KFW-ELENA

Key Learning Points

MARCH 2018
1. 2 schemes for the Energy Efficiency (EE) market
2. KfW ELENA Programme
3. KfW ELENA Programme force & Improvement
2 SCHEMES FOR THE ENERGY EFFICIENCY (EE) MARKET

Financial & banking schemes

Integration of value
- Securitisation
- EE Notation
- Technical offer
  - Furniture, pose, monitoring
- Financial offer
  - ESCO, PPP, Intracting...

Financial scheme

EEFIG

KfW-ELENA

banking scheme

Local authority
- producer
- wholesaler
- Craftsmen / fitter
- Bank

Distribution - Sharing of value
1. 2 schemes for the Energy Efficiency (EE) market
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3. KfW ELENA Programme force & improvement
2008 DG ENER asks BPCE to be a pilot bank in Europe on local financing of energy efficiency.

In late 2012, Groupe BPCE opened a new type of partnership with the European Commission and KfW with particular characteristics:

- It notes the objectives of the climate directive on the territories, with regard to local policies. Reasoning by territory and not by project.
- It implements a program via retail credits.
- It bases the retail reporting on the Certificate of Energy Economy.
- It is an operational partnership co-engaging Community - bank.
Each territory has built its tools for the animator (committees, mooc, extranet ...)

ELENA – European Local ENergy Assistance
Objective: Simplify the customer journey to make the technical and financial offer readable on energy efficiency projects.

Three targets: Individuals, micro-businesses, private condominiums. Possible extension in the future to other markets.

Four actors:
- Local authorities that enter into partnerships with group banks and receive a grant from the ELENA program for setting up one-stop shops and/or customer journeys. No "national model" -> at the discretion of the community and the bank in the field.
- BPCE plays the role of operational facilitator (technical assistance and the link with ELENA and KFW)
- Regional banks that co-build the scheme with the community, finance projects and benefit from a KWF refinancing line.
- The European Commission and KfW.
Scheme

Public
Single point of contact
Unified information

Accredited Professionals

Bank
Qualified project
Green loan # 42k€

Labelled renovation CEE

Monitoring of works - Projects reporting - Finance reporting to DG ENER - DEEP

Link paper extranet Reporting

KfW
DG ENER

CEE
Carbon certificates
### Results

**First pattern of retail reporting**

#### Table: Disbursed by KFW (EUR) and Repaid by PB (EUR)

<table>
<thead>
<tr>
<th>Period ending</th>
<th>Number of tranches</th>
<th>Amount of Principal</th>
<th>Number of tranches</th>
<th>Amount of Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/07/2015</td>
<td>1</td>
<td>€ 8,000,000.00</td>
<td>0</td>
<td>€ 0.00</td>
</tr>
</tbody>
</table>

**Total disbursed amount:** € 290,000.00

**Undrawn loan amount at the end of the period:** € 32,000,000.00

**Undrawn grants at the end of the period:** € 175,574,18

<table>
<thead>
<tr>
<th>Period ending</th>
<th>Number of sub-loans</th>
<th>Total principal amount of sub-financing</th>
<th>Outstanding sub-loan amount</th>
<th>Total investment costs</th>
<th>Total investment costs - EE and RE</th>
<th>Achieved Leveraging factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/07/2015</td>
<td>approved</td>
<td>€ 2,287,860.77</td>
<td>€ 1,638,870.85</td>
<td>€ 15,681,846.81</td>
<td>€ 15,681,846.81</td>
<td>7.56</td>
</tr>
</tbody>
</table>

**Energy Efficiency Indicators**

- **Emission reductions:**
  - Total in tCO2 equivalent: 0.00
  - Total in GWh: 0.00
  - Total in toe: 0.00

- **Energy Savings:**
  - Total in GWh: 0.00

- **Renewables Production:**
  - Total in GWh: 0.00

<table>
<thead>
<tr>
<th>Contribution to “2020-2020” objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emission Reduction Ratio</td>
</tr>
<tr>
<td>Energy Saving Ratio</td>
</tr>
<tr>
<td>Renewable Energies Growth Ratio</td>
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<tr>
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<tr>
<td>5.6637E-06</td>
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</tbody>
</table>
1. 2 schemes for the Energy Efficiency (EE) market
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KFW ELENA PROGRAMME
FORCE AND IMPROVEMENT

Right to the market
The financial solution does not allow to integrate insulation because it is not profitable enough when compared to the financial market.

1. The first 2000 building projects are focused on office building: payback was 2 years and excluded insulation.

2. From 3000 projects, BPCE has posted 1000 projects of global home refurbishing: payback reach 5 years and integrated insulation.
new financing schemes for condominiums
Better protection of borrowers

Comparison of default rates between green and conventional credits

- Green credits have a lower default rate than standard equipment credits.
- The default gap between green and standard credits is reduced in the comparison between number and outstanding. This is linked to the phenomenon of "overinvestment" linked to green equipment, which is generally more expensive than conventional equipment.
- The green economy market therefore has a specific financing profile: larger amounts of credit, a different risk profile.
Secure the market with insurance:

- It is of utmost importance that green insurance is developed. The action plan of the European Commission on Climate Finance (point 8) could force the process.
- Link green subsidies to a guarantee fund to facilitate pre-financing of works
- Link to IOT & Blockchain

_integrate local green credits into the green taxonomy of the European commission_

- Harmonize climate labeling of local energy efficiency loans between local and European - French and German levels
- Organize a carbon certificate related to EE loans to facilitate green investments and their compatibility with international or local green bonds such as those offered by BWBank in Germany