

Taller Regional: El Rol de las Garantías en la Estructuración del Financiamiento Ambiental y Climático

**IDB – Structured and Corporate Finance
&
Energy Efficiency Guarantee Mechanism
(EEGM)**

Cartagena, October 17th, 2013

About Atla Consultoria

Atla Consultoria is a Brazilian consulting company specialized in the development of financial solutions for the energy sector, especially energy efficiency and renewable energy.

- **Some clients and job experience:**

- ✓ IDB - EEGM Administrator
- ✓ IFC - Programa Pró-Hotéis
- ✓ JASE WORLD – Research on EE Market for Japanese Companies
- ✓ GIZ - Support to Emerging Market Dialog
- ✓ FIGLO – Development of Business Model for Financial Planning software distribution in Latin America
- ✓ 360 Financial Services – Development of Business Model for an Investment Distribution Company in Brazil

Structured and Corporate Finance (SCF)

Target Clients

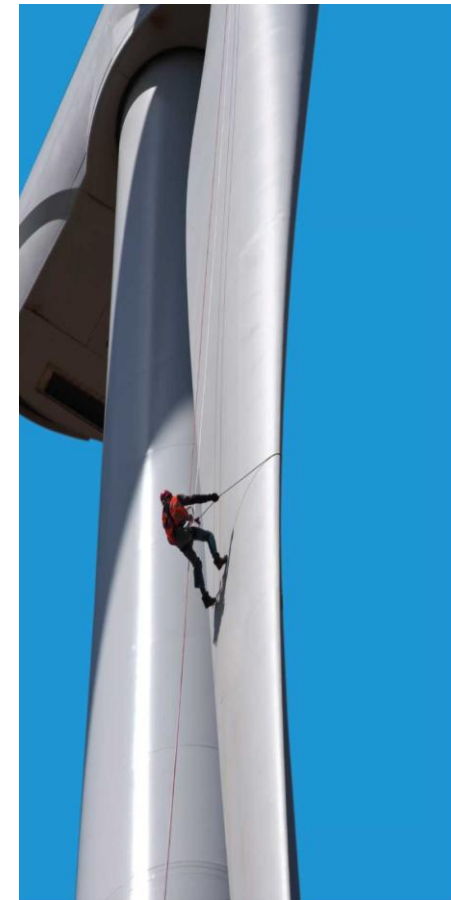
- Corporations, private utilities and infrastructure operators, financial institutions, and state-owned entities without a sovereign guarantee

Products and Services

- Loans (syndications and parallel)
- Project Finance and Private Public Partnerships
- Guarantees
- Technical cooperation
- Climate change concessional finance
- Clean energy audits

In 2011-2012, over \$1 billion lent for over \$6B in climate investments

- Renewable power - wind, geothermal, biomass power, hydro, biofuels, solar
- Planet Banking “Green lines” for banks and private equity funds
- Industrial, commercial building, hotel energy efficiency
- Agriculture methane capture and use



\$50M SCF Energy Efficiency Finance Facility and \$10M NDF Energy Efficiency Guarantee Fund

Eligible projects

- Energy efficiency and small-scale, self-supply renewable energy projects, including agricultural methane, biomass, solar

Eligible countries

- Central America, Colombia, Dominican Republic, Jamaica and Bolivia
- Max Loan Size: \$5M

Concessional finance

The Energy Efficiency Finance Facility will benefit from an €8 million contribution from the Nordic Development Fund:

- €7M is reimbursable funding to provide up to 25% first-loss guarantees to SCF loans in NDF eligible countries.
- The guarantees will enhance the credit profile and reduce the price of the IDB A loan
- €1 million is non-reimbursable grant funding to provide existing or potential new clients with energy audits, engineering feasibility and environmental impact analyses.
- It can also be used to pay the due diligence and legal costs if they make the small loans economically unviable.

Contact: Patrick Doyle - patrickd@iadb.org



\$250M Canadian Climate Fund for the Private Sector in the Americas - concessional finance

- Co-financing with IDB Group loans for climate change mitigation and adaptation projects
- Concessional finance to overcome barriers (lower cost and/or higher risk subordinated debt, lower fees, longer tenors)
 - Risk barriers, e.g.:
 - Technology risk
 - Resource risk
 - Off taker risk
 - Cost barriers, e.g.:
 - Bridge the gap between production costs and market tariffs
 - Reduce costs of “greening a project” – (e.g. energy efficiency, methane capture, reforestation)

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Brazil EEGM

Energy Efficiency Guarantee Mechanism

Main Features

- ✓ Up to US\$ 25 milhões available for energy efficiency projects for Brazil
- ✓ Focused on buildings (shopping centers, hospitals, commercial, hotels, etc.)
- ✓ Maximum coverage: 83% of the value of the energy efficiency contract or up to the Brazilian-Reais equivalent of US\$800,000 per project
- ✓ Tenor: Maximum of 7 years
- ✓ Beneficiaries: Private Sector lenders, ESCOs and ESCO clients
- ✓ Denominated in Brazilian-Reais
- ✓ All proven technologies are eligible including, but not limited to lighting systems, air conditioning, Termal Solar and solar PV.

Expected Results from EEGM

The EEGM is an initiative presented by the IDB, in partnership with the United Nations Development Program (UNDP) and the Global Environment Facility (GEF).

The EEGM is expected to improve energy efficiency in the commercial and public building sectors by approximately 4,0 million MWh of electricity over the next 20 years.

It is expected to directly reduce greenhouse gas emissions by 2,0 million tons CO₂ equivalent over the same period with an estimated indirect emission reduction of 9.6 million tons of CO₂.

It will reduce Brazil's dependency on fossil fuels and building operation costs for project owners and operators.

Guarantee Types

➤ Performance Risk Guarantee

This product limits default exposure of energy efficiency loans derived from technical risks that prevent the achievement of expected / agreed energy savings.

It is designed to be used in conjunction with an energy efficiency performance agreement established between an energy service company (ESCO) and an end-user.

➤ Credit Risk Guarantee

This product limits default exposure of energy efficiency loans derived from technical and creditworthiness risks.

It is designed to be used in conjunction with an energy efficiency loan contract established between a financial institution and either an energy service company (ESCO) or energy end-users.

Administrator – Main Activities

During the selection process and after being selected as administrator Atla Consultoria used its expertise to help to finish the design of the mechanism and to final prepare / approve all related forms and documents.

Some of Administrator current responsibilities:

- ✓ All commercial activities (visits to potential partners / Seminars & Events)
- ✓ Liaison with all stakeholders (lending partners, development banks, commercial banks, ESCOs, ESCOs' clients, class organizations, press.
- ✓ Pre-selection of potential projects
- ✓ Support on the application process to potential projects
- ✓ Execution of transactions on behalf of IDB in Brazil
- ✓ Monitoring Reports to IDB

Success Case – APS Soluções em Energia



ESCO with more than 20 years of experience in Energy Efficiency projects, specially air-conditioning, lightning, heating, motors, steam, refrigeration, compressed air, power factor, pumps and transformers.

Has 03 offices in the country with its headquarters in Porto Alegre (RS) and holds 21 national awards for energy conservation. Has more than 60 employees, having a skilled team of engineering solutions equipped with the latest technology to perform their activities, with a portfolio of over 600 clients, highlighting its role in the Industrial segment

<http://www.apsengenharia.com.br>

EEGM Success Case – Shopping Mall

Project to install new cooling towers and a pumping system to meet the existing area and expansion of the shopping center by building a new central chilled water with two chillers with a total capacity of 1,400 TR's.

The project allows monitoring of the entire system and provides operation and maintenance contract for a period of 10 years.

Total Amount of Project: R\$ 10.680.000,00 (Us\$ 4,900,000.00)

Expected Savings: 4.317.273 KWh / year

Amount of the Guarantee: R\$ 1.560.000,00 (Us\$ 715,000.00)

Tenor of the Guarantee: 04 years

EEGM Success Case – Call Center

Retrofit of the central chilled water system through the installation of two new chillers with a total capacity of 1,080 TR's, new cooling towers and pumping system.

Retrofit project also deals with the exchange and automatization of 4,000 points of lightning to comply with environmental regulatory norm

Total Amount of Project: R\$ 9.900.000,00 (Us\$ 4,500,000.00)

Expected Savings: 4.487.873 KWh / year

Amount of the Guarantee: R\$ 1.560.000,00 (Us\$ 715,000.00)

Tenor of the Guarantee: 04 years

EEGM Success Case – Industrial Building

Project to standardize the existing system and upgrade the levels of luminance for the different environments of the buildings by installing efficient lightning systems (replacement of vapor lamps and updating of tubular fluorescent lamps). Nearly 1,800 lighting points in compliance with the technical standards NBR5410 and NBR5413.

Total Amount of Project: R\$ 893.000,00 (Us\$ 400,000.00)

Expected Savings: 705.310 KWh / year

Amount of the Guarantee: R\$ 520.000,00 (Us\$ 240,000.00)

Tenor of the Guarantee: 04 years

Contact & Information

www.eegm.org

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