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Financial Instrument for Energy Performance Contracts

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Manager



Financial instruments
2007-2013

Manager



Financial instruments
2014-2020

Manager



Alternative investment
funds anywhere in the EU

Advisor



Investment advisory
services



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Area	Resources (mil. EUR)	Financial instrument
Infrastructure	140	<ul style="list-style-type: none"> • Mezzanine finance for D4/R7 PPP, direct - signed • Loan to State Railways for diagnostic vehicles, direct - signed • Alternative fuels - revision of the OP
Energy efficiency	213,5	<ul style="list-style-type: none"> • PRSL for banks for EE in residential buildings - preparing to sign + 2 PPs • Guarantee or Equity instrument for EE in public buildings and SMEs
Waste management	67	<ul style="list-style-type: none"> • Equity instrument for fund managers - signed
SMEs	249	<ul style="list-style-type: none"> • PRSL for banks - signed • FLPG for banks - signed • Seed capital instrument for fund managers - PP completed • Venture capital instrument, direct - signed: GA Drilling, Boataround, GreenWay
Healthcare	100	<ul style="list-style-type: none"> • Loan instrument for a hospital, direct - preparing
Culture and creative industries	56	<ul style="list-style-type: none"> • Soft loans - preparing
Social economy	72	<ul style="list-style-type: none"> • Guarantee instrument for banks - PP underway • Loan instrument for banks and Equity instrument for fund managers - preparing • Equity investment for social housing poss., direct - preparing



EPCs: regulatory and market developments

- Regulatory environment prerequisites - check (sort of)
 - ✓ Eurostat & EIB guide on EPCs - May 2018
 - ✓ Government Concept for development of EPCs - July 2018
 - ✓ Legislative amendments with respect to EPCs - December 2018
 - ✓ Eurostat rubberstamp on EPC template contract - March 2019



New EPC environment - what's not to like

Great interest in EPCs but slow market adjustment to the new regulatory environment

- Contract duration
- EPC payments - fluctuation
- Loss of forfeiting as a main source of financing - due to increased risk for banks
- Promoters: no ESIF grant, find money for EPC audit, procure an ESCO, sign a 15 year contract (maybe)



Financial Instrument for EPCs

Starting point situation

- Bank loans for ESCOs are not the answer (ESCO leverage limits)
- Forfaiting riskier & banks are very hesitant
- Guarantee instrument to support bank forfaiting - interest but eligibility issue
- Banks: administrative burden with FIs may outweigh the benefits

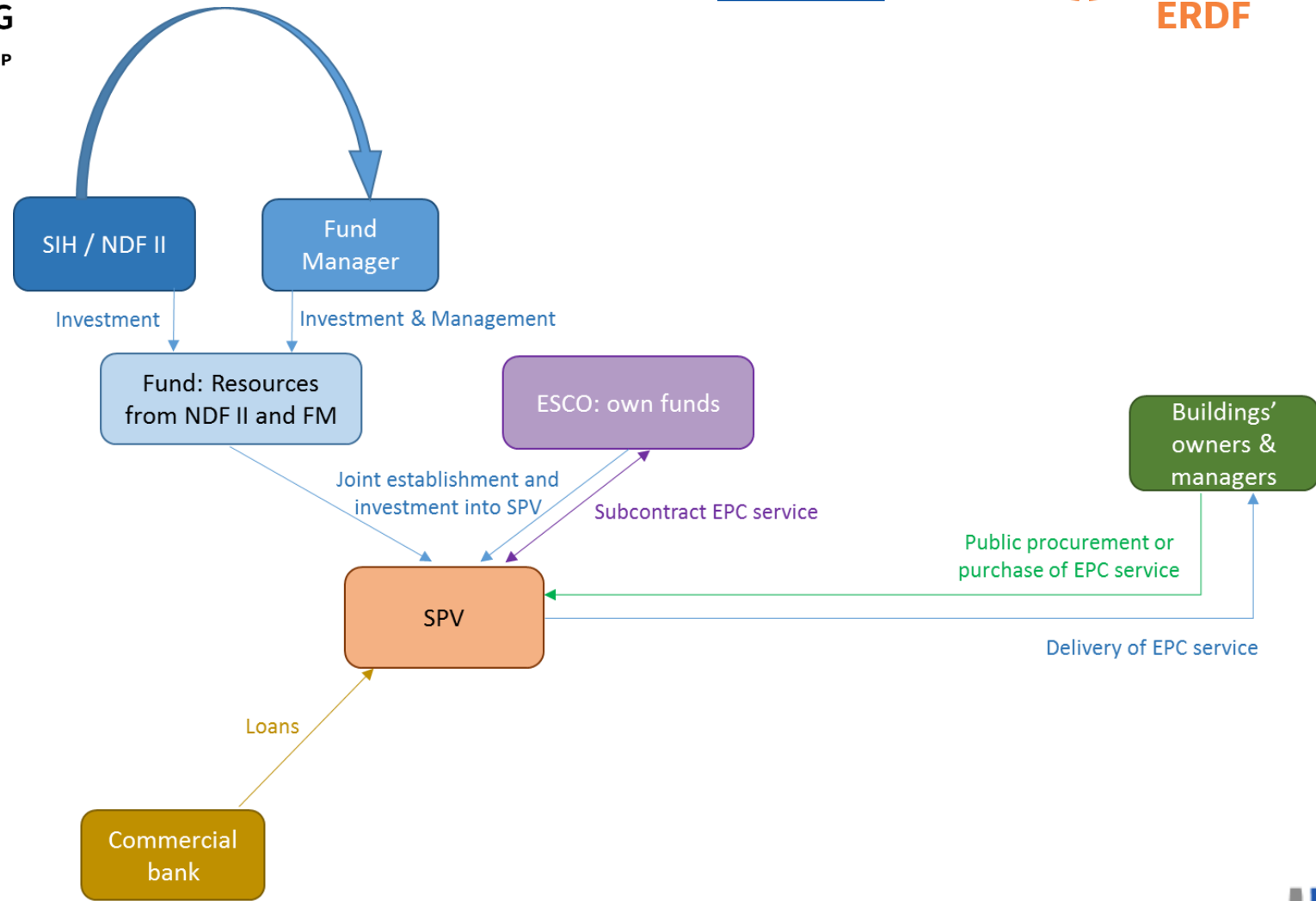




Equity instrument to support EPCs

- SIH procures 2-3 fund managers
- FMs establish equity funds with co-investment from SIH and their own resources
- FMs invest equity into SPVs
- ESCO as a co-investor in each FM's investment, at the level of an SPV
- Bank loans to an SPVs
- SPV subcontracts its ESCO investor to provide EPCs

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Equity instrument to support EPCs

Main benefits

- Assets and liabilities on the balance sheet of a SPV, not ESCO
- No necessity for ESCO to sell EPC receivables in order to deliver new projects
- Private co-financing
 - Equity from the FM at the level of the fund
 - Equity from the ESCO at the level of an SPV
 - Loan from banks at the level of an SPV

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financial instruments revolving capacity building
 added value **ERDF** funding agreement EU guidance
 governance **ESF** ex-ante assessment
 technical support seminars leverage financial intermediaries microfinance
 co-financing case studies
 investments **ESIF** fi-compass final recipients
 business plan thematic objectives
 advisory services **Thank you** loans **CF** equity
 guarantees banks life cycle combination of support
EAFRD private investors factsheets
 conferences investment strategy
 fund of funds **EMFF** manuals
 managing authorities

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