EDF’s Investor Confidence Project (ICP):

Building Confidence in Energy Savings
The Investor Confidence Project

• History
  – EDF focus on barriers to attracting capital participation to Energy Efficiency
  – Two year effort funded by the Doris Duke Foundation
  – Developed a standardized approach to developing a retrofit project
  – Worked with finance and engineering communities

• Goals
  – Increase market transparency
  – Increase deal flow and enable origination channels
  – Create standardization
    – Project best practices
    – Measurement and verification
    – Documentation
  – Enable data from the full project lifecycle
ICP Project Team

Steering Committee

- Sean Neill, SCIenergy
- Michael Bobker, CUNY, Building Performance Lab
- Ben Polen, CUNY, Building Performance Lab
- Adam Hinge, Sustainable Energy Partnerships
- Jeff Haberl, Texas A&M University
- David Jump, QuEST
- Gil Sperling, Department of Energy
- Bill Miller, Department of Energy
- Mary Barber, Environmental Defense Fund
- Elizabeth Stein, Environmental Defense Fund
- Brad Copithorne, Environmental Defense Fund
- Jamie Fine, Environmental Defense Fund
- Matt Golden, Environmental Defense Fund

Engineering Working Group

- Wilfred Patric, Arup
- Ellen Franconi, Rocky Mountain Institute
- Lia Webster, Portland Energy Conservation, Inc.
- Dakers Gowens, Left Fork Energy
- Ron Slosberg, L&S Energy Services
- Paul Mathew, Lawrence Berkeley National Lab
- Robert Myers, SCIenergy
- Ian Shapiro, Taitem Engineering
- John Shonder, Oak Ridge National Laboratory
- Bob Slattery, Oak Ridge National Laboratory
- Kevin Kaminsky, Energi
- Gerald J. Kettler, Air Engineering & Testing, Inc.
- Colin Davis, kWhOURS
- Brian J. McCarter, Sustainable Real Estate Solutions
- Mark Miller, Strategic Building Solutions
- David Wolins, SCIenergy
- Tom Dreesen, EPS Capital Corp, Inc.
- Scott Frank, Jaros, Baum & Bolles Consulting Engineers
- Ron Herbst, Deutsche Bank
- Greg Thomas, Performance Systems Development
Project Allies
Managing Project Risk Factors

Performance Risk

Asset Risk

Credit Risk
Credit Risk

Extending credit to building owners that are not Investment Grade?

Efforts:
- On-Bill Recovery / Financing
- Commercial PACE
Asset Risk

Linking energy performance to asset value

Efforts:
• Benchmarking and Disclosure Programs
• Appraisal Value
• Asset Labeling
Performance Risk

Assessing the likelihood that savings will be realized

Efforts:

- Investor Confidence Project
- DOE Building Performance Database
Clearing Performance Risk Barriers

- **Project Demand**
  - Lack of standards puts engineering overhead on each firm
  - Channels are rendered ineffective
  - Lack of transparency has created market inefficiencies

- **Savings Uncertainty**
  - Lots of winners and losers (variance), creating uncertainty
  - Many approaches to savings estimation, installation, commissioning, etc.
  - Averages penalize performing projects, and incentivize low quality

- **Actuarial Data**
  - Lack of quality and quantity of data results in a high degree of uncertainty
  - Getting data from industry, finance, and the energy sector is challenging
  - Data does not describe all factors that impact performance
Market Actors

- **Financial Markets**
  - Ensure performance risk is managed
  - Create large pools of conforming projects

- **Insurance Industry**
  - Underwrite performance risk

- **Utilities / Capacity Markets**
  - Meet capacity needs, and regulatory requirements
  - Manage EM&V risk

- **Building Owners**
  - Achieve acceptable ROI
  - Access financing

- **Origination Partners**
  - Connect projects to capital
  - Manage performance risk

- **Energy Service Companies**
  - Increase deal flow
  - Reduce engineering transaction costs
  - Manageable performance risk

- **Financial Markets**
  - Ensure performance risk is managed
  - Create large pools of conforming projects
The Investor Confidence Project

- Efficiency Project Framework

**Elements**
- Standards
- Data Elements
- Qualifications

**Procedures**
- Best Practice Workflow
- Standard Industry Practices

**Documentation**
- Standard Documentation Package
- Itemized Outputs Required
Energy Efficiency Performance Protocol

- **EEPP - Large Commercial**

  - **Asset**
    - Large Commercial
    - Greater than 150,000 Sq. Feet

  - **Retrofit**
    - Whole Building
    - Multiple Measures
    - Projects over $1,000,000

  - **Risk**
    - High Savings Projects
    - Third Party Performance Risk

* Guidelines represent typical project attributes

**Under Development:**

- **EEPP – Standard Commercial (project under $1M)**
- **EEPP – Multifamily**
- **EEPP – Targeted Commercial (single measure)**
Energy Efficiency Performance Protocol

• Required Elements
• Required Procedures
• Required Documentation

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Project Performance Package

EEPP standard documentation similar to an appraisal package:

- Prescribed methods
- Consistent taxonomy
- Accepted measurement
- Auditable results
- Standardized documentation
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Next Steps

• **Become an ICP Partner**
  – Specify EEPP-LC as your company’s standard for large commercial EE projects

• **Participate in the Process**
  – Refining the EEPP-LC
  – Developing new sector and business model specific protocols
    • Medium/Small Commercial, Multifamily Residential

• **Help the ICP Reach Critical Mass**
  – A rising tide floats all boats
  – Help identify and engage additional channel and market partners

• **Become an ICP Ally**
  – [http://www.eeperformance.org/become-a-project-ally.html](http://www.eeperformance.org/become-a-project-ally.html)
www.EEperformance.org

- Review and comment on protocols
- Join a technical working group
www.EEperformance.org

- Become an Investor Confidence Project ALLY:
Become an ICP ALLY

Become an ICP Ally
• Specify EEPP-LC as your company’s standard for large commercial EE projects
• Memorandum of Understanding (MOU) provided upon request

Participate in the Process
• Provide feedback so we can refine the EEPP-LC and Framework
• Help develop new sector and business model specific protocols

Help the ICP Reach Critical Mass
• Help identify and engage additional channel and market partners
• Join us to create a rising tide that will lift all boats
Investor Confidence Project

www.EEperformance.org

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