



PRACTICAL WORKSHOP

for public and private sector

Esco financing : view from a banker

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Promotor Energy Efficiency

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Esco-financing : findings

- Complex and long-lasting process
- EE needs in buildings : high
- Knowledge buildings and EE-solutions : limited
- EE as part of a deep retrofit only 'low hanging fruit' or deep retrofit : implication of the construction sector
- Project size : small
- The building owner is owner of the EE-measures
- No standardised EPC contracts / 'bijzonder bestek' - CSC

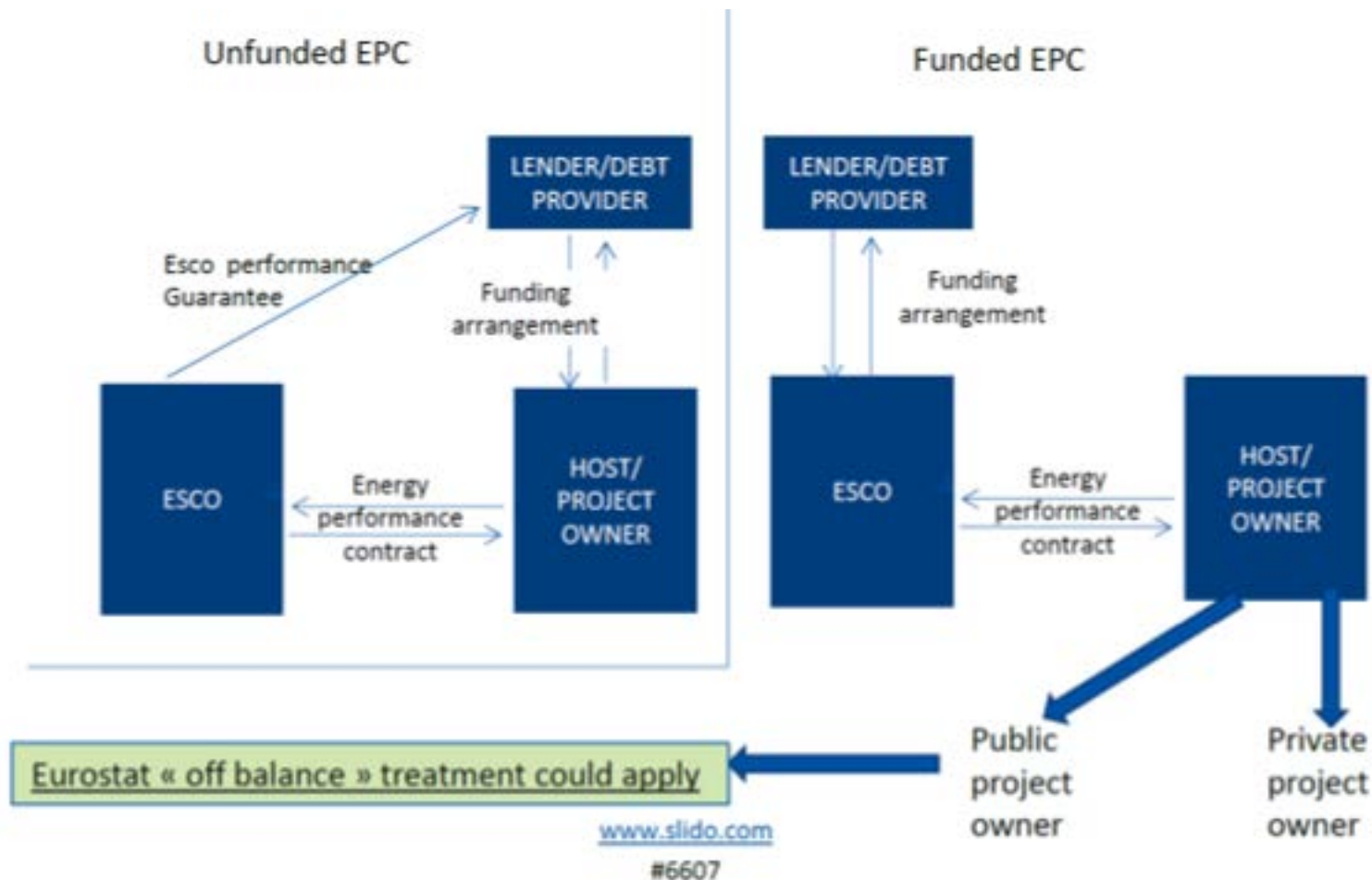


Financing : end of a long proces

- 1) Energyscan – energy-audit – public procurement – implementation – financing
- 2) Facilitator ?
- 3) Own investment or third investment?
- 4) Only EE or deep retrofit
- 5) Clustering ?



Energy performance contracts – financing models



Esco-financing : points of interest

- Risk evaluation & guarantees
- Financing methods :
 - investment loan
 - leasing
 - sale of receivables



EIB products & support

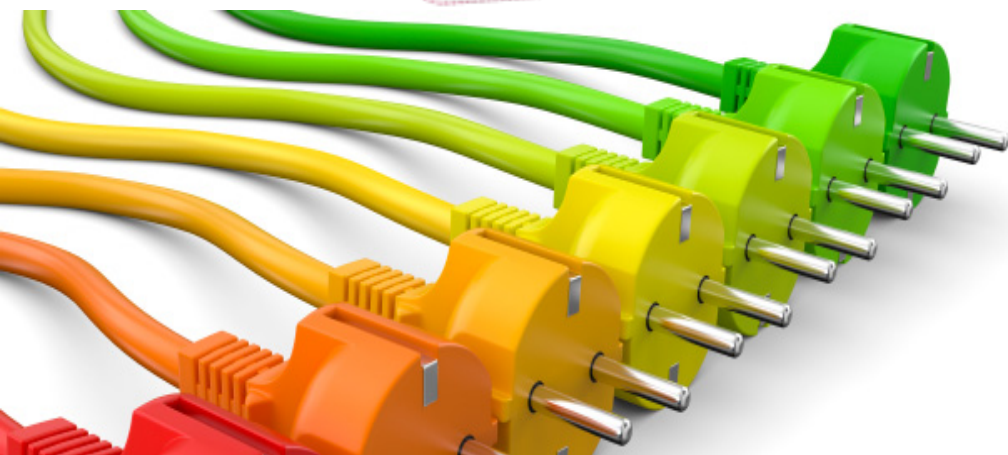
LENDING	BLENDING	ADVISING
Loans	Combining EIB finance with EU budget and other public sources	Support for projects and investments
But also:	European Fund for Strategic Investment (EFSI)	European Investment Advisory Hub (EIAH)
Guarantees	Smart Finance for Smart Buildings Initiative (SFSB)	Project Development Assistance (ELENA, JASPERS)
Equity participation	Private Finance for Energy Efficiency (PF4EE)	Improve access to finance (Financial Instrument Advisory, <i>fi-compass</i>)
	Instruments combining ESIF with EIB resources	

Attracting FUNDING for long-term growth

Belfius Energy Efficiency Package
(BEEP)

Belfius financing for energy efficiency projects

Pilotbank in Belgium



1

Attractive
financing

2

Portfolio
guarantee EIB

3

Partial
reimbursement
of energy audit
cost

Scope :

- Energy efficiency in existing buildings
- Renewable energy integrated in building
- District heating, public lightning, cogeneration



Belfius Energy Efficiency Package (BEEP)

- 75 Mio EUR – 08/2019
- Contracts till 20 Y
- Scope clients : companies, Public entities via ESCO, private entities with public shareholders
- Projects max. 10 Mio EUR – loan amount max 5 Mio EUR



Examples

Anderlechtse Haard : EPC EDF Luminus

Measures:

- 31 new boilers
- 6 cogeneration units
- 15 new heat management systems
- 4 photovoltaic systems with 168 solar panels

Facts and figures

Total investment costs:

EUR 4,046,000

PF4EE loan amount:

EUR 3,750,000 (90% of capex)

Annual primary energy savings:

5,324,000 kWh

Annual energy cost savings:

EUR 266,500

Payback time:

12 years



Examples

School EPC contract Esco

- 1000000 EUR
- 14 Years
- Insulation, heating, PV, management systems
- Sale of receivables structure



Examples

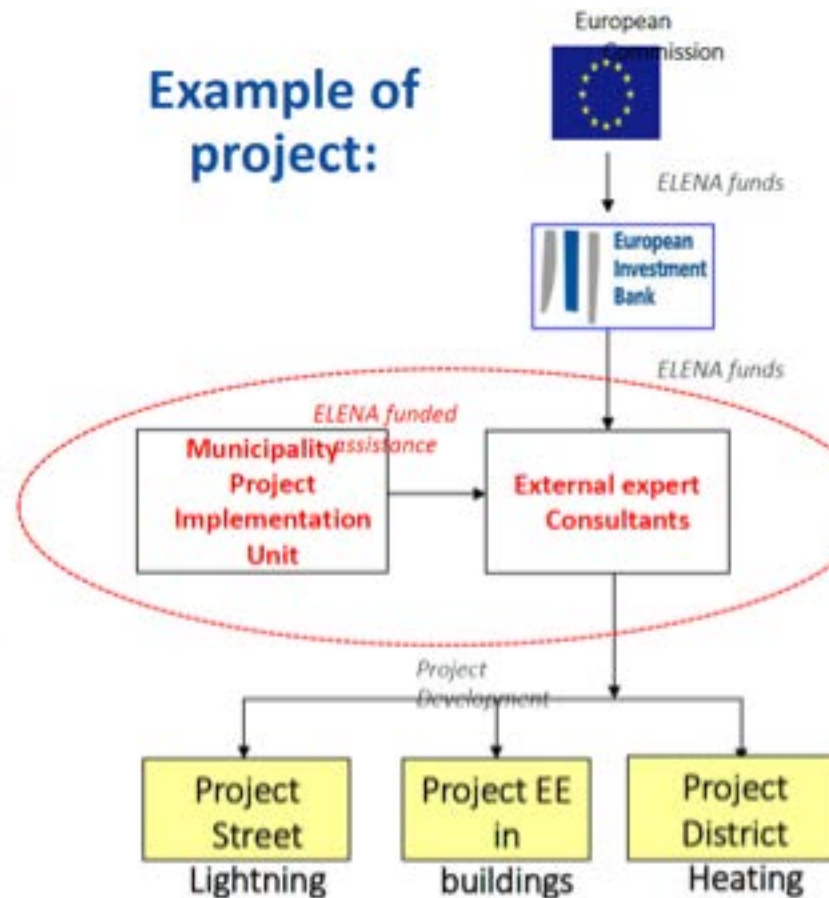
- District heating system Ostend by energy cooperative
- Cogeneration systems in apartment buildings in Brussels
- PV systems on roof of buildings by third investors



ELENA

European Local Energy assistance

- Technical Support
 - ELENA grant used to assist in project preparation (e.g external expertise, feasibility studies, energy audits etc)
- Financial Support
 - ELENA will fund up to 90% of the costs (with 10% provided by applicant)
- Allocated on a first come, first served basis
 - No calls or competitions
- Public and Private sector, including Financial Intermediaries



Esco-financing & off balance

A. Off balance for the Esco

B. Off balance for 'public clients'



19 September 2017

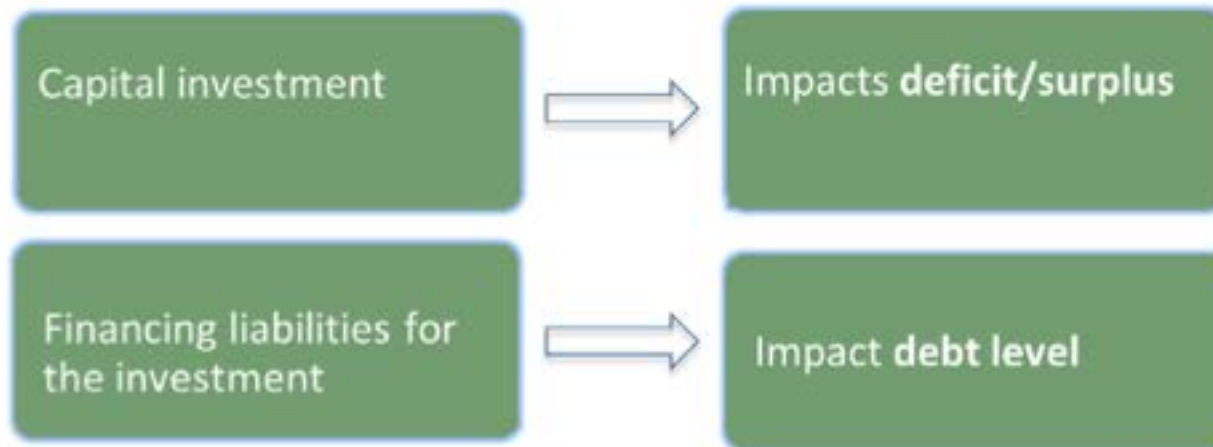
Eurostat Guidance Note

**THE RECORDING OF ENERGY PERFORMANCE CONTRACTS IN
GOVERNMENT ACCOUNTS**



Impact of on-balance / off balance treatment

If an asset is “on balance sheet” for government:



If an asset is “off balance sheet” for government then government only records any regular payments for services over the long-term

Eurostat rules relate to **statistical treatment** - not to be confused with accounting rules/practices and budgeting



Changing role of the bank : from financier to integrator of one stop shop solutions.

Financing solutions alone are not a real answer towards the energy efficiency needs of our clients

- Need for metering & monitoring – database of energy performance of buildings.
- Need for consulting about action plan
- Need for energy audit
- Need for information about Esco & third party investment
- Need for information about structures for participation of the citizen
- Need for support in public procurement procedures
- Need for implementation and follow up of energy efficiency investments



Changing role of the bank : from financier to integrator of one stop shop solutions.

- Creation of a **project development unit** to boost the market. ELENA application ongoing.
- Development of **one stop shop solutions** in collaboration with partners.
- Development of the **Esco market & third party investors market**
- Support for **'participation of the citizen' models** (energy cooperatives)
- Developing of **off-balance financing**, without impact on the public debt (ESA neutral – Eurostat)
 - Social profit, vrij ondernemings
 - Rechtspersoon naar privaatrecht
 - Via ESCO : 'publieke' entiteiten, bedrijven, particulieren



Conclusions

- Important choices to make and long preparatory phase
- Clustering and scale are key factors
- A financing solution should be in several cases a combination of retrofit financing and EE financing.
- PF4EE (BEEP) is an excellent financing package and makes flexible and interesting financing possible for energy efficiency investments
- Role of the bank : from financier to integrator of one stop shop solutions



Thank you!

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