
The Energy Savings Insurance Model

ESI Europe – Driving Investment in Energy Efficiency through Energy Savings Insurance in Europe

Project Overview

December 2018



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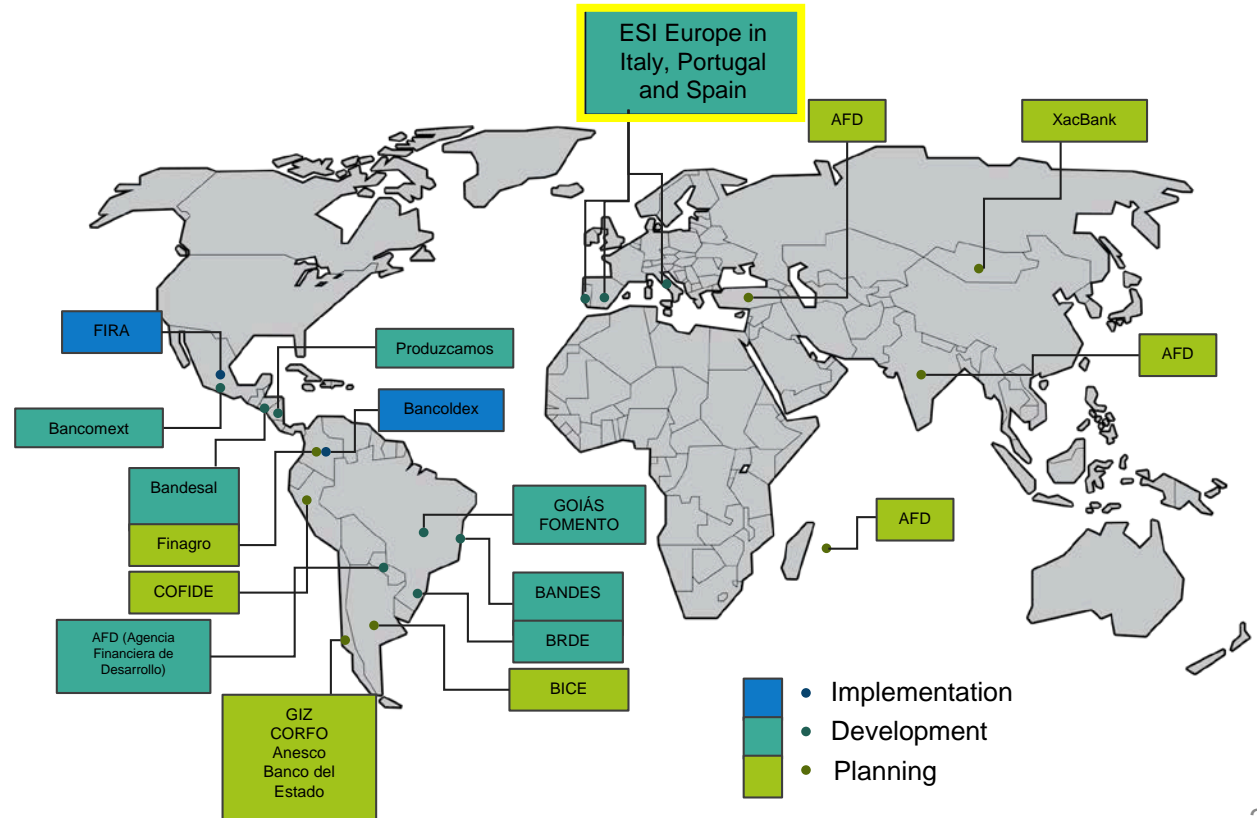


The ESI Model around the world

ESI was recognized by the Global Innovation Lab for Climate Finance as one of the most promising instruments to mobilize private sector investments in energy efficiency.

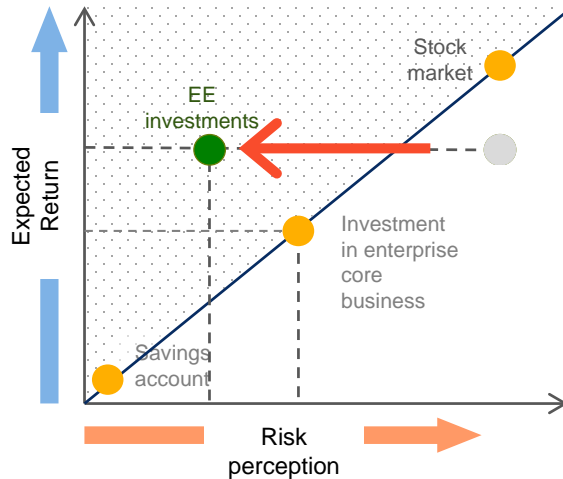
ESI also features in the G20 Energy Efficiency Investment Toolkit.

Replication in other EU countries is intended.





Risk perception of Energy Efficiency



Barriers inhibit enterprises - especially in SMEs - from investing in EE include:

- Lack of **trust**.
- EE not usually an investment **priority**.
- Lack of suitable **financing**.
- Lack of **experience** and visibility on business opportunity.





The Energy Savings Insurance Model - rationale



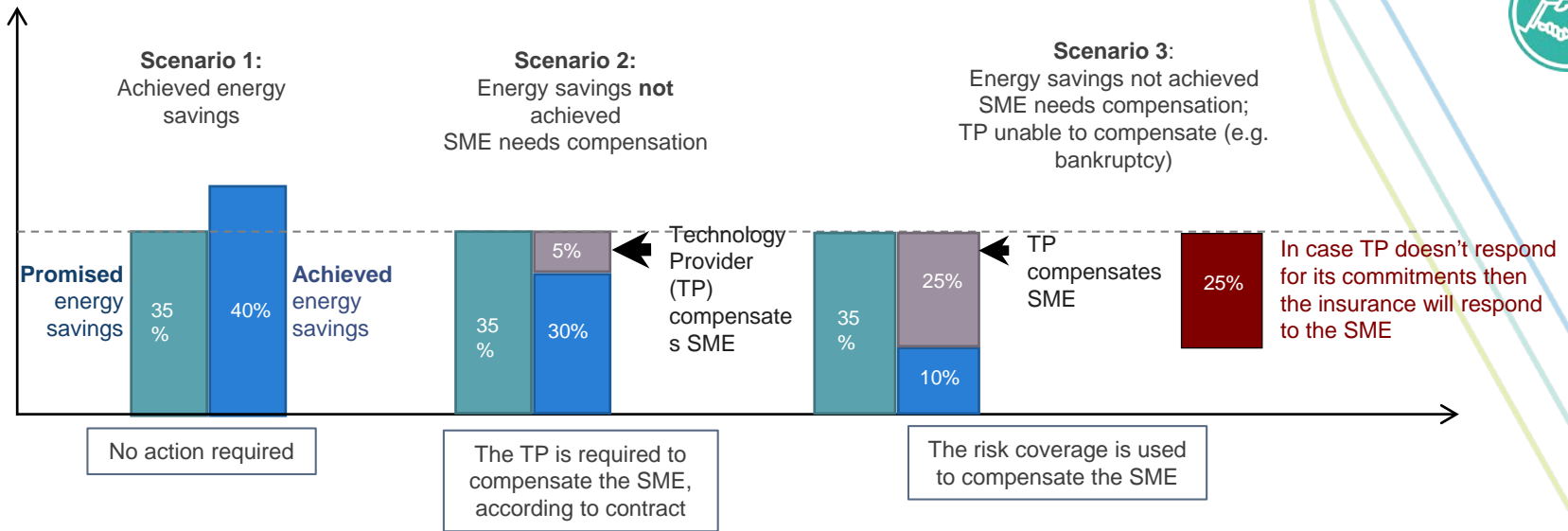
- **Standardize contract**; Contractual arrangement between technology provider-SME; provides a transparent framework to guarantee energy savings
- **Energy Savings Insurance**; to guarantee the commitments of the Technology provider (up to 5 years)
- **Validation**; Arbitration role and technical opinion (exante/ expost).
- **Financing**; provided by Banks to SME; credit.



Insured Energy Savings

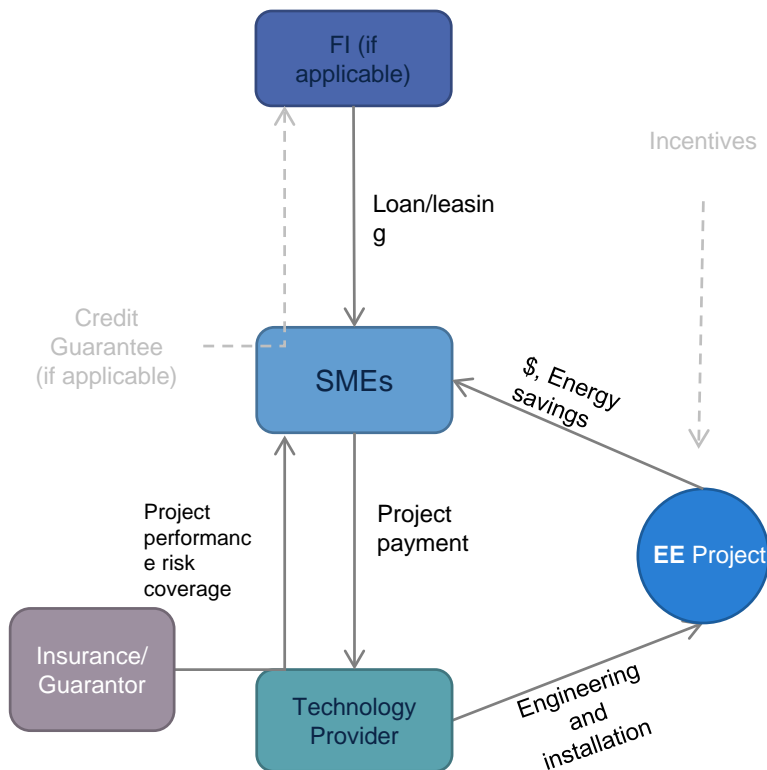


Scenario examples:





Financing Strategy for the ESI Model



Financing

SMEs: Investor and credit taker for EE projects, commercial bank

- The ESI model provides **de-risking mechanisms** for SMEs
- Banks differentiate the assessment for ESI projects (improve the credit rating) or credit conditions (interest and tenor)
- Banks mobilise their green credit lines (or create new products) for EE projects
- Links existing supporting financial mechanism (e.g. incentives, credit guarantees, etc.) with FI and SMEs, mobilising the demand side
- FIs are engaged and trained to understand the functioning and interaction with the ESI mechanisms



The ESI Europe project

GOAL: Development of the **Energy Savings Insurance** (ESI) Model in Italy, Portugal, and Spain

- 3 year project started in February 2018
- Consortium Partners:
 - ✓ Coordinator Basel Agency for Sustainable Energy (BASE) - CH
 - ✓ FIRE, implementation in Italy
 - ✓ BCSD Portugal, implementation in Portugal
 - ✓ EnergyLab, implementation in Spain





ESI Europe Project development

Management Information System:

Registers information and actions (proposal approval, contract, monitoring reports, validation evaluation, etc.)

Range of users: TPs, Clients (SMEs), Validation Entity, Insurance companies and Financial Institutions

Developed in *Blockchain*: transparency, trust and reliability





The ESI Europe project

- The expected outputs of the project are:
 - ✓ Setting up the mechanisms that compose the model
 - ✓ Training and up skilling of market stakeholders through capacity building activities
 - ✓ Promotion strategy including the development of marketing material
 - ✓ Building a pipeline of EE projects, identifying champions
 - ✓ Developing long-lasting tools for dissemination: ESI Europe toolkit and video to promote the uptake and replication of the ESI model in other European countries.





Market Assessment and Market Potential

Pre-selection of technologies within the prioritised sectors

- LED lighting
- Industrial refrigeration
- Cogeneration
- Solar PV systems
- Air conditioning systems
- Air compressors
- Boilers
- Electric motors
- Solar water heaters

	Total Number of Enterprises*			
	Italy	Portugal	Spain	Total
Micro	3 473 409	764 233	2 312 541	6 550 183
Small	117 418	21 180	72 198	210 796
Medium	64 428	16 107	52 524	133 059
Large	3 158	787	2 905	6 850
Total Enterprises	3 658 413	802 307	2 440 168	6 900 888

*Eurostat (2018) Annual enterprise statistics by size class for special aggregates of activities (NACE Rev. 2) for Sectors B,C,D,E,F,G,H,I,J,M,N reference year 2015



Market Assessment and Market Potential

Considering the pre-selected technologies

Analysed Subsectors		Italy	Portugal	Spain	Total
Hotels	Number of companies	3 000	680	1 600	5 280
	EE market size potential (M€)	210	50	205	465
Food retail and wholesale	Number of companies	900			900
	EE market size potential (M€)	72			72
Food processing	Number of companies	1 350		2 120	3 470
	EE market size potential (M€)	162		300	462
Textile	Number of companies		1 980		1 980
	EE market size potential (M€)		200		200
TOTAL	Number of companies	5 250	2 660	3 720	11 630
	EE market size potential	450M€	250M€	500M€	1 200 M€





Challenges

- Building trust
- Visibility on business opportunities (SME, Insurance)
- Financing support (guarantees)
- Reaching target market (SMEs)
- Engaging first movers



Thank you for your attention!

Visit our ESI Europe website:

www.esi-europe.org

Disclaimer: The present presentation reflects only the authors' view and the EASME or the European Commission are not responsible for any use that may be made of the information it contains.



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