ClearSupport: WP3 Financing Schemes for Building Renovation

Clearinghouse Support
Gdansk
08 July 2009

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Agenda

- Challenges for Financing Building Refurbishment and Role of PSFs

- Financing Approaches
  - Traditional financing instruments (Loans, Credits)
  - Public-Private-Partnership Financing (Revolving Funds, Energy Services)

- Contribution of PSFs to Financing of Building Refurbishment
Challenges for Current Financing of Building Refurbishment Investments

- Long payback periods based on low savings, duration of loans shorter than life cycle of investment goods
- Challenge to secure loans (e.g. insurance, land property rights)
- Lack of comprehensive support schemes / concept for complete refurbishment
  - Financing sources are fragmented and not targeted towards building en.eff.
  - Available financing often does not match with target group/highest saving potentials
- Contradictory subsidies and programmes
- Conditions for ESCOs /ESCO projects: ESCOs need to see market, legislation needs to be cleared up (ESD)
PSF and Financing Building Refurbishment

Project Service Facilities

Technical Assistance + Financial Information

Financing Institutes
Local and National Governments
Other Public Institutes
ESCOs

Credit/loan application
Partial guarantees
Energy Services
Revolving Funds (TA)
Offering adapt. programs

House owners
Building Owners
Real Estate Managers
Consultants/Multipliers
International donors
Traditional financing instruments

- Credit / Loan Financing
  - Negotiated between credit institute and customer

![Diagram showing the relationship between credit institute, customer, asset, investment, debt service, security, and grant of credit.]
Traditional financing instruments

- Credit / Loan Financing
  - Negotiated between building contractor / ESCO and customer
  - Credit for refinancing the investment

- Negotiated between building contractor / ESCO and customer
Traditional financing instruments

- Grants
  - Direct grant
    - Repayment is not required
    - Reduces total costs of investment
Traditional financing instruments

- Grants
  - Partial grant
    - Partial release of debt
    - Financing institute renounces a part of the repayment
Traditional financing instruments

- Grants
  - Interest subsidy
    - Subsidy payments are distributed over complete financing period
Public-Private-Partnership Financing

- Revolving funds (interest reduced loans from a fund)
  - Combination of subsidy and loans from capital market

**Diagram:**
- **Capital market**
- **Funds**
  - Volume: 2,500,000,- €
  - single Interest-free deposit
- **Subsidizer**
- **Investor 1**
- **Investor 2**
- **Investor 500**
- Additional means at market conditions
Public-Private-Partnership Financing

- Revolving funds (interest reduced loans from a fund)

Funds:
Volume: 2,500,000,- €

Capital Market

Investor 1
Investor 2
…..
Investor 500
Investor 501

New lending of credits from already received repayments of investors 1-500
Public-Private-Partnership Financing

- Energy Supply Contracting (I)

Financing for Energy Services (Financing via ESCO)

- FI
  - Credit
  - Debt service
- ESCO
  - Investment
  - Remuneration of services
- Customer

ESCO provides:
- Financing
- Planning and installation of energy saving measures
- Guarantee of Savings
Public-Private-Partnership Financing

- Energy Supply Contracting (II)

- Local Gas Supplier
- Contractor
- Energy Services: financing, planning, construction & operation of supply unit
  - heating
  - cooling
  - electricity
  - emergency power
- Customer
- Local Electricity Utility
- Back-up Supply
- Re-feeding
Public-Private-Partnership Financing

- Energy Performance Contracting (I)
Public-Private-Partnership Financing

- Energy Performance Contracting (II)

Customer of energy commodities (electricity, heating, lighting, etc.) wants to outsource integrative service package for energy supply of buildings including an energy saving guarantee.

ESCO

Planning

Financing

Construction

Operation, Maintenance & Optimization

Re-financing of investments with saved energy costs over contract period.
Contribution of PSFs for Financing of Building Refurbishment

- PSF as one-stop shop in technical assistance and financing issues to building owners and project developers
- Technical specialization of PSF in specific building refurbishment projects (residential, public, private sector)
- Close relations to clients to support actively project development
- Pro-active in assisting development of new financing schemes for building refurbishment and improvement of legal framework
- PSF can fulfil intermediary functions between international funding organisations, national administrations and project implementers
- Expertise to combine national approaches for financing with international financing sources
Thank you for your attention!

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