Energy Efficiency Finance in the US and China

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Three Approaches to EE Project Finance

1. Utility pays all or most of cost
   - Cheaper than new generation

2. ESCO provides financing
   - Used at the beginning of the US ESCO industry
   - Relatively expensive financing because the ESCO is the credit
   - Financing remains on ESCO’s balance sheet

3. Third party provides financing
   - Relatively inexpensive
   - 100% debt -- no equity involved
   - ESCO takes performance risk & Lender takes credit risk
   - Available to those with good credit
Comparison of US and China EE finance

1. Long history of EE financing
2. Focus on government buildings
3. Technology R&D, and deployment
4. Third party direct financing
5. ESCOs are large
6. Guaranteed energy savings
7. Private banks
8. Long term financing
9. On-going savings verification
10. Integrated efficiency measures
11. EE, RE and generation integrated
12. Standard contracts

1. Short history of EE financing
2. Focus on industry
3. Technology deployment
4. ESCOs financing
5. ESCOs are small
6. Shared energy savings
7. Government-owned banks
8. Short term financing
9. One time verification
10. Single efficiency measure
11. Single project in one area
12. No standard contracts
points 4 and 6 are discussed in the next slide so maybe aren't needed here.

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Public funds finance the private sector in energy efficiency

Case study of GEF/IFC CHUEE

- 2006, $16.9 Mn GEF grant, $200 Mn IFC loan for EE marketing, development and financing services
- 2012, leveraged $800 Mn local bank loans for 170 plus EE/RE projects
- Now, mitigates over 19 million tCO₂/Yr, = total annual emissions of Mongolia