

# SESSION 8:

GOVERNMENT AND PRIVATE SUPPORT



# GLOBAL INITIATIVES - EXAMPLES





**THE WORLD BANK**

IBRD • IDA

### **Rwanda Renewable Energy Fund**

\$50 million to provide off grid electricity through Solar PV for 11.6 million people

### **Green Energy Scheme in Shanghai**

\$104 million loan to provide technical assistance to support low carbon buildings.

### **Wind Power development in Egypt**

\$796 million to provide (a) transmission infrastructure (b) technical assistance and (c) 250MW wind farm

### **Rural Electrification on Bangladesh**

- \$370 million project to create off grid supply of electricity in rural area and introduce energy efficient lighting





# EUROPEAN INITIATIVES

- COHESION FUND
- CONNECTING EUROPE FACILITY
- RECOVERY AND RESILIENCE FACILITY
- HORIZON 2020 AND HORIZON EUROPE
- EUROPEAN REGIONAL DEVELOPMENT FUND
- EUROPEAN INVESTMENT BANK AND THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS
- JUST TRANSITION MECHANISM
- FINANCING ENERGY EFFICIENCY
- THE INNOVATION FUND
- EUROPEAN ENERGY PROGRAMME FOR RECOVERY
- EU EMISSIONS TRADING SCHEME



# UK

- FEED IN TARIFF
- RENEWABLE HEAT INCENTIVE
- RENEWABLE OBLIGATION CERTIFICATES
- CARBON AND ENERGY FUND
- GREEN DEAL
- RENEWABLE TRANSPORT FUEL OBLIGATION

CHECK OUT SCOTLAND, WALES, NORTHERN IRELAND TOO



# OTHER FUNDING SOURCES



# GREEN BONDS

- Created to fund projects that have a positive environmental benefit
- First issued by the Green Bank in 2008, they are *fixed income instruments* whose proceeds are allocated to financing renewable energy projects.
- \$100 billion + market



Asian Development Bank Green Bond  
[https://www.youtube.com/watch?v=\\_wPnciVnRwo](https://www.youtube.com/watch?v=_wPnciVnRwo)



European Investment Bank Green Bonds  
[https://www.youtube.com/watch?v=\\_wPnciVnRwo](https://www.youtube.com/watch?v=_wPnciVnRwo)

In 2018 a series of Green Bond Principles (GBP) were produced. These are voluntary recommended guidelines for issuing green bonds to ensure transparency. They consist of:

- 1) **Use of Proceeds** – clearly earmarked for renewable energy projects, energy efficiency, clean transport, climate change adaptation etc.
- 2) **Process of Project Evaluation and Selection** – the bond issuer should provide clear criteria and objectives.
- 3) **Management of Proceeds** – bonds should be tracked and audited.
- 4) **Reporting** – Annual reports are necessary providing as much details as possible.



<https://www.icmagroup.org/sustainable-finance/green-social-and-sustainability-bonds-database/#HomeContent>



# GREEN BONDS – ELIGIBLE PROJECTS

- RENEWABLE ENERGY
- ENERGY EFFICIENCY
- POLLUTION PREVENTION AND CONTROL
- ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES AND LAND USE  
TERRESTRIAL AND AQUATIC BIODIVERSITY CONSERVATION
- CLEAN TRANSPORTATION
- SUSTAINABLE WATER AND WASTEWATER MANAGEMENT
- CLIMATE CHANGE ADAPTATION (INCLUDING INFORMATION SUPPORT SYSTEMS, SUCH AS CLIMATE  
OBSERVATION AND EARLY WARNING SYSTEMS);
- ECO-EFFICIENT AND/OR CIRCULAR ECONOMY ADAPTED PRODUCTS, PRODUCTION TECHNOLOGIES AND  
PROCESSES
- GREEN BUILDINGS WHICH MEET REGIONAL, NATIONAL OR INTERNATIONALLY RECOGNISED STANDARDS  
OR CERTIFICATIONS



# PUBLIC SECTOR FUNDING (UK EXAMPLE)



**SALIX FINANCE LTD.** PROVIDES GOVERNMENT FUNDING TO THE PUBLIC SECTOR TO IMPROVE ENERGY EFFICIENCY, REDUCE CARBON EMISSIONS AND LOWER ENERGY BILLS. SALIX IS A NON-DEPARTMENTAL PUBLIC BODY, OWNED WHOLLY BY GOVERNMENT. SALIX IS FUNDED BY THE DEPARTMENT FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY, THE DEPARTMENT FOR EDUCATION, THE WELSH GOVERNMENT AND THE SCOTTISH GOVERNMENT.



## Delivery

Number of projects funded	18,780
Value of projects funded	£ 971 million
Value of annual financial savings	£ 203 million
Value of annual carbon savings	867,864 tonnes of CO <sub>2</sub>

*Figures as of 31st March 2020*

# OTHER FUND RAISING

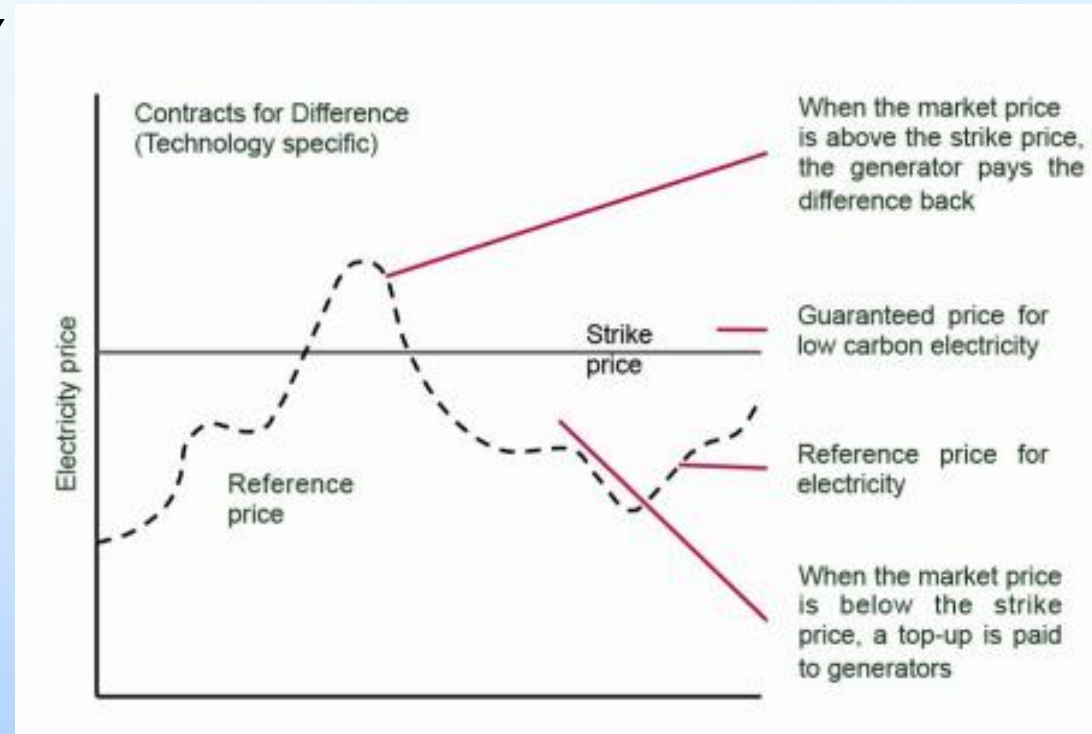
- INITIAL PUBLIC OFFERING (IPO) – SALE OF STOCK ISSUED BY THE COMPANY TO THE PUBLIC. SHARES CAN BE BOUGHT AND SOLD ON THE STOCK EXCHANGE. MARKET CAPITALISATION IS THE VALUATION OF THE SHARES AT THE MARKET PRICE.
- VENTURE CAPITAL: FINANCE PROVIDED BY INVESTORS TO STARTUP COMPANIES
- PRIVATE EQUITY: INDIVIDUAL INVESTORS (CAN INCLUDE INSURANCE COMPANIES / ENDOWMENTS / PENSION FUNDS) CONTRIBUTE TO A PRIVATE EQUITY FUND WHICH INVESTS ON BEHALF OF THE INVESTORS



# CONTRACTS FOR DIFFERENCE

THE CONTRACTS FOR DIFFERENCE (CFD) SCHEME IS A KEY MECHANISM FOR SUPPORTING LOW-CARBON ELECTRICITY GENERATION.

CFDS INCENTIVISE INVESTMENT IN RENEWABLE ENERGY BY PROVIDING DEVELOPERS OF PROJECTS WITH DIRECT PROTECTION FROM VOLATILE WHOLESALE PRICES, AND THEY PROTECT CONSUMERS FROM PAYING INCREASED SUPPORT COSTS WHEN ELECTRICITY PRICES ARE HIGH.



# ESCOS AND EPCS

ENERGY PERFORMANCE CONTRACTING (EPC) IS A FORM OF 'CREATIVE FINANCING' FOR CAPITAL IMPROVEMENT WHICH ALLOWS FUNDING ENERGY UPGRADES FROM COST REDUCTIONS. UNDER AN EPC ARRANGEMENT AN EXTERNAL ORGANISATION (ENERGY SERVICE COMPANY - ESCO) IMPLEMENTS A PROJECT TO DELIVER ENERGY EFFICIENCY, OR A RENEWABLE ENERGY PROJECT, AND USES THE STREAM OF INCOME FROM THE COST SAVINGS, OR THE RENEWABLE ENERGY PRODUCED, TO REPAY THE COSTS OF THE PROJECT, INCLUDING THE COSTS OF THE INVESTMENT.

ESSENTIALLY THE ESCO WILL NOT RECEIVE ITS PAYMENT UNLESS THE PROJECT DELIVERS ENERGY SAVINGS AS EXPECTED.





# BEING BRAVE



The screenshot shows the top portion of a website. At the top left is the logo for Climate Home News, which consists of a stylized sun icon and the text "CLIMATE HOME NEWS". Below the logo is a navigation bar with several tabs: "Home", "News", "Comment", "Net zero" (which is highlighted in blue), and "Sponsored". Underneath this is a secondary navigation bar with tabs for "Politics", "Finance", "Justice", "Energy", "Land", "Transport", and "Science". The main content area features a large headline: "Spain to end fossil fuel production by 2042 under new climate law". Below the headline, it says "Published on 14/05/2021. 4:58pm". A sub-headline reads: "Spain's 2030 emission reduction target lags other EU countries but the government won praise for committing to end coal, oil and gas production". At the bottom of the screenshot is a video player showing a woman with brown hair, wearing a dark blue jacket, looking off to the side.

**CLIMATE HOME NEWS**

Home News Comment **Net zero** Sponsored

Politics Finance Justice Energy Land Transport Science

## Spain to end fossil fuel production by 2042 under new climate law

Published on 14/05/2021. 4:58pm

Spain's 2030 emission reduction target lags other EU countries but the government won praise for committing to end coal, oil and gas production



# RESOURCES

[HTTPS://WWW.IBERDROLA.COM/SUSTAINABILITY/INVESTMENTS-GREEN-BONDS](https://www.iberdrola.com/sustainability/investments-green-bonds)

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=MLG9FIEPUHY](https://www.youtube.com/watch?v=MLG9FIEPUHY)

[HTTPS://WWW.IEA.ORG/REPORTS/ENERGY-SERVICE-COMPANIES-ESCOS-2/ESCO-CONTRACTS](https://www.iea.org/reports/energy-service-companies-escos-2/escos-contracts)

[HTTPS://WWW.AUDIT-](https://www.audit-scotland.gov.uk/uploads/docs/um/as_major_project_lessons.pdf)

[SCOTLAND.GOV.UK/UPLOADS/DOCS/UM/AS MAJOR PROJECT LESSONS.PDF](https://www.audit-scotland.gov.uk/uploads/docs/um/as_major_project_lessons.pdf)





# Q & A

