

Energy Performance Contracting in Europe

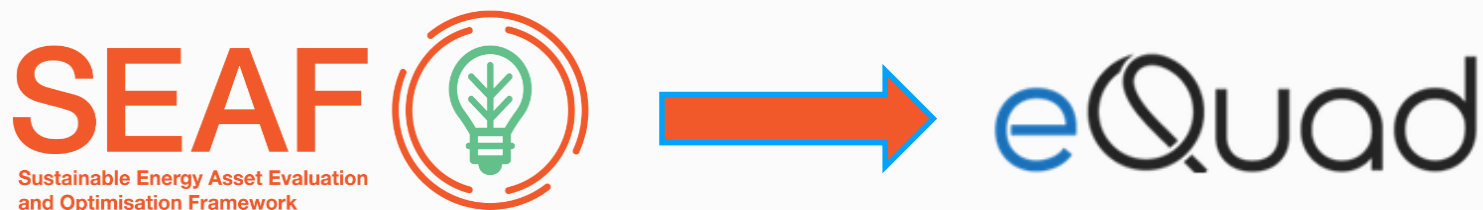
REHVA Summit, 05 November 2019

Jessica Stromback

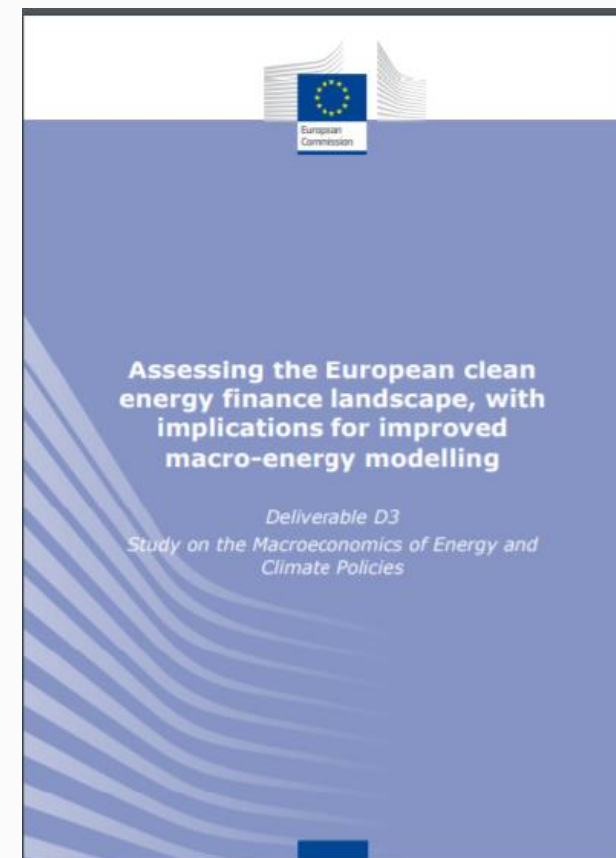
Company Offering

- Based out of New York, offices in London and Italy
- Began as a financial fund manager of Energy Reduction Assets (ERA)
- Today acts as conduit for finance in Europe, a project developer and financier in the US
- Project coordinator of SEAF H2020 funded project
- Forwards policy: Board Member and Chair of Smart Homes and Buildings Committee at SmartEn association in Brussels





“The mobilisation of an extra €177 billion from public and private investment sources is needed annually from 2021 to 2030 to reach the 2030 climate and energy targets.”



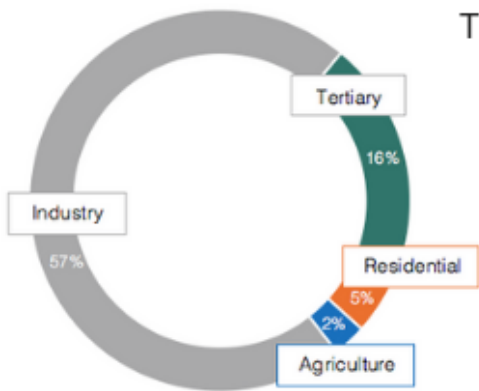
SEAF

Sustainable Energy Asset Evaluation
and Optimisation Framework



eQuad

Project Pipeline Q3 2018



Tot. number of active projects

45

Tot. number of sectors

4



Tot. eQuad project pipeline Q3

€164.334.321

IRR Range

11-18%

Av. Payback Time

5,33

MAIN TECHNOLOGIES*



Lighting - LED Lighting



Photovoltaic



Solar thermal



Boilers



Battery storage



Heat pumps



District heating



Co-generation



Energy Management System

Case Study of Joule's experience



Project	Housing Associations Community Energy
Description	Deliver Electricity "bellow" the meter in exclusive from solar PV+electrical battery
Client	Severn Vale Housing Association
Location	Gloucestershire, UK
Contract Type	Private PPA (ELEC)
(E) Duration (Years)	20
(E) IRR	14%
CAPEX	£12,000
(E) Total Revenues	£36,000
(E) Total OPEX	£16,800
(E) Total Net Profit	£19,200
Technologies	Solar PV+Battery+EMS
Status	Pilot Signed - Roll-out until end of February
Financing Model	100% OE
Planning Approved	YES
Grid Connection Approved	YES
Grants/Incentives	FIT, Potential for DR, Potential for RHI
(E) Date for Non Binding Offer	Feb-18
Proposed Model	70% Equity+30% Debt@5%
Potential to replicate already in pipeline/C	£6,000,000
Potential to replicate in next 3 years	£24,000,000

Case Study: Hybrid Home Challenges Public Housing

DIFFICULT TO CONTROL

- **Financing model mismatch:** not only the projects are highly specific. Funds are as well. Different requirements, risk mitigation strategies and appetite, money types (debt, equity) contract types (SPV, EPC...)
- **Investment size:** The investment may be too small/large, in the wrong country, wrong tech...
- **Stage of the fund:** The fund may either be in too early, too late a stage in their own fund deployment

EXAMPLES OF WHAT CAN BE MITIGATED:

- **Credit risk of client CRITICAL:** What happens if the low-income families don't pay their bills?
Have a portion of each payment go to an account to protect against default
Housing association will step in after this
Default in reality for this group is very low
- **Credit risk of contractors:** A minor technology supplier in the group is a small company: will they last?
Be ready to change out one technology provider for another
- **Contractual risk:** Investors need protection through your client contract
Have a clear and fair contract, deals with default risk, reputational risk
- **Technological risk:** This could be a lot of technology risk – what are your guarantees?
Include performance insurance and technology insurance

CONCLUSIONS

Hybrid Homes bring real societal benefits and returns – also with today's prices

- Tech providers focus on:
 1. The technological solution
 2. Creating a good offering for customers
 3. Gaining access to strong customers and to market share

The time and energy required securing investment should not be underestimated

- This is still a new industry and funds are not familiar with such solutions
- The investments/projects are not yet standardized and make risk assessment difficult

Project can access finance but time has a cost and a risk

The housing association may not wait (the families have no choice)

Joule's mission remains to ensure every viable project gains access to finance



LAUNCH: Projects Activities



Large scale aggregation of Sustainable Energy Assets



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The LAUNCH h2020 project

Aggregation of Sustainable Energy Assets as tradable securities, accelerated deal closure, and market growth at scale.

Scaling and aggregating Sustainable Energy Assets requires:



☑ Scalability

☑ Accelerated deal closure

☑ Market growth

Three ways in which stakeholders can engage with the project

- **Sign-up to the email** distribution list
- **Receive updates** on the project materials and LAUNCH events e.g. future

1. Join community



- **Receive material and provide feedback** to inform development
- Feedback may be related to e.g. fit-for-

2. Provide feedback



- **Apply material in practice** e.g. project development, capital raising
- Identify deal-breakers / key

3. Pilot



Join us at the
**LAUNCH Investor
Forum**

*Thinking BIG: Securitizing Sustainable Energy Assets
in Europe*

When: 27th November 2019 | 13:00 - 19:00 CET

Where: BNP Paribas Fortis SA/NV =

1 Rue de la Chancellerie, 1000 Brussels (Belgium)

Thank you!

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