The EEFIG Underwriting Toolkit is a guide which aims to assist financial institutions to scale up their deployment of capital into energy efficiency. It has several purposes:

- to help originators, analysts and risk departments within financial institutions better understand the nature of energy efficiency investments and therefore better evaluate both their value and the risks.
- to provide a common framework for underwriting energy efficiency investments that will allow training and capacity building around standardised processes and understanding.
- to help developers and owners seeking to attract external capital for energy efficiency projects to develop projects in a way that better addresses the needs of financial institutions.
- to foster a common language between project developers, project owners and financial institutions.

The Toolkit is accessible online through valueandrisk.eefig.eu
Energy efficiency underwriting is the process of appraising the value and risks of an investment or a loan in order to make a decision to finance the project in question. Typically, value will be appraised using a financial model and then the risk factors and their potential effects will be identified and assessed. The inputs to the underwriting process are technical, economic and financial – a result of due diligence. The output of underwriting is a decision to invest.

Even if an energy efficiency project is funded internally by a client organisation there will still be an underwriting process, i.e. an appraisal of the value and risks of the project – it just may not be called underwriting and may or may not follow such a rigorous process.
The Toolkit explains the multiple benefits (additional value beyond the pure energy saving) created by energy efficiency projects. The broader recognition of multiple non-energy benefits is relatively recent. Any appraisal of an energy efficiency investment should include identifying the specific non-energy benefits and where possible establishing a value for them. Depending on the nature of the project and the host, as well as the contract form, some of these benefits can be monetised as part of the return on investment. Often the non-energy benefits e.g. health and well-being, or improved industrial productivity, will be more strategic in nature than energy cost savings, and therefore more likely to be attractive to decision makers.

The EEFIG Underwriting Toolkit explains the following sources of common risks in energy efficiency projects and discusses possible risk mitigation strategies:

- Performance risks
- Design risks
- Equipment risks
- Operational and maintenance risks
- Weather risks
- Changes in hours of use, production volume and patterns of building usage
- Energy price risks
- Construction risks (and credit risks during construction/installation)
- Risks associated with other costs and benefits
- Regulatory risks
The EEFIG Toolkit has been designed with several specific audiences in mind:

- Senior Management and decision makers
- Origination teams and project developers
- Project developers and risk teams
- Risk teams, project developers and originators
- Chief Financial Officers and financial teams within corporates
- Users of the De-risking Energy Efficiency Platform (DEEP, deep.eefig.eu)

Recommendations from the European Commission and UN Environment:

- “I strongly recommend this toolkit to project promoters, banks, financial institutions and anyone else interested in financing energy efficiency”, Maroš Šefčovič, Vice-President, Energy Union, European Commission
- “I recommend this toolkit to any policy maker, investor, business, developer or citizen seeking a more inclusive, green economy”, Erik Solheim, Executive Director, UN Environment

The Toolkit was launched at the EU Sustainable Energy Week 2017 and is available in an online version and a printable pdf version translated to French, German, Italian, Spanish and Polish.

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Engaging with EEFIG:

Financial institutions, industry representatives and sector experts may engage in an expert dialogue and contribute to enhancement of the fundamentals of energy efficiency investments in the buildings and corporate sectors through participating in EEFIG meetings and via eefig.eu.