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

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

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

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

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

Launched campaign to engaging with 122 banks & asset managers managing $4+ trillion of funds
Moving Together: A G20 Toolkit to Scale-up Energy Efficiency Investments…

G20 EE Investment Toolkit

Policy

Private Sector Finance

Public Sector Finance

Banks

Institutional Investors

Insurance Companies

EEFTG Energy Efficiency Investment Principles for G20 Participating Countries

G20 Energy Ministers in Istanbul in 2015 & attached to the G20 Leaders’ Communique from Antalya

G20 Energy Efficiency Leading Programme

As our contribution to the work of the G20 Energy Efficiency Finance Task Group, and as part of our financial institutions, we share a common understanding of the positive economic, climatic and societal benefits of energy efficiency. Together, we wish to ensure that our activities promote and support energy efficiency, and divert waste energy.

To reflect this, we have come together to provide our collective insights to G20 leaders and to jointly agree a series of priorities to guide our continued operations through this Joint G20 Energy Efficiency Statement. We, the undersigned, within our respective institutional mandates, reaffirm our commitment to strengthening our efforts to support energy efficiency and jointly identify the following priorities to increase our energy efficiency investments:

1. Increased energy efficiency (and associated CO2 reductions) along the way in which we consider investment and finance opportunities for our clients.
2. Increase our activities in support of Policy Frameworks which require and promote energy efficiency and drive a lifecycle cost optimal approach to the procurement of new infrastructure and facilities.
3. Work with our stakeholders to increase the present, availability and accessibility of Technical and Project Development Assistance facilities to both our and our partner institutions.
4. Work to increase energy efficiency maximizes a high, more-smart, Smart-City profile and, where possible, is better monitored, measured and reported throughout.
5. Look to increase our work with retail distribution channels through partner banks and other innovative retail mechanisms, in support of tools to and uptake of individual energy efficiency investments.
6. Work to ensure energy efficiency central to the future of mobility, smart cities, energy grids, industry and infrastructure.
7. Engage in a more structured exchange of knowledge and the sharing of best practices with the objective of providing effective financing mechanisms, definitions and eligibility criteria to support our energy efficiency performance standards in specific priorities and sub-sectors.
EE Investments of $221mm match “Networks” or “Downstream Infrastructure” in global size…

**Global Energy Investment 2015:**

- **Coal**
- **Oil & Gas**
  - Upstream
  - Downstream and Infrastructure
- **Electricity networks**
- **Energy efficiency**
- **Power generation**
  - Conventional generation
  - Renewables generation
- **Renewables transport and heat**

**EE Investments by Sector 2015:**

- **Transport**
  - 29%
  - 13%
  - 15%
  - 9%
  - 13%
  - 6%
  - 25%
  - 1%
  - 12%
  - 53%
- **Industry**
  - 9%
  - 18%
  - 10%
  - 9%
  - 6%
  - 12%
  - 15%
  - 1%
  - 9%
  - 1%
- **Buildings**
  - 23%
  - 46%
  - 16%
  - 14%
  - 14%
  - 12%
  - 7%
  - 1%
  - 4%
  - 17%

**USD 1.8 trillion**

- Infrastructure investment
- USD 221 billion
Map & Measure: EE Integrated and “Core” Investments

**Integrated**

- **USD trillions**
  - Energy subsidies; Inefficient markets; Supply-led planning.
  - Energy Transition; National Renovation Strategies; Vehicle Fleet Standards; Transparent Energy Planning.

**Core**

- **USD 221bn**
  - ESCOs (USD 24 bn); “Self-financed”
  - “EE First”; Mandatory targets/standards; NZEBs; EE Obligation schemes; National EE Action Plans.

**Mainstreaming**

- Finance undertaken without explicit consideration of energy “externalities” or cost effective energy improvements.
  - Green tagging; Green buildings lending; green lending; climate lending; Equator principles.
  - Green tagging and company disclosure; Collaborative shareholder activism; Green funds; Sustainable real estate funds.
  - Green buildings insurance; Climate mitigation insurance and investments; Addon coverage; Technical assistance, advisory services.
  - Resource Efficiency; Safeguards; ESG & Climate Commitments; Direct EE Lending; EE Policy lending; EE targets; Technical assistance.

**Enabling**

- EE mortgages; Building renovation loan; EE credits/loans; EE tagging.
  - EE funds; Energy Productivity Indexes; Own real estate EE renovation; EE tagging.
  - Energy saving insurance; energy performance guarantee; EE advisory services.

**Market**

- **$**
  - 2000+ policies

**Policy**

- **Banks**
  - $110tr
- **Investors**
  - $70tr
- **Insurers**
  - $31tr

**Private Sector**

- **Public Sector**
  - $176 + bn

**Public Sector**

- $33 bn
  - $7 bn
Policy Case Study: How G20 Policymakers can address “EE Premium” and “Take it to Zero” (or negative)…

**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

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

Energy Efficiency “Premium” [or “discount”]
I. 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.

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

2016 EEFTG’s Bank Survey

Key Conclusions:

a. Well-recognized opportunity

b. Needing awareness raising and supportive policies

c. Requiring tracking of energy efficiency finance

Green Tagging to Track the Energy Performance of Banks’ Assets

<table>
<thead>
<tr>
<th>Percentage of Respondents</th>
<th>Real estate</th>
<th>Energy sector</th>
<th>Industry</th>
<th>Transport</th>
<th>No tracking</th>
</tr>
</thead>
<tbody>
<tr>
<td>29%</td>
<td>21%</td>
<td>18%</td>
<td>16%</td>
<td>58%</td>
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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!*
III. 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

**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**

Framework of Action for Public Financial Institutions and Country Partners to scale-up Energy Efficiency Investments
Use the toolkit’s framework to **engage in a collaborative dialogue with all stakeholders** (policy makers, public and private financial institutions) to **co-create the investment environment** needed and **learn from good practice** cases internationally.

**Design and implement an enabling policy framework** for EE investments, guided by the **G20 Energy Efficiency Investment Principles**.

Adopt **specialised products and services for EE**, as well as tools that **improving the visibility and enable tracking of asset energy performance**, using the insights and good practices cases provided by the toolkit.

Work closely with public financial institutions to **dedicate more concessional financial instruments to EE**, and **develop awareness and capacity** of bank management and staff to develop specialised products and services for EE.
The G20 EEI Toolkit provides:

- Collaborative Architecture
- Value through network effect
- Scale up of EE investments
3x Toolkits in One to Scale-up Energy Efficiency Investments

G20 EE Investment Toolkit

“10-pager” For Policymakers

Comprehensive Toolkit

30x G20 Case Studies
Thank You

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Supported by: CLIMATE & STRATEGY PARTNERS