



Navigating Commercial Energy Efficiency Financing

Perspectives from the Better
Buildings Challenge

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Better Buildings[®]
CHALLENGE
U.S. DEPARTMENT OF ENERGY

Who are the Financial Allies?

- 36 leading financing companies, with 8 new recruits since last year
- Primarily project originators
- Some institutional secondary market investors (e.g. Citi) and specialty providers (e.g. Energi)
- Active in all sectors including C&I, MUSH, multifamily, and residential across the U.S.
- Represent large, medium, and start-up companies
- Funded \$8.6B since 2012, with \$3.2B in 2016 alone

Goals of the Financial Allies program

Recognize the Allies
for their success

Educate the market
about financial
products available

Connect building
owners and vendors
with financing providers

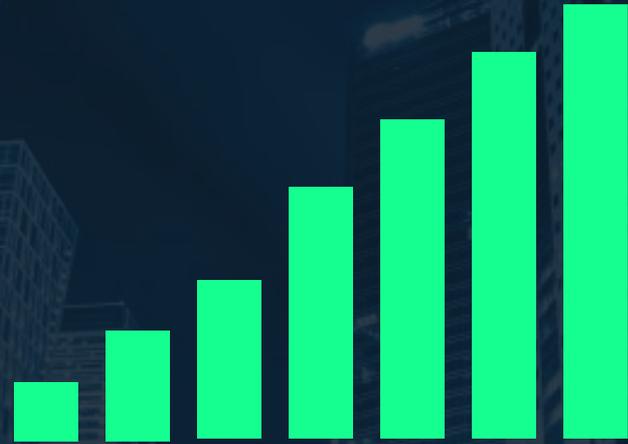
Unlock the market with
implementation models
and best practices

Allies speaking at the 2017 Finance Forum



Getting the commercial EE finance market to scale. Three things to know:

- 1** The problem isn't capital or projects, and it isn't customer irrationality (for the most part)
- 2** We need to address the customer acquisition valley of death
- 3** DOE Better Buildings Financing Navigator



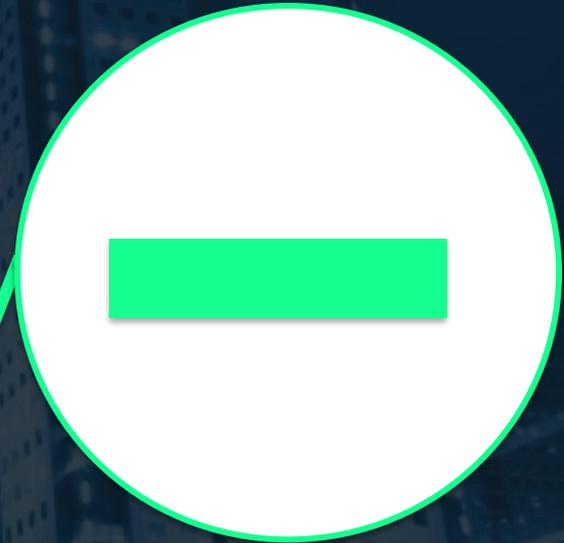
What is the real barrier to getting to scale?

Let's focus here



Capital

- Banks and investors ready to go
- Standards becoming sophisticated
- Wealth of financing mechanisms



Projects

- \$520B project opportunity, with \$340B in C&I



“Customers must
be **irrational.**”



**Indecision is
not irrational.**



It's the ~~demand~~, stupid.
accessibility

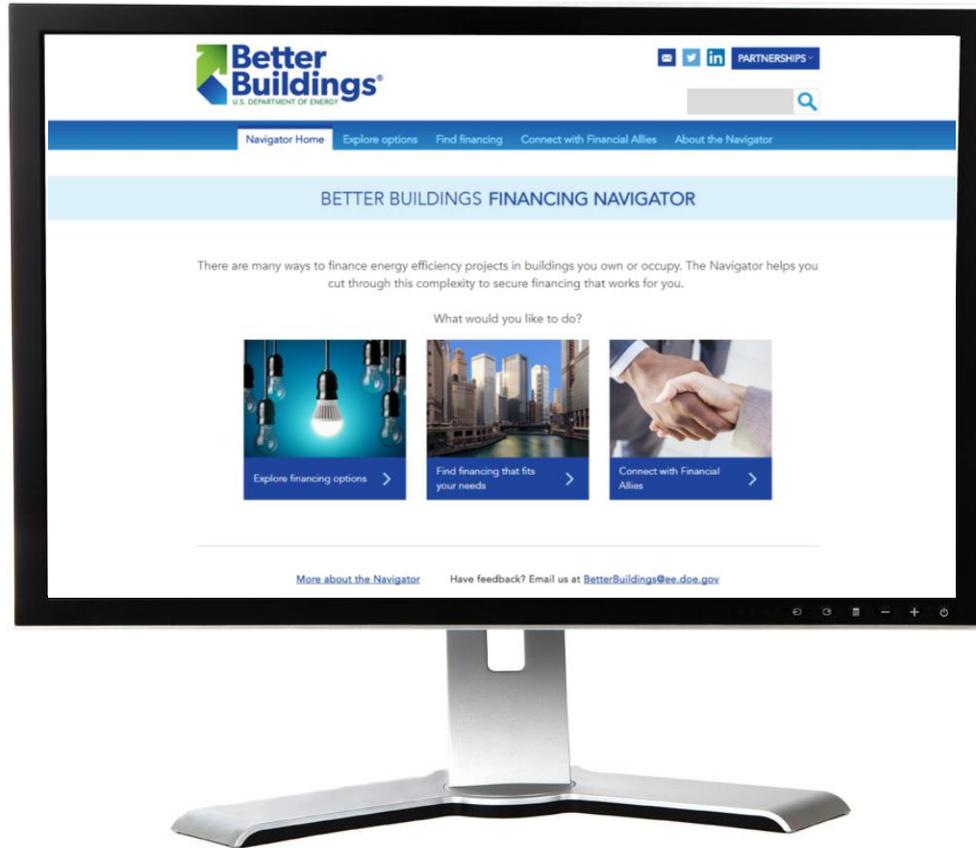
The customer acquisition valley of death





BETTER BUILDINGS FINANCING NAVIGATOR





Live Demo



**How can DOE help
unlock the
financing market?**



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Thanks!

Joe Indvik, JDM Associates

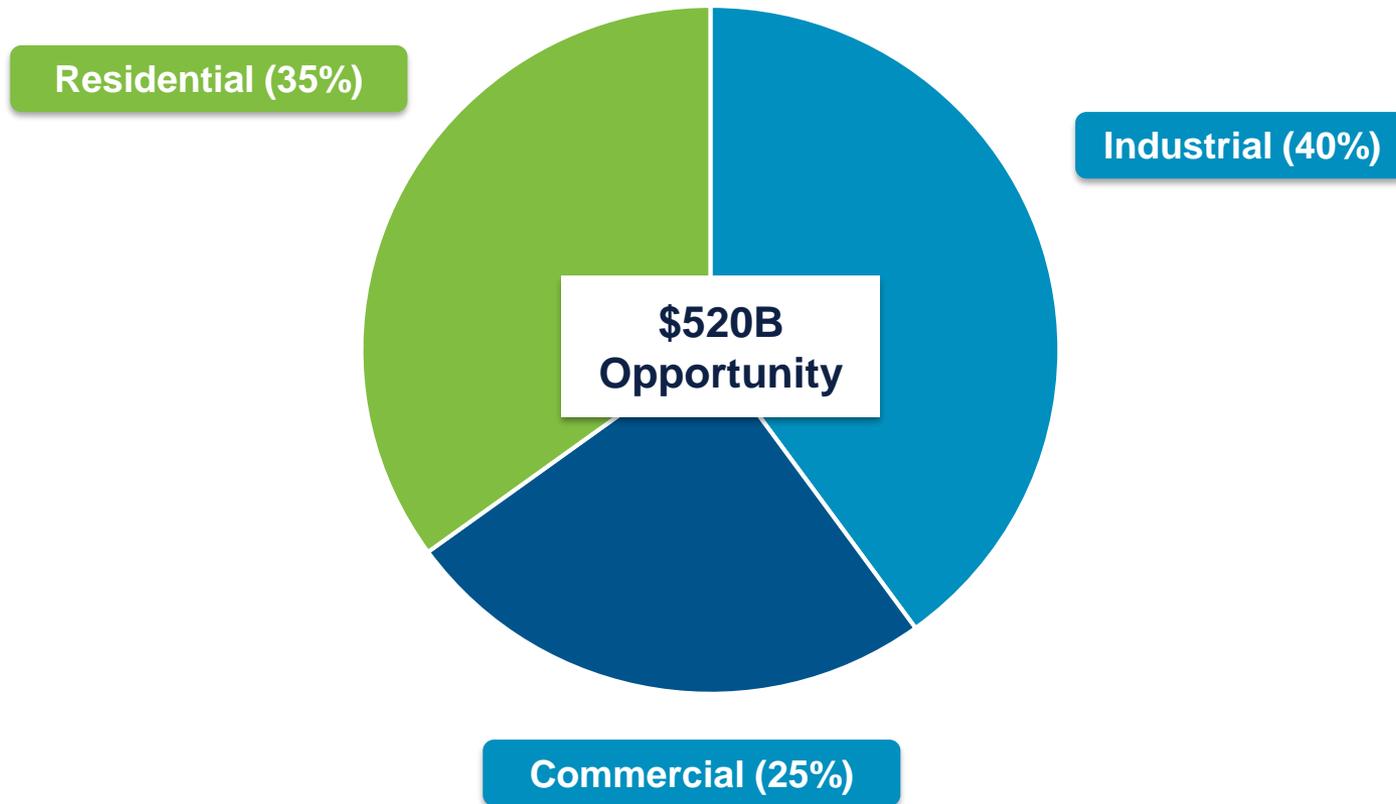
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The background is a dark blue-tinted photograph of a modern city street. Several tall skyscrapers with glass facades are visible, some with curved or unique architectural designs. In the foreground, there are traffic lights and streetlights, suggesting an urban intersection. The overall atmosphere is professional and modern.

Appendix

Opportunity by Sector



Source: Unlocking Energy Efficiency in the U.S. Economy (McKinsey, 2009)

Commercial Opportunity by Building Size



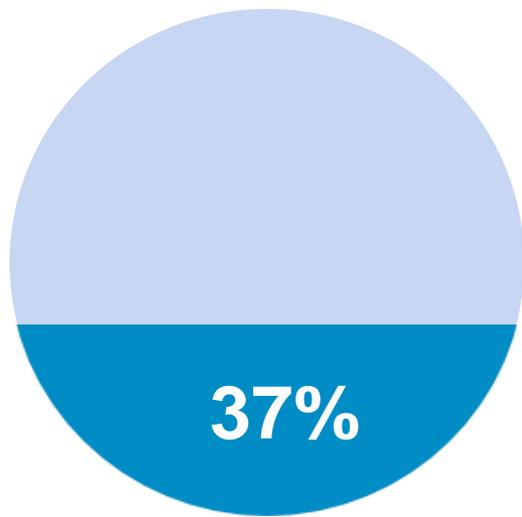
Large Buildings (53%)

- Buildings over 50,000 SF
- Typically support projects \$1M+

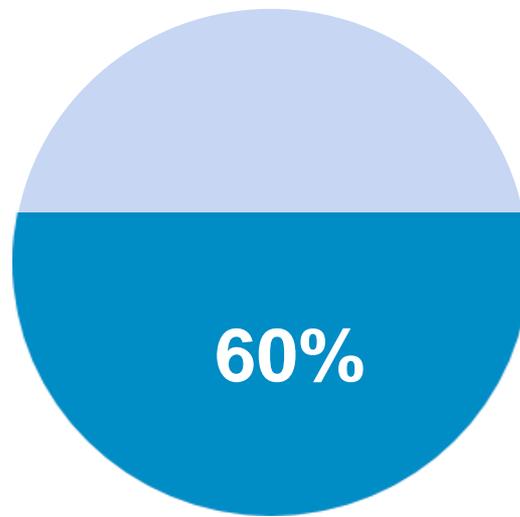
Small Buildings (47%)

- Buildings under 50,000 SF
- Projects often less than \$1M

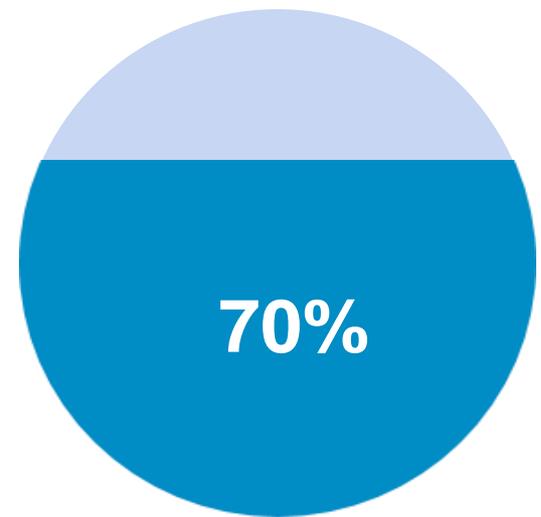
Easily accessible financing by project size



Under \$250k



\$250k - \$1.5M



Over \$1.5M

Source: Efficiency Financing And Insurance Survey (Joule Assets, 2013)