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Investor Confidence Project Europe

“(ICP will) facilitate a global market for financings by institutional investors that look to rely on standardised products.”

—International Energy Agency

Building renovations are the key to energy independence

The potential for renovating existing buildings in Europe to reduce the importation of energy, avoid the impacts of climate change, generate financial savings, and create jobs is considerable—and largely untapped. Estimates say that large-scale energy efficiency efforts on in Europe could reduce carbon emissions by 932 million tonnes, equivalent to taking nearly 200 million cars off the road, and create more than 1 million new jobs in the building industry by 2050.

Recognizing the key role the building sector plays in meeting ambitious energy goals, Europe has a goal of reducing carbon emissions by 90% from buildings by 2050. The investment in building renovations needed to achieve this goal is estimated at €3.5 trillion, or €95 billion annually until 2050. Investment at this scale requires substantial financing from private sector institutions who view building renovation projects as safe, reliable, and profitable investments.

The role of the Investor Confidence Project in building renovations

Despite potentially attractive returns on investment, the flow of capital into energy efficiency projects is impeded by a number of barriers, including lack of confidence in energy savings as well as a lack of standardised processes and documentation. Investors have difficulty underwriting projects without the existence of a common, agreed-upon set of

industry-wide standards for predicting, monitoring, and verifying energy efficiency costs and savings.

The Investor Confidence Project aims to help facilitate the energy efficiency market by delivering more predictable returns to investors, thereby unleashing the potential of private capital into the market. The Investor Confidence Project system standardises how energy efficiency projects are developed and documented to reduce transaction costs and increase deal flow. The goal of the project is to establish energy efficiency as a specific asset class that will enable capital markets to invest in building renovations.

The Investor Confidence Project Europe

The energy efficiency market faces a range of barriers, such as a lack of product standardisation, limited project data, and low investor confidence. The Investor Confidence Project Europe will help fuel the growth of the European energy efficiency market by delivering tools to address these obstacles and enable the scaling up of renovations of commercial and multi-family buildings. Scaling up investment will help put Europe on the path to achieving its 2050 carbon emissions goal for the building sector and help establish energy efficiency as a global asset class to tap capital markets.

Citing barriers to the development of a robust energy efficiency market in Europe, the Energy Efficiency Financial Institutions Group—convened by the European

¹ “Europe’s Buildings Under the Microscope,” Buildings Performance Institute Europe (October 2011)

ENERGY EFFICIENCY FINANCE

“(Europe needs the launch of an EU-wide initiative to develop a common set of procedures and standards for energy efficiency and buildings refurbishment underwriting for both debt and equity investments.”

—Energy Efficiency Financial Institutions Group (European Commission/UNEP-FI)

Environmental Defense Fund is a leading international nonprofit organization with offices in the UK, China, and Mexico and partnerships in Brazil, India, Russia, and other countries.



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Commission and United Nations Environment Programme Finance Initiative—identified the Investor Confidence Project in its report, *Energy Efficiency—the first fuel for the EU economy*, as a model industry best practice. The group called for a similar initiative for Europe that would develop a common set of procedures for building renovation projects.

Investor Confidence Project Europe implementation

The Investor Confidence Project Europe is convening investors, banks, property owners, and other energy efficiency industry stakeholders into the ICP Europe Technical Forum to establish standard protocols for developing energy efficiency projects in Europe.

Technical Forum members will help ICP Europe develop protocols that truly meet the needs of European investors, property owners, and energy efficiency project developers, facilitating their adoption and use within the building renovations industry. Organisations and individuals interested in developing these standards are invited to join the ICP Europe Technical Forum at this link:

eepformance.org/europe-technical-forum

Those entities that support ICP Europe's goals of reducing building energy renovation performance risk, lowering transaction costs, and increasing project demand, and would like

What is the Investor Confidence Project?

Investor Confidence Project accelerates the development of a global energy efficiency market by reducing project transaction costs and engineering overhead while increasing the reliability and consistency of energy savings. Over the longer term, the initiative aims to create a unique asset class, which will enable capital markets to invest in energy efficiency projects.

The Investor Confidence Project offers a series of protocols that define industry best practices for energy efficiency project development and a credentialing system that provides third-party validation. Projects that conform to the requirements of the Investor Confidence Project protocols and have been originated and verified by a credentialed project developer and quality assurance provider are referred to as Investor Ready Energy Efficiency™ projects. The credentialed project, while not a guarantee of savings, creates confidence with building owners and investors in order to reduce transaction costs and encourage greater adoption.

Standardisation streamlines energy renovation transactions and increases the reliability of projected energy savings, resulting in buildings with lower operating costs, higher market value, and a significantly lower carbon footprint.

to be associated with the project should join ICP Europe's Ally Network at this link:

eepformance.org/europe-allies

The Investor Confidence Project Europe team is advised by a Steering Group of the top organisations and companies in their sectors, including ING Bank, Green Investment Bank, Siemens, Plus Ultra Asset Management, ARUP, EuroACE, eu.ESCO, RdA Climate Solutions, Siemens, E.ON, Building Performance Institute of Europe, Climate Strategy & Partners, and the United Kingdom Department of Energy and Climate Change.

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