



Investor Confidence Project Europe

Building Renovations are the Key to Energy Independence

The potential for renovating existing buildings in Europe to reduce the importation of energy, generate financial savings, create jobs and avoid the impacts of climate change, is considerable - and largely untapped. Estimates say that energy efficiency efforts on a large scale in Europe could reduce carbon emissions by 932 million tonnes, equivalent to taking nearly 200 million cars off the road, and create more than 2 million new jobs in the building industry by 2020.¹

Recognising the key role the building sector plays in meeting ambitious energy goals, Europe has set a target of reducing carbon emissions by 90% from buildings by 2050. The investment in building renovations needed to achieve this goal is estimated at €3.5 trillion, or €95 billion annually, until 2050. Investment at this scale requires substantial financing from private sector institutions who view building renovation projects as safe, reliable and profitable investments.

The Role of the Investor Confidence Project in Building Renovations

Despite the promise of attractive returns on investment, lack of confidence in energy savings and the often prohibitive costs of conducting due diligence create a substantial barrier to investors and building owners taking action. The Investor Confidence Project helps overcome these barriers by putting in place a common, agreed-upon set of industry-wide standards for predicting, monitoring, and verifying energy efficiency costs and savings. By standardising how energy efficiency projects are developed, measured and documented the

initiative seeks to help project teams deliver more predictable returns to investors, reduce transaction costs and allow for the unleashing of private capital into the market.

The goal of the project is to establish energy efficiency as a specific asset class that will enable capital markets to invest in building renovations.

The Investor Confidence Project Europe

The energy efficiency market faces a range of barriers, such as a lack of product standardisation, limited project data, and low investor confidence. The Investor Confidence Project Europe will help fuel the growth of the European energy efficiency market by delivering tools to address these obstacles and enable the scaling up of renovations of non-domestic buildings and apartment blocks. This large scale investment will help put Europe on the path to achieving its energy independence goals and help establish energy efficiency as a global asset class to tap capital markets.

Citing barriers to the development of a robust energy efficiency market in Europe, the Energy Efficiency Financial Institutions Group (EEFIG) - convened by the European Commission and United Nations Environment Programme Finance Initiative - identified the Investor Confidence Project in its report, 'Energy Efficiency – the first fuel for the EU Economy', as a model industry best practice. For more information on this group and report: <http://www.eefig.org>.

The International Energy Agency in its 2014 Energy Efficiency Market Report also cited the Investor Confidence Project as a programme with the potential to facilitate "a global market for financings by institutional investors that look to rely on standardised products rather than project-specific structuring and due diligence." For more information on the IEA 2014 Energy Efficiency Market report see: <http://www.iea.org>.

“(ICP will) facilitate a global market for financing by institutional investors that look to rely on standardised products.”

– International Energy Agency

¹ "Europe's Buildings Under the Microscope," Buildings Performance Institute Europe (October 2011).



ENERGY EFFICIENCY FINANCE

“(Europe needs the) launch of an EU-wide initiative to develop a common set of procedures and standards for energy efficiency and buildings refurbishment underwriting for both debt and equity investments.”

- Energy Efficiency Financial Institutions Group (a European Commission and United Nations Environment Programme-Finance Initiative convened working group).

Verco (a leading energy and sustainability advisory company) is the UK lead for the Investor Confidence Project (ICP) Europe.



Investor Confidence Project Europe Path to Success

The Investor Confidence Project Europe is convening investors, banks, property owners, and other energy efficiency industry stakeholders to establish standard protocols for developing energy efficiency projects in Europe in a group called the Technical Forum.

Technical Forum members help ICP Europe to develop open source tools and resources that meet the needs of European investors, property owners, and energy efficiency project developers seeking to develop and invest in high quality building energy renovation projects. Organisations and individuals interested in working with ICP Europe to develop these standards should join the ICP Europe Technical Forum at this link:

europe.eepformance.org/technical-forum

Those entities that support ICP Europe's goals of reducing building energy renovation performance risk, lowering transaction costs, and increasing project demand, and would like to be associated with the project and network with other industry leaders should join ICP Europe's Ally Network:

europe.eepformance.org/join-icp-europe

The Investor Confidence Project Europe team is advised by a Steering Group of top organisations and companies in their sectors, including: ING Bank, Green Investment Bank, Électricité de France, Siemens, Plus Ultra Asset Management, ARUP, EuroACE, eu.ESCO, RdA Climate Solution, Siemens, E.ON, Building Performance Institute of Europe, Climate Strategy & Partners, the Covenant of Mayors and the United Kingdom Department of Energy and Climate Change.

What is the Investor Confidence Project?

The Investor Confidence Project accelerates the development of a global energy efficiency market by reducing project transaction costs and engineering overhead while increasing the reliability and consistency of energy savings. Over the longer term, the initiative aims to create a unique asset class, which will enable capital markets to invest in energy efficiency projects.

The Investor Confidence Project offers a series of protocols that define industry best practices for energy efficiency project development and a credentialing system that provides third-party validation. Projects that conform to the requirements of the Investor Confidence Project Protocols and have been originated and verified by a credentialed project developer and quality assurance provider are referred to as Investor Ready Energy EfficiencySM projects. The credentialed project, while not a guarantee of savings, creates confidence with building owners and investors in order to reduce transaction costs and encourage greater adoption.

Standardisation streamlines energy renovation transactions and increases the reliability of projected energy savings, resulting in buildings with lower operating costs, higher market value, and a significantly lower carbon footprint.



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