



Investor Confidence Project

Environmental Defense Fund's (EDF) Investor Confidence Project (ICP) is developing a consensus framework to predict and measure energy savings, enabling the acceleration of energy efficiency investments and the emergence of a robust and thriving commercial building sector. While ICP is not meant to define a single acceptable approach to energy efficiency projects, the ICP framework provides a foundation for consistent, predictable and reliable savings outcomes. Through ICP, EDF is working closely with engineers, industry allies, financial market participants, insurers, regulators and utilities to help define standard weights and measures that will be indispensable for the flow of private investment required to launch a global market for energy efficiency in buildings.

“With the Investor Confidence Project, EDF brings order to the world of energy engineering methods that have been too long a confusing menu of technically valid approaches and idiosyncratic techniques.”

—Sean Neill
Managing Director,
SClenergy

Problem

Lenders, insurers, regulators, building owners and indeed even the engineering industry lack a standardized method to gauge the accuracy of predicted energy and financial savings from efficiency upgrades. Without a standard approach to performance assurance that gives parties comfort that the predicted quantity of energy savings resulting from a retrofit can be reasonably relied upon, market actors are unable to manage the risk associated with efficiency investments. Furthermore, loans and other investment strategies cannot be standardized and, ultimately, securitized. Until the market deepens through standardization and a broadening of financial offerings, existing buildings will not realize the true potential of these investments, including reduced operating costs, higher market value, enhanced productivity and a significantly lower carbon footprint, among others.

Evidence of this problem in the energy efficiency marketplace is clear. Large funds assembled for energy efficiency remain untapped due to a lack of investment-grade projects.



ENERGY EFFICIENCY FINANCE

“Reliable data is the basis for risk management and therefore attracting investment, which is essential for a thriving market.”

—Elizabeth Stein
Attorney, EDF

Solution

In order to make funding decisions, investors need to know:

1. The likelihood of projected savings outcomes
2. That mechanisms are in place to ensure those outcomes continue
3. Outcomes can be clearly measured and validated post-investment

Active, fluid markets for efficiency investments require that methods evaluating these three elements are transparent and replicable. Once those methods are consistently used, the data they produce will be comparable across projects, and investors will be able to take a more actuarial approach in decision-making. Consistent, replicable methods are, however, a prerequisite to data reliability. That is the goal of ICP—trusted, consistent, replicable specifications and practices for evaluating energy efficiency projects, measuring energy savings and ensuring that these savings persist post-retrofit.

ICP is a living system driven by the needs of an evolving industry, and the specifications will progress over time, with your help. Some methods may move from an “additional” or “recommended” category to a standard requirement. Others may prove insignificant for accuracy of projections or outcomes relative to the time and effort they require.

ICP specifications

The ICP specifications are divided into five categories, which together are designed to represent the entire lifecycle of a well-conceived and well-executed energy efficiency project:

1. Baselineing
2. Savings projections
3. Initial commissioning
4. Ongoing commissioning
5. Measurement verification

For each category, the ICP specifications establish minimum requirements, including:

- Elements
- Procedure (step-by-step process guide)
- Documentation

Next steps

ICP invites engineers, building owners and managers, software developers, prospective lenders, insurers, utilities and others to participate in testing and improving these specifications by applying them to retrofit projects and sharing their results.

The Investor Confidence Project is currently working with partners in the public sector, as well as the financial, insurance and service provider industries. Your participation is welcome.

For more information, please contact:

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