



Performance Risk Management for Energy
Efficiency Projects through Training



INTELLIGENT ENERGY
EUROPE 

Savings “Measurement”

**Risk Management - the key to
financing and repayment:
Global Experience**

ANEES IQBAL



A quick word about myself

- My name is Anees Iqbal
- Engineer and a former ESCO by background.
- Worked for SHELL UK's ESCO "Emstar"
- Latterly "DALKIA"
- Now Principal Associate of
- "MAICON ASSOCIATES LTD".
- Maicon is devoted to ESCO Technology Transfer
- A Board member of "EVO"



www.maicon.co.uk

Thanks to the European Commission



Efficiency Valuation Organization.

A global non-profit volunteer organization

Its Mission is to develop and promote standards to support business transactions in energy efficiency:

IPMVP, IEEFP, CMVP,

www.evo-world.org

The PERMANENT Project

was launched by Enviros CZ SRO in
collaboration with
Maicon Associates Limited and
five other Companies including

FEWE, HepESCO, EnEffect, EnergoEco, & EEE

Theme of this presentation

This presentation argues that

Savings Measurement

Is the key

in Management of Risk

and hence

Facilitates Investment in Energy Efficiency

Financing of Risk?



- Lottery tickets are **unmanaged** risks. Banks will not finance your tickets.
- Banks do finance **managed** risks – even high risk projects,
- But at a price.
- EVO has seen energy efficiency (EE) projects around the world face this challenge.
- What EVO offers is a key EE risk management tool.

Energy Efficiency Risks

Categories of EE risk:

- Bad prediction of energy savings
- Cost overruns due to the challenges of retrofitting existing facilities
- Incomplete implementation of EE idea
- Loss of focus on new methods after implementation

These risks will worry many and enough in advance to stop the EE measures from being implemented

EVO's Role in Risk Management



EVO defines **transparency** in:

1. Project planning and allocation of risk to competent parties (IEEFP)
2. Reporting “measured” savings after project implementation (IPMVP)

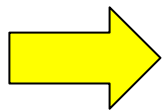
We postulate that transparency in “measuring” savings increases financier comfort.

A Commitment to “Measurement”

Lord Kelvin famously said : “You can’t manage what you don’t measure.”

Proposals which include a commitment to measure savings reflects the proponent’s:

- ✓ belief in himself, and
- ✓ intent to manage, using measured results.



Feedback of results enables sound management of risks.

Management

- Lenders evaluate management before offering financing.
- Poor management = ☹️ no no
- Even if credit and all else looks good.
- If lenders see a commitment to measure results they know there is management of the project.
- Measured results will always enhance the hosts ability to finance.

Trust

- For investors to agree to finance a project is simply a matter of conveying confidence and trust.
- Question is How do you convey trust ?
- Who would you trust more ?
- Some one who says “Trust me the savings will be there “ or
- Someone who says
 - ✓ “I’ll measure my actual results for you”
 - ✓ And if results are not good I will find out why and rectify

Insurance

- Measuring savings after retrofit is:
 - a small activity but
 - an all important *insurance* policy.
- Measuring savings means any errors will be found (and therefore fixed)
 - It is an Insurance Policy that allows investors to relax.

“Measuring” Savings

- Savings are energy that was not used
- But you can't measure something that is not there.

The state of the art in ‘determining’ savings is defined in EVO’s International Performance Measurement and Verification Protocol (IPMVP),
This is freely available at www.evo-world.org.

IPMVP

- Widely used (20 downloads/day).
- The basis of much of PERMANENT's education program.
- 1,700 persons around the world are certified in application of IPMVP.

What is IPMVP role around the world?

IPMVP & ESCOs

ESCOs are prime users of IPMVP.

They need an agreed methodology for reporting results. Use of widely used methods is reassuring for customers.

IPMVP sets the limits on the “cash register” that is needed for payments

IPMVP & Financiers

The classic case:

American bankers demanded development of IPMVP before they would finance ESCO projects for US Government buildings.

EVO has also recently published a guide for financiers (IEEFP).

IPMVP & EE Programs

IPMVP used in large programs, such as:

- Covenant of Mayors
- C40 Cities
- EU.BAC member ESCO contracts
- BEEP - London

IPMVP & ISO 50001

This new international guidance on Energy Management will bring attention to “Measuring so you can manage.”

EVO aims to make IPMVP core to requirements for energy users claiming conformance with the emerging ISO 50001 series.

Growing Interest

Everyone is talking about the importance of transparent savings reporting:

- PERMANENT's trainings sold out more quickly than expected.
- 90% growth in the number of certified persons last year.

This is thus a big demand on EVO.

Summary

Savings “measurement” is a key risk management tool.

A commitment to good risk management clears much banker anxiety about EE projects

Savings “measurement” is key to financing of energy efficiency.



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Thank You

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