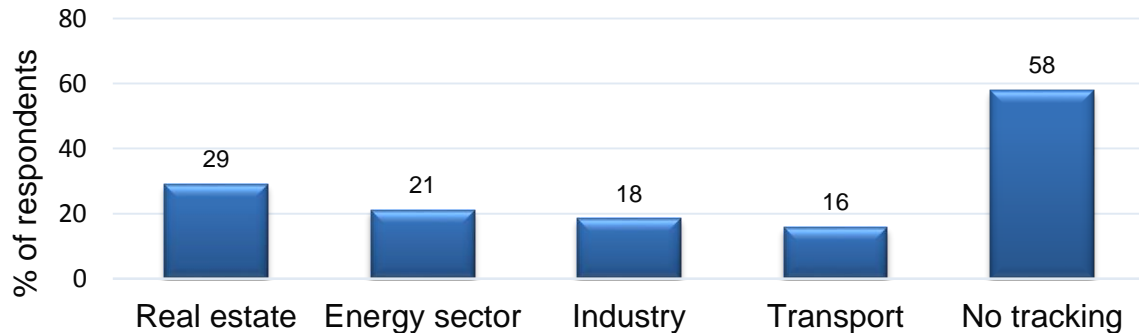


# III. Private Sector Tools: Collective Statements, Green Tags, Best Practice Surveys and De-Risking

## 2016 EEFTG's Bank Survey Key Conclusions:

- Well-recognized opportunity*
- Needing awareness raising and supportive policies*
- Requiring tracking of energy efficiency finance*

## Green Tagging to Track the Energy Performance of Banks' Assets



## G20 Energy Efficiency Investor Statement



## Insurers can help De-Risk Energy Efficiency Investments:

- 1. Technical risks** - particularly during the implementation of the energy efficiency improvements as a multi-stakeholder process and when using complex equipment.
- 2. Financial/performance risk** - the level of energy savings and the financial value of these savings.

Endorsed by more than USD 4tn of Investors!

# IV. Public Finance Tools: Joint Statement, Focus Action Framework, Structured Engagement for Development

## Public Financial Institutions have led Energy Efficiency in 3 Areas:

1. **Showcasing & replication** of energy efficiency investment models.
2. **Identification & implementation** of new financial instruments that **facilitate** the **replication** and **scale up** of energy efficiency investments.
3. Identification of **internal policies** that **mainstream** EE investing **across all activities** of the organisation.

## Joint G20 Energy Efficiency Statement



### Framework of Action for Public Financial Institutions and Country Partners to scale-up Energy Efficiency Investments

1. **Increase Policy-based Lending** to Support Investment Grade **Policy Frameworks** that require and **promote EE** and to drive **“Life-cycle Cost Optimal”** Procurement of Public Infrastructure and Buildings
2. **Increasing** the amount, availability, simplicity and connectedness of **Technical Assistance/ Project Development Assistance facilities**
3. **Lever Multiple Retail Distribution Mechanisms**
4. **Energy Efficiency’s Central Role in the Future of Mobility, Smart Grids and Infrastructure**





# Summary for Policymakers: 10-pages, 24x Recommendations ... supported by 30x Case Studies (Annex)

EEFTG's **G20 Energy Efficiency Investment Toolkit** provides voluntary options & insights to G20 members on pathways to begin this **market transformation**.

It also includes **tools, actions, best practices** and **case studies** for **G20 countries** to take-up as they consider useful

**G20 Energy Efficiency** policies, financing tools and best practices developed through the flexible and **collaborative architecture of this Toolkit** provide an integrated approach to **enhancing capital flows** towards energy efficiency

**Embedding energy efficiency** in investment processes through an **enabling policy framework** is key to accelerating **G20 energy intensity improvement**

**G20 Energy Efficiency Investment Toolkit** is a vehicle to showcase best practices, strengthen the **visibility** of **energy efficiency** in private financial disclosure and support commitments to **scale-up energy efficiency investments**

**G20 countries** can **lever the experience** of **public financial institutions** to ensure **energy efficiency's** central role in the **future of mobility, smart cities, energy grids, industry** and **infrastructure**

# What next for the G20 Toolkit ? (Debate)

**No single Stakeholder group can deliver the scale up of G20 energy efficiency investment required on its own**



## The G20 Toolkit Provides:

### Collaborative Architecture

- G20 policy makers can engage in a structured dialogue with investment providers
- +
- Jointly develop and deliver the targeted economic, social and environmental benefits



**G20 Leaders grow EE investments together**

- In their national interests
- And for the benefits of the global community

### Value Created:

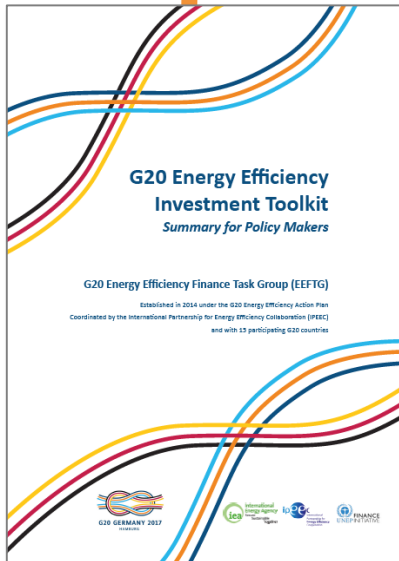
- The network effect created by convening and connecting the multiple stakeholders responsible for its components; and
- Uniting them in the pursuit of a shared objective with benefits for all.



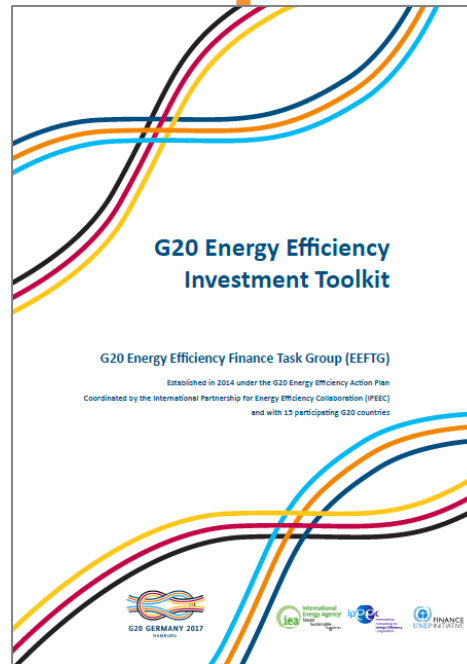
# 3x Toolkits in One to Scale-up Energy Efficiency Investments

## G20 EE Investment Toolkit

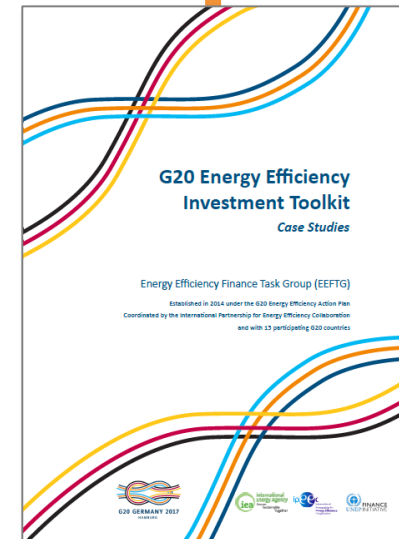
**“10-pager”  
For Policymakers**



**Comprehensive  
Toolkit**



**30x G20 Case  
Studies**



# By G20 Energy Efficiency Finance Task Group (EEFTG) (Work & Achievements)

Comprised of  
15 countries  
and co-chaired  
by France &  
Mexico



In **2016** EEFTG engaged with around **1,200 individuals** through a programme of **18 workshops** or contributions to **G20** and related activities in **Europe, USA, China** and **Latin America**

EEFTG global survey generated **140 specific ideas, instruments, approaches, mechanisms, instruments** and **practices** shared by 72 **experts**

Beijing G20 Energy Ministerial  
Communique calls for “upscaling  
energy efficiency investment”



Launched campaign to  
engaging with **122 banks**  
& asset managers managing  
**\$4+ trillion of funds**





# Thank You

G20 Energy Efficiency Finance Task Group

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