

Title: Innovative business model for a standardised evaluation and re-financing of industrial energy efficiency and renewable energy projects

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First panel choice: 5. Business models, finance and investment in the age of digitalisation

Second panel choice: 1. Policies and programmes to drive transformation

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Promising industrial energy efficiency (EE) and renewable energy (RE) projects in Europe lack viable financing due to insufficient performance or credit guarantees, lack of ability/capacity among lenders to assess project risks, or related financing challenges. To overcome these barriers, the H2020 project TrustEE launched in 2016 to accelerate implementation of EE and RE solutions by developing an innovative project financing model and digital platform to standardise project evaluation. The innovative business model, which targets SMEs, combines project evaluation and development, contracting, risk hedging and external financing via a two-pronged approach. First, TrustEE established a securitization vehicle (“Sustainable Future Trustee”), which purchases receivables from technology supplier's who have successfully installed and commissioned industrial EE and RE projects. These purchases allow industrial SMEs (end users and suppliers) to create flexible project payment plans, and are financed by tradable securities offered to investors on the capital market. Investors are de-coupled from most technical risks as projects are already commissioned. This vehicle is supported and serviced by a semi-automatic project evaluation, using a three-stage, web-based platform. Stages 1 and 2 perform an automated technical and financial evaluation by comparing the project parameters to an automatic background simulation that uses comprehensive models for the envisaged EE and RE technologies. If a project meets the screening criteria, the TrustEE manager initiates Stage 3, which includes technical optimization and legal and insurance-related preparation for re-financing. In the long term, plant and technology suppliers will be able to qualify and register on the platform, thus building a pool of certified suppliers. The paper presents real projects initiated by TrustEE and the performance and impacts from the project evaluation platform (TrustEE platform) and re-financing vehicle.