ESI Europe 2.0

Driving Investments in Energy Efficiency through Energy Savings Insurance in Europe 2.0

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Benefits of the ESI model
The ESI model was recognised by the Global Innovation Lab for Climate Finance as one of the most promising instruments to mobilise private sector investments in energy efficiency.

ESI also features in the G20 Energy Efficiency Investment Toolkit by the UNEP FI and in the Swiss Sustainable Finance compendium of instruments for Financing the Low-Carbon Economy.
GOAL: Implement the ESI model in Croatia, Greece and Slovakia

The expected outputs:

✓ Replicating of the Energy Savings Insurance (ESI) Europe model (GoSafe with ESI) under implementation in Italy, Portugal and Spain.

✓ Setting up the mechanisms of the model, and capacity building of market stakeholders

✓ Creating tools to promote and further replicate the ESI model across Europe.

Consortium partners:

- Switzerland (coord.)
- Croatia
- Greece
- Slovakia
ESI Europe 2.0 project (II)

Project activities include:

- Conducting a Market Assessment and identify prioritised sectors and technologies within the country.
- Develop the ESI model elements and engage key market actors (insurance companies, validation entity and financial institutions).
- Deliver capacity building and establish partnerships with associations.
- Develop communication and marketing material to promote the uptake of ESI model/GoSafe with ESI solution.
- Build a pipeline of EE projects and mobilise investments making use of the ESI model/GoSafe with ESI solution.
- Dissemination of results and long lasting tools for further replication of the model in Europe.
Investments in energy efficient systems…

…have **benefits:**
- Reduced operational costs
- Higher productivity and competitiveness
- Improved environmental impact

…but face **barriers:**
- Higher upfront costs
- Lack of trust (among actors, in future energy savings)
- Competing investments opportunities
Risk/Return tradeoff investment opportunities for enterprises

The challenge for energy efficient technologies, is that SMEs tend to perceive these investments as relatively high risk, and as a result, the level of expected return is not commensurate with the level of perceived risk.

The ESI model reduced the risk perception of energy efficiency investments, making those more attractive, mobilising demand for such solutions.
The **ESI model** is the combination of financial and non-financial elements designed to work together to reduce the perceived risk and build trust in future energy savings and mobilise private investments in Energy Efficiency.

**GoSafe with ESI** is the brand created to bring the ESI model to market by the ESI Europe project (currently available in Italy, Portugal and Spain).
The ESI model elements

1. Standardised contract
   An agreement between technology provider and customer with guaranteed energy savings clause.

2. Energy Savings Insurance
   Coverage of the guaranteed energy saving provided by an insurance for up to 5 years.

3. Technical Validation
   The project and the guaranteed savings are validated by a third-party validation entity that also act as an arbiter in case of disagreement.

4. Green Financing
   Facilitated access to green credit lines with competitive conditions by financial institutions to EE customers.
An energy efficiency technology provider offers a project with guaranteed energy savings.

1. PREPARATION PHASE

A third-party validation entity evaluates the project’s energy savings. The insurance company covers the validated energy savings and the contract is activated.

2. CONTRACT ACTIVATION

A third-party validation entity evaluates the project’s energy savings. The insurance company covers the validated energy savings and the contract is activated.

3. IMPLEMENTATION PHASE

The technology provider installs the energy efficient equipment and the validation entity validates it is according to the contract.
4. OPERATION PHASE
The operation of the new equipment results in reduced energy costs and improved productivity.

Maintenance services by the technology provider ensures that the equipment is operating optimally.

5. SAVINGS MONITORING
The energy savings are measured and reported by the technology provider via a simple online system where they are checked and can be approved.

6. INSURANCE COVERAGE
In case of failure to achieve the promised savings or disagreements, the validation entity steps in.

If the savings are not achieved, and the technology provider is not able to respond, the insurance covers the guaranteed savings.
Technologies in ESI1.0 countries

- Lighting
- Motors
- Air Compressors
- Boilers
- Solar water heaters
- Refrigeration
- HVAC
- Co-generation
- Photovoltaic Panels
- Combination of technologies
Online Platform

A functional interface developed to facilitate the workflow and information access of the different key actors of the energy efficiency project.

The main characteristics are:

✓ SECURE

   It is accessed on a login and password, secured area

✓ PROJECT PROCESS

   It registers information and actions of the project: proposal validation, contract activation, installation validation and monitoring reports

✓ TAILORED ACCESS

   Accessed by TPs, Clients, Validation Entity, Insurance companies and Financial Institutions

✓ DEVELOPED IN BLOCKCHAIN

   Increased transparency, trust, traceability and reliability of information
Benefits of the ESI model (I)

**For Clients**
- Improved efficiency, productivity and competitiveness
- Reduced energy bill, down time and maintenance costs
- Trust in future energy saving with independent validation and insurance coverage
- Facilitated access to green loans with positive impact on the credit conditions
- Contribution to environmental sustainability with the reduction of energy use and greenhouse gas emissions

**For Technology Providers**
- Increased sales of energy efficient equipment with future energy savings covered by insurance
- Simplified negotiations with the use of standardised contracts
- Increased credibility through validation by independent technical entity
Benefits of the ESI model (II)

For Financial Institutions
✓ Mobilisation of green credit lines (or new products) to support energy efficiency projects

✓ Increased trust and awareness of the attractiveness of energy efficiency investments

✓ De-risking of Small and Medium Enterprises (SMEs) requesting credit for investment with insured savings

✓ Direct and measurable contribution towards sustainability and emission reductions

For Insurance Companies
✓ Opening of a new business line in surety for transactions between private sector actors

✓ Strengthen the relationships with existing technology provider clients

✓ Winning new clients in the field of energy

✓ Contributing to sustainability and the promotion of climate change solutions
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Programme coordinator: National coordinator in Croatia, Greece and Slovakia:

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