



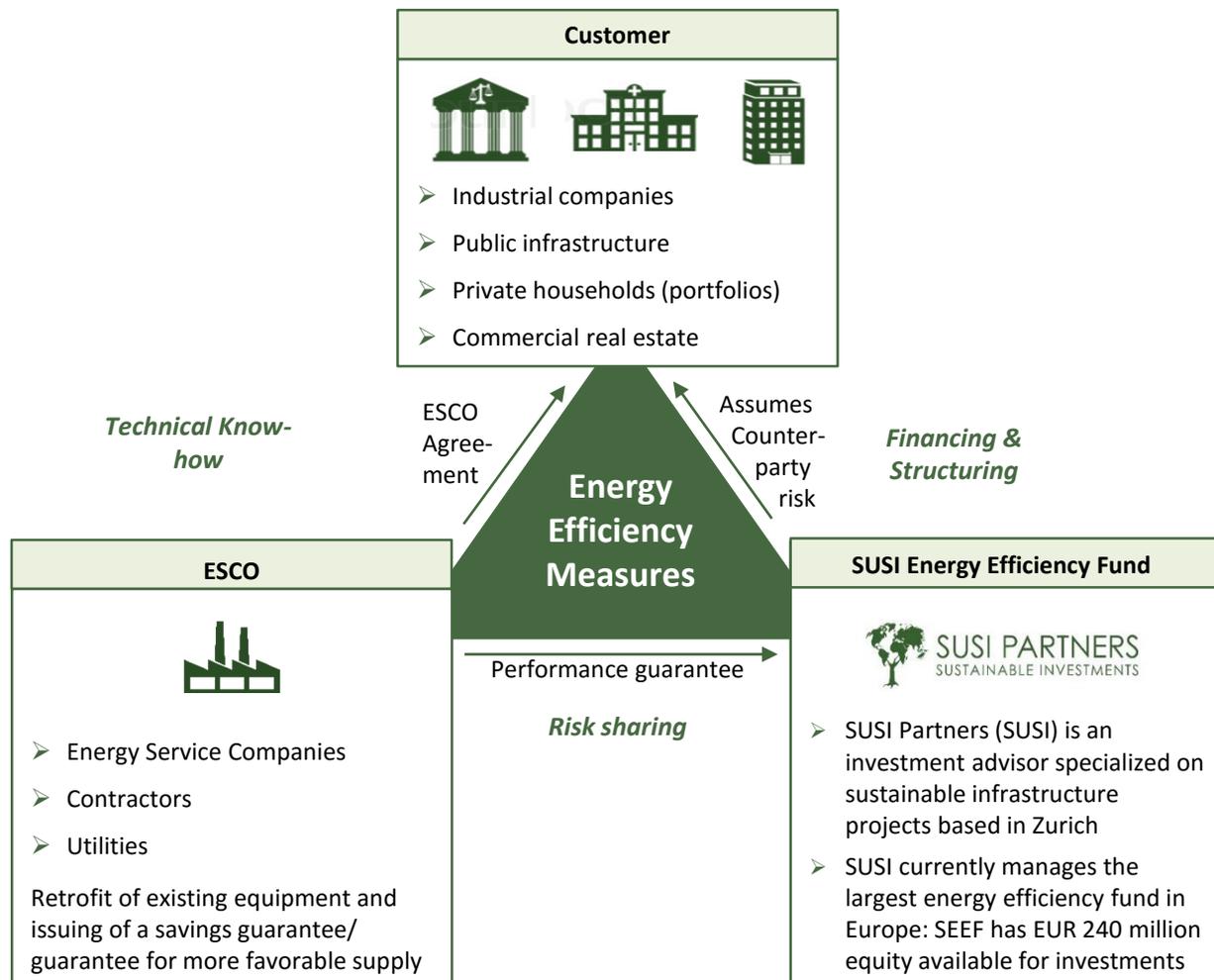
SUSI Energy Efficiency Fund (SEEF)

ECEEE Industrial Efficiency 2016
Business models and financing

Sebastian Carneiro, Director, SUSI Energy Efficiency AG

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Co-operative business relationships between Customer, ESCOs and SEEF



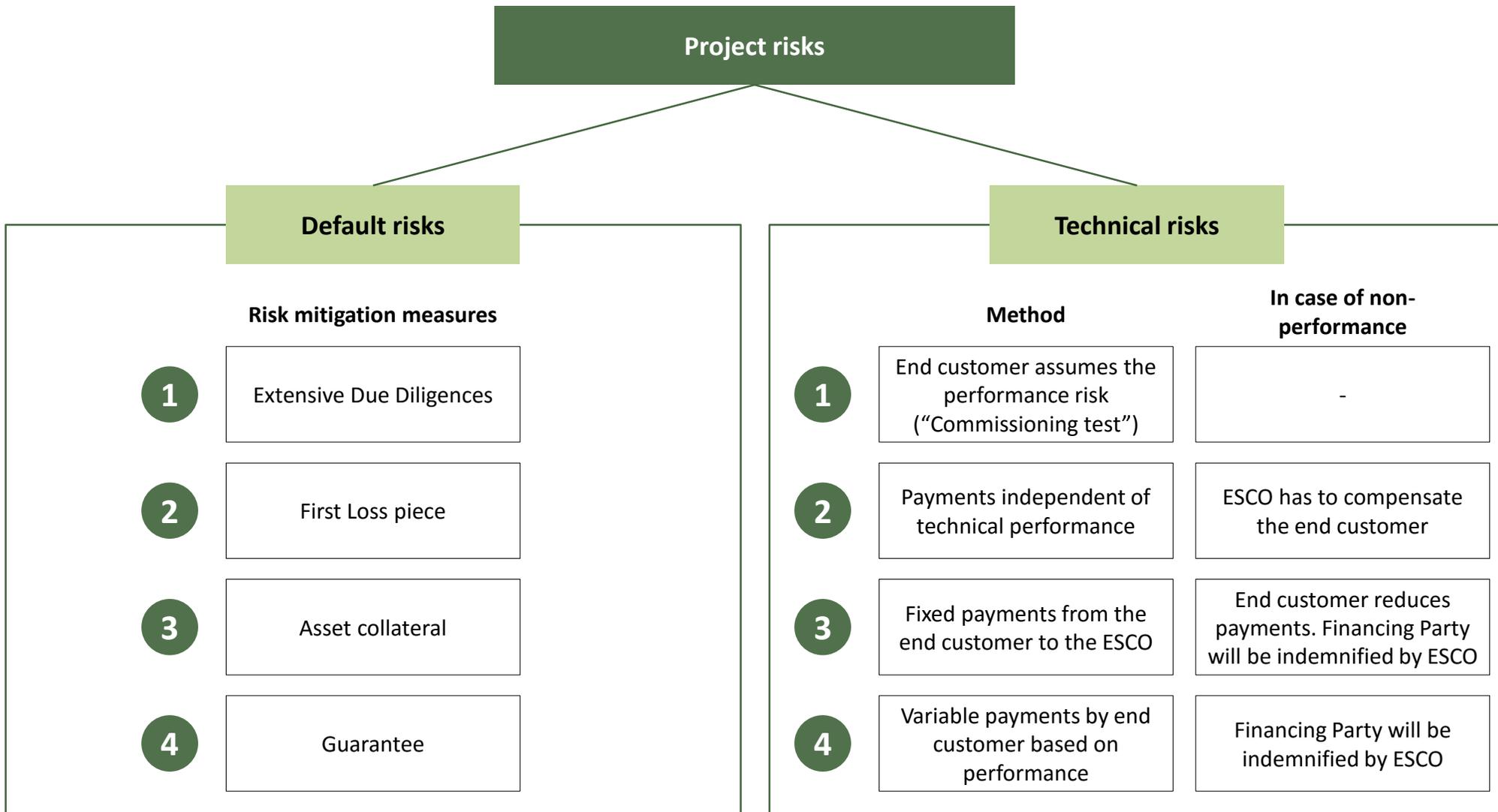
Overview

- The Energy Service Company (ESCO) identifies energy efficiency projects with the customer (e.g. an industrial company, a public infrastructure owner or a portfolio of households or SMEs)
- The ESCO develops and implements the energy efficiency measures and enters into a project contract with the customer
- The ESCO takes the operative risks and is responsible for O&M during the project term.
- The SUSI Energy Efficiency Fund fully finances the measures, develops a suitable financing structure and takes on the customer default risk
- The ESCO guarantees the performance under the project contract with the customer

- Project development
- Installation
- O&M

- Provision of capital
- Off-balance structuring

How to make energy efficiency projects bankable (1/2) – Separation of risks



How to make energy efficiency projects bankable (2/2) – Guidelines

Pre-Conditions

Equity first

Proof of concept &
Proven technology

Standardization

Due Diligence steps

Evaluation of ordinary
and extra-ordinary
termination rights

Used assets should
never become an
“integral” part of
building

Evaluation of risks of
changing regulations/
taxation

Incorporation of (Re-) Financing clauses

“Step-in-right” in case
ESCO defaults

Change of Control
clauses

Leasing: Clear
description of the
assets to be leased

Case Study: Lighting as a Service Business Model (1/2)

Traditional Lighting Supply Chain



Lighting as a Service Model

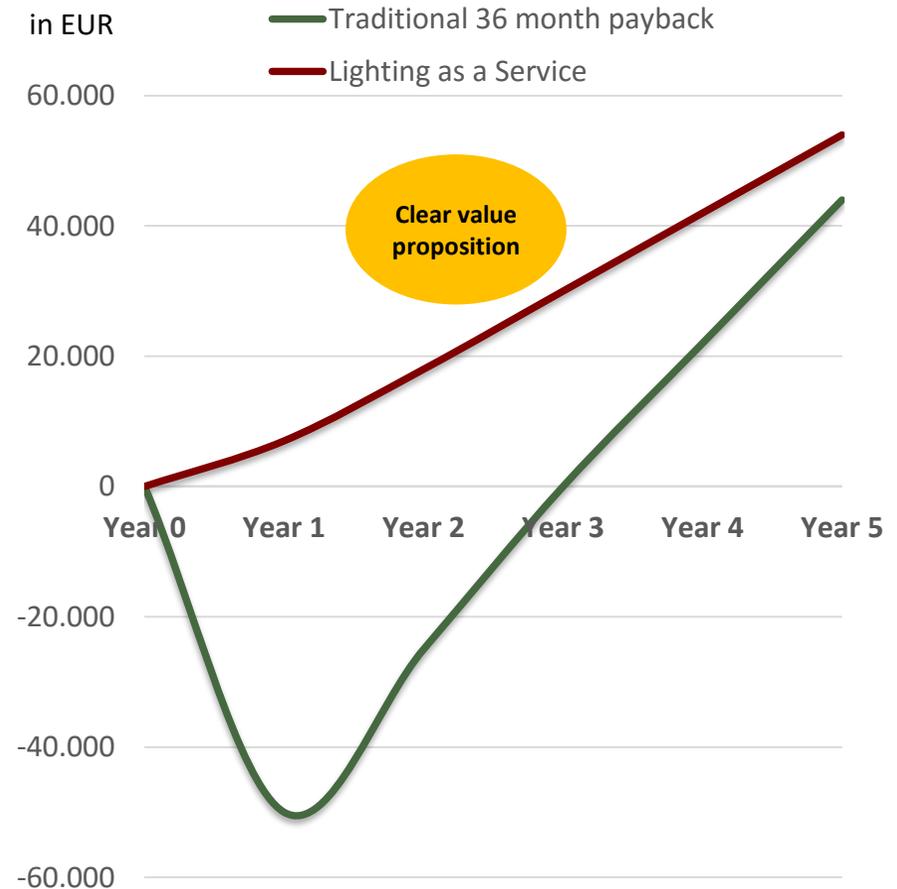
- Installation of equipment at expense of ESCO
- Maintenance typically for 5 years



Focus on SME

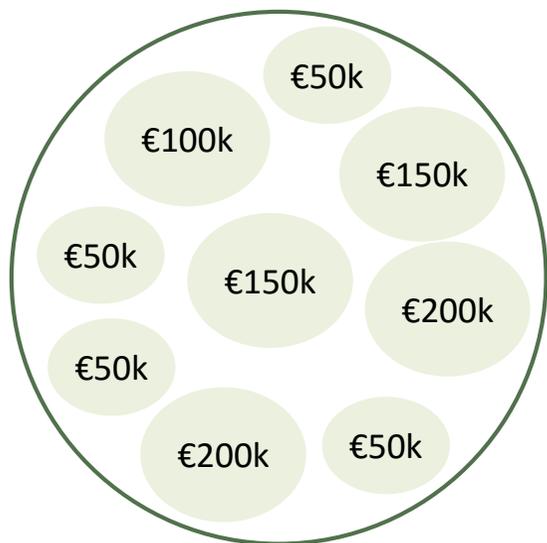
- Standardized Projects
- Quick decision process
- No Off-Balance Sheet requirement
- Risk diversification
- Huge market potential

Payback comparison of cost savings

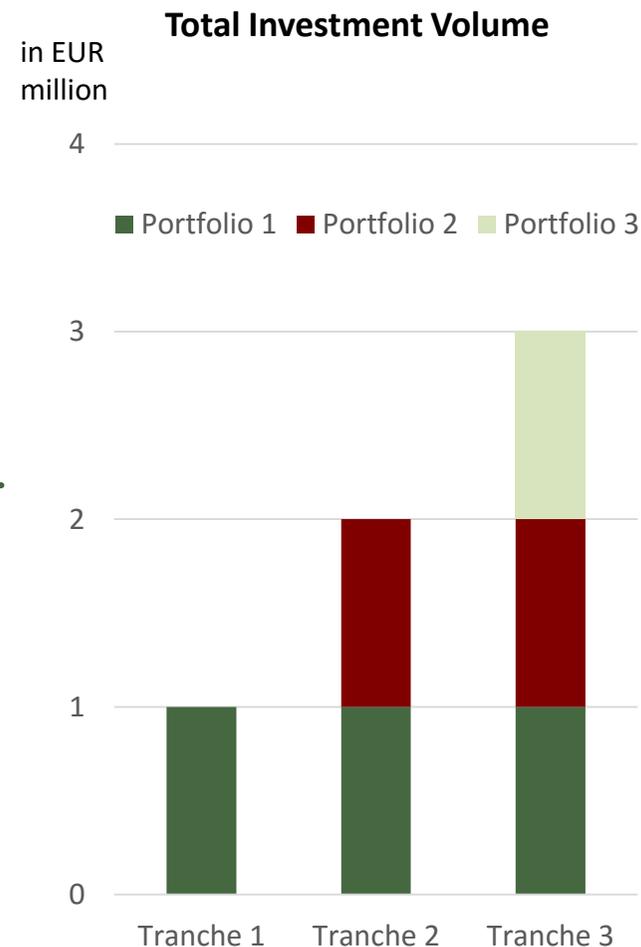


Case Study: Lighting as a Service Business Model (2/2)

ESCOs aggregate portfolios of deals totalling a predefined specific investment volume (e.g. EUR 1 million)



- Standardized Project contracts enable **SUSI** to finance individual Lighting as a Service project as part of a portfolio approach
- Financing in tranches each worth the investment volume



Outlook



Chances

- Strong growth projected as Energy Management shifts from Products to Services
- Flexible tailor-made financing solutions will prove to be crucial for market development
- Independence of energy prices – self supply
- Marketing “Green Firm Image” e.g. IKEA, Google



Challenges

- European energy efficiency and energy performance contracting market is immature
- Different regions are in different stages of development due to country-specific legal and political frameworks
- Make energy efficiency projects a “desired” cornerstone on corporate agenda

Your contact at SUSI



Sebastian Carneiro
Director



SUSI Energy Efficiency AG
Bellerivestrasse 36
CH-8008 Zürich
Tel: +41 44 386 98 27
Mob: +41 76 366 98 27
s.carneiro@susi-partners.ch