Cross-sector

Energy Efficiency Finance Task Group (EEFTG)

Objectives

The EEFTG aims to enhance capital flows for energy efficiency investments in G20 economies by supporting countries to build robust, investment-grade policy and investment frameworks and by engaging with financial institutions to build their capacity, instruments and interest in energy efficiency. It also serves as a forum for G20 policy makers to share best practices in policies and financial instruments through peer-to-peer workshops and direct engagement with members of the private and public finance community, industry, and international organisations.

Cross-sector Membership

Lead Members: France • Mexico.

Participants: Argentina • Australia, Brazil • Canada • China • European Commission • Germany • India • Russia • South Africa • South Korea • United Kingdom • United States.

2018 • New tools to boost investment in energy efficiency

Substantial increases in energy efficiency financing are required to meet the goals of the COP21 Paris Agreement. At the G20 Energy Ministerial in June 2018, Energy Ministers encouraged “[significant] scale up [of] public and private investments and financing in energy efficiency across all sectors to help achieve energy transitions” (G20, 2018). To advance this objective, the EEFTG led four main initiatives in 2018:

• Promoted and disseminated findings from its landmark publication, the G20 Energy Efficiency Investment Toolkit, which presents voluntary options to scale up energy efficiency investments, progress towards implementing G20 voluntary energy efficiency principles (see below), and best-in-class approaches for investments from public and private financial institutions in participating G20 economies.

• Held the first EEFTG Roundtable for private financial institutions (Tokyo, Japan / Nov 2018), which gathered private banks, insurance companies and asset management firms to exchange existing best practices for energy efficiency finance in Japan, Europe and the wider G20.

• Organised and participated in 34 international events involving more than 2 500 policy makers, financial institution representatives and other stakeholders, including a High-Level Roundtable on Financing Energy Efficient Buildings at EE Global (Copenhagen, Denmark / May 2018) and two side events at COP24 (Katowice, Poland / Dec 2018).

• Expanded co-operation with other international initiatives such as the Global Alliance for Buildings and Construction and the United Nations Environment Programme – Finance Initiative (UNEP Fi) Energy Efficiency Platform.

2019 • Targeting investment towards specific sectors and regions

In 2019, the EEFTG will work with its members and stakeholder networks to:

• Extend the dialogue on energy efficiency investments to explore specific sectors and topics, possibly including buildings and innovation finance, during the G20 Presidency of Japan in 2019.

• Organise technical engagement workshops to collect energy efficiency finance best practices from financial institutions and government agencies, with a particular emphasis on Japan and the Asian region.

• Conduct further outreach activities around the G20 Energy Efficiency Investment Toolkit to support the scale up of energy efficiency investments.
Impact: Demonstrating the value of ‘green’ investment

Scaling up energy efficiency investments to the levels needed for successful global energy transitions involves meeting multiple requirements. These include creating markets that are sizeable enough (demand), market opportunities that are predictable enough (policy and regulation), and accessing pools of capital and finance that are ready to deploy (supply). Drawing on the expertise of its industry and government stakeholders, the EEFTG held a High-Level Roundtable in the margins of COP23 (Bonn, Germany / 2017) to collect insights for further action to enhance energy efficiency finance for different stakeholder groups. Participants identified four key needs (among others), including to:

• Better define the taxonomy of energy efficiency investments to enable greater flows and tracking of finance.
• Strengthen the policy and institutional framework through systematic harmonisation of policies across sectors, recognising the cross-cutting nature of energy efficiency.
• Overcome lack of awareness and drive support among financial institutions for energy efficiency by attaching green attributes to assets and loans on bank balance sheets. This can provide greater transparency on the ‘value of green’ to banks and financial regulators for de-risking purposes.
• Provide greater capacity building for local banks on evaluation criteria, market screening and market assessment tools linked to energy efficiency, which are often beyond the skill set of bank staff.

Such findings build the collective body of knowledge developed by the EEFTG and underscore the value of multiple stakeholder groups coming together to address common challenges.