Fueling investment in energy efficiency

Buildings use nearly 40 percent\(^1\) of all energy in the United States and generate more than a third\(^2\) of our country’s greenhouse gases. This makes improving energy efficiency in buildings critical to the clean energy revolution.

The potential energy efficiency market is estimated at $1 trillion\(^3\), but the perception by building owners and investors that energy savings and financial returns are unreliable has created a major barrier to investment in this critical resource. Environmental Defense Fund launched the Investor Confidence Project (ICP) to improve deal flow and scale investments in energy efficiency by enhancing investor confidence in savings.

**How can ICP help boost energy efficiency investment?**

ICP standardizes the way projects are engineered, documented, evaluated and implemented. In other established financial markets, from car loans to home mortgages, standardization has provided the necessary foundation to underwrite and finance investments. ICP’s standardization of energy efficiency projects will increase deal flow and scale investments in energy efficiency by enhancing investor confidence in savings.

**What is ICP?**

The Investor Confidence Project Protocols make up the foundation of the ICP system. These protocols assemble industry-accepted best practices and standards into a roadmap for project developers to follow when developing projects. Projects that follow the ICP protocols and credentialing process will be certified as Investor Ready Energy Efficiency\(^{TM}\), which signifies to investors, building owners, and capital markets that a project has been verified as complying with industry best practices and is ready for underwriting.

**What are the benefits of ICP?**

- **Building owners** gain confidence in the reliability of savings, get apples-to-apples proposals, and hold vendors accountable to delivering quality implementations.
- **Investors** can easily package investments for secondary markets, evaluate and underwrite projects with increased certainty, and lower due diligence-related transaction costs.
- **Programs** are able to reduce administration costs, ensure quality project origination, attract additional capital providers, and align technical requirements across programs.
- **Capital markets** will, in the future, trade energy efficiency portfolios in secondary markets, perform analysis on actuarial data sets, and manage the performance risk of energy efficiency investments.

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1. U.S. Energy Information Administration
2. U.S. Environmental Protection Agency
3. International Energy Agency

“[ICP will] facilitate a global market for financings by institutional investors that look to rely on standardized products.”

—International Energy Agency
Investor Ready Energy Efficiency™
Roadmap to Investor Confidence

**ORIGINATION**
Energy efficiency projects will come from a range of channels, programs, and businesses.

- Public programs
- Energy service companies
- Utility programs
- Audit and benchmarking programs
- Contractors

**PROJECT DEVELOPMENT**
Credentialed Project Developer develops and documents projects according to ICP Protocols.

**QUALITY ASSURANCE**
Third-party Credentialed Quality Assurance Provider reviews project for ICP compliance.

**CERTIFICATION**
Project is certified as Investor Ready Energy Efficiency™.

**UNDERWRITING**
Building owners and investors can make investment decisions with increased confidence based on predicted savings.

**PERFORMANCE**
Building’s energy performance is optimized and energy savings from retrofit are measured and verified according to ICP Protocols.

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