

European ESCO Conference

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FIN_{for}GREEN (FFG)

Digital Solution for Efficiency, Scalability & Speed of Energy Efficiency



Cloud-based Software

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www.mattig-management.ch
www.finforgreen.com

MLMP – BG subsidiary of the Swiss consulting group Mattig, with expertise in business & finance advisory - structuring & financing investment projects, innovative financial solutions, financial engineering & management, M&A, asset management, etc.



MLMP - Financial Consultant of the International Consortium for “Intensification of Energy Efficiency through EPC”, led by Mattig Management Partners Vienna and managed by the EBRD (2015-2020).



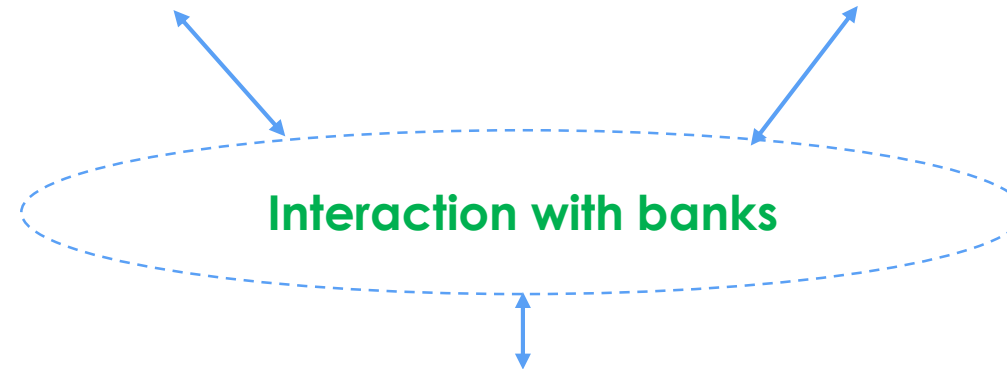
ENERGY EFFICIENCY

Financial consultant of a big ESCO

EUR 17 Million EBRD loan support

Forfeiting Fund set-up, listed on the Stock Exchange

5-Y EBRD EPC Promotion Project



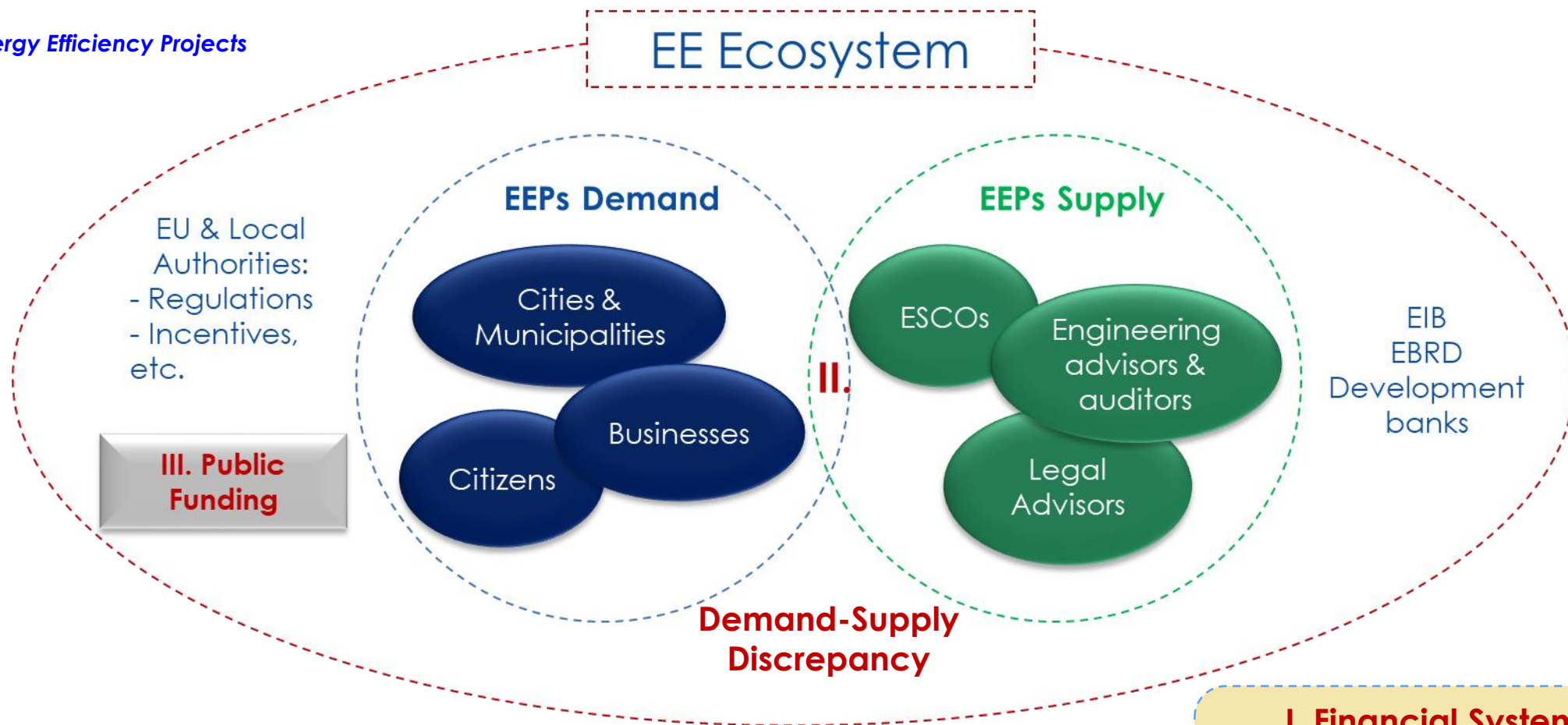
Structured EPC projects finance for Buildings, SMEs, Street Lighting

- Financial engineering based on the ESCO's engineering solution
- Projects` smart finance, fitting **energy savings CFs** (Green CFs)
 - Blending market-based funding with grants for EPC

Banks - ESCOs & Relationship & Practices & Challenges

Stakeholders` Motivation & Critical Points

*EEPs- Energy Efficiency Projects



Energy savings as an Income. EPC projects CFs

Banks
Work with CFs, EUR, \$...



ESCOs
Project results: E savings (kWh/MWh/Y)

Misunderstanding of EPC business model & ESCO as a queasy-financial entity

- EEPs` features don't fit traditional bank scoring systems
- High-risk/Low Economic Value
- High Transaction Costs

Slow, ineffective & costly funding process

Energy savings as revenue – not considered by banks, neither projects` CFs (+CO2 CFs)

Asset-based lending alone doesn't always work

Can't provide the necessary scale in EE finance

Banks do not see substantial business potential in EE

Approaches for unlocking private finance:

- Narrative solutions
- Databases
- EEPs standardization
- EEPs Aggregation
- Technical Support



- EEPs` CF analyses & Adequate Risk Assessment
- On SINGLE Project Basis**
- Fitting their knowledge & lending practices
 - Quality & resource-efficiency of EEPs lending

How banks to get this?

Each Bank to invest in its own capacity

- Much time
- High resources consuming

Banks to be provided ready solutions & training

- Speed
- Low-cost
- Economy of scale for the bank system



Project finance approach -
applicable for each EEP

**Software to replace physical
advisory**



FFG – Digital Technical Support

Provides knowledge to banks about EEPs & ESCOs` business

- Identifies bankability of the EE projects
 - Assesses & mitigates project risks
 - Structures the best funding scheme, fitting project`s Green CFs*

- **Automates & optimizes EE lending process**
- Fast & informed investment/lending decision-making
- Dramatic transaction **costs reduction**



- **Converts the** technical-investment parameters of the **engineering solution** into financial (**investment, M&V, O&M**)
- Validates the cost-efficiency of the engineering solution
- **Derives & forecasts the Green CFs** for the period of the investment & loan repayment



- Multiple projection scenarios simulation
- **Best case option selection**



- Generates separate funding schemes for EE and non-EE investment measures
- Identifies liquidity gaps & designs funding support



Automatic generation of Multilevel CF & Risk sensitivity analyses & reports:

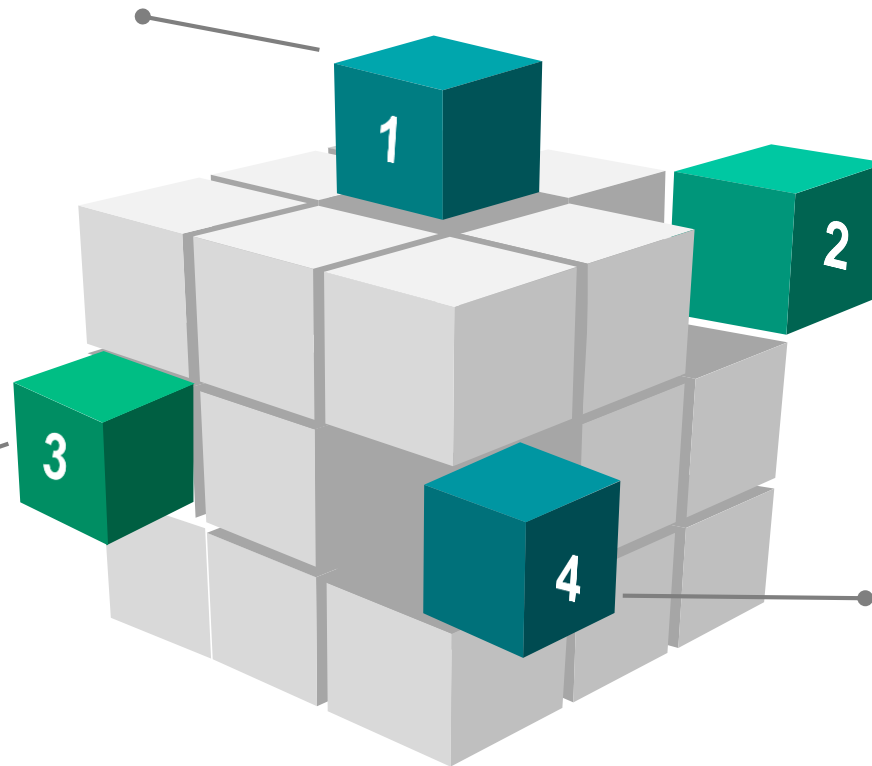
- For the project
- For ESCO`s financial performance
- For the clients` effects

Project Management
Management of portfolio of financed/realized projects

II. The Entire EE Ecosystem Needs Optimization

Standardization of the approaches & procedures based on the engineering solution/energy audit

Transaction Cost Reduction

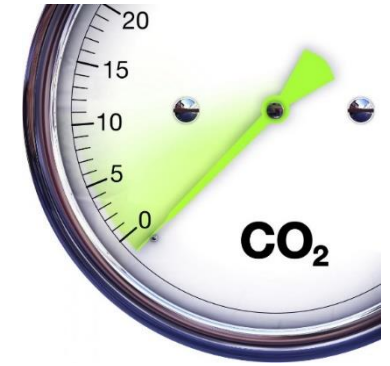


- **Timing:** Shortening Projects Preparation & Funding Cycle
- **Entering more actors quickly**

- **Facilitation & Automation**
- Digital Actionable Solutions
- Knowledge & Best practices

III. Energy Efficiency & Public Funding

10



Current Grants Allocation:

- By type of projects
- By type of beneficiaries

“Equal to All” Principle

Missing Efficiency & Fairness

European Court of Auditors:

„Cost-effectiveness does not guide the EU spending in energy efficiency!“

- [2020 Buildings report](#)
- [2021 Industry report](#)

FFG treats the grant as a financial instrument

FFG allocates to each EEP **exactly as much as it needs**, depending on its risk/return profile (**not less, not more**)

Risk/Return Profile of Energy Efficiency Projects (EEPs)

Group	EEPs for deep renovation	Economic Viability of the project based on a number of criteria*	Risk Profile	Private Funding (PF)	Risk sharing facilities	Grant / Subsidies
Group 1	Projects with high economic viability & low risks	High	Low	100 % private financing	No	No
Group 2	Projects with good economic viability & medium risk profile	Good	Medium	100 % private financing	Possible , but not imperative	No
Group 3	Projects with low economic viability & high risks	Average/Low	High	Partial private financing	Yes	Partial Grant
Group 4	Projects with negligible economic viability	Very Low	Very High	No	No	100 % Grant

* Based on: Investment / Savings profile; M&V & O&M costs; Cost effectiveness of the engineering solution; Efficiency of the project funding scheme, etc.

For Funding Suppliers

FFG VIDEO

For Investors & Project Developers

FFG BANK

Banks

- N-0 Capacity Increase
- Flexible & Faster N-0 Financial Products Launch

EE Becomes Profitable & Scalable Business Niche

FFG PUBLIC

Grant Allocators

Optimization of public funding

Fair, Accountable & Transparent Granting

FFG ESCO

ESCOs

- Optimizing the project parameters
- Business Growth & Higher Margins
- Smart resources utilization
- Better & Cheaper Services To Clients

Bridges the communication gap between engineers & financiers

Improves the access to finance and its quality!

Smart finance – blending market – based financial instruments with grants

Better Projects` Results per 1 EUR Invested

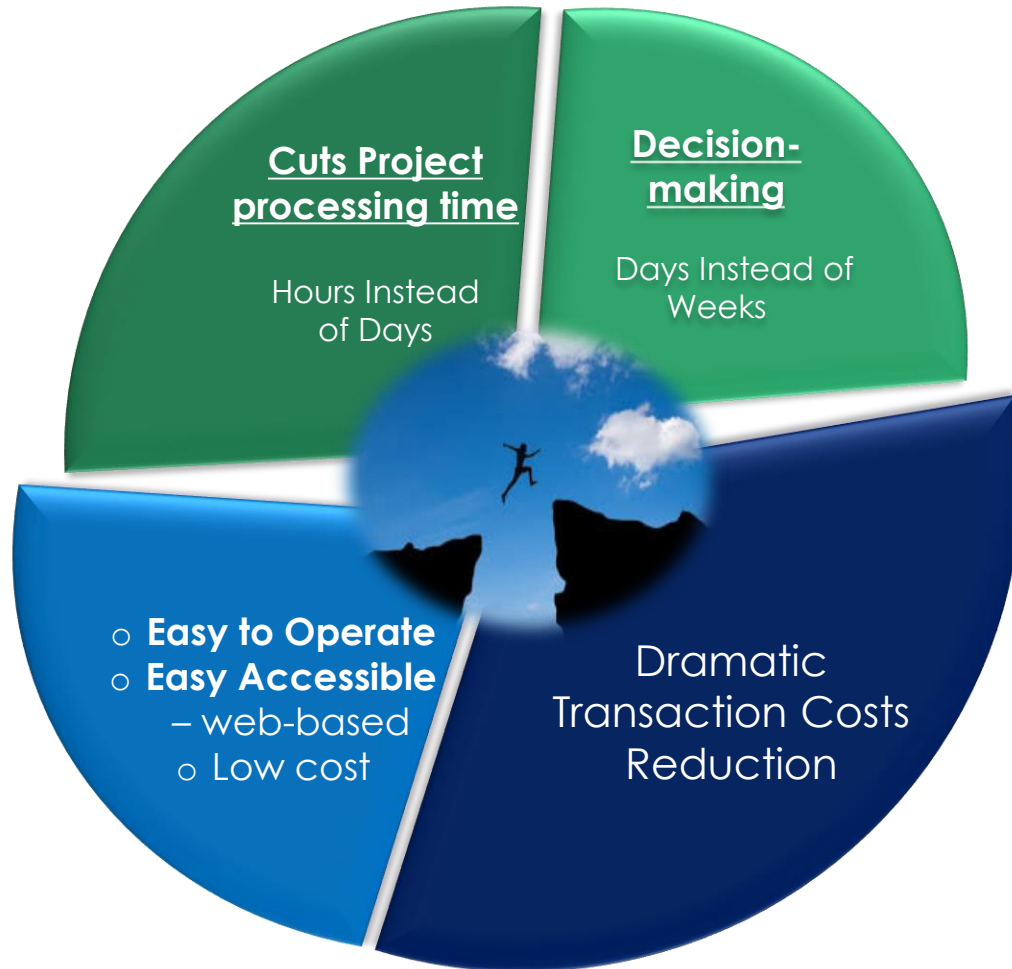
FFG CITY

Cities & Businesses

Higher Efficiency & Speed of EE

Same Budgets – More Projects – Better N-0 Results

FFG SMES



Simplification & ease - turns EE projects into **standard, fast, automated transactions**

Guarantees **efficiency of spending** & drives projects` optimization
(Higher energy saving/EUR invested)

TIME – a critical factor for EE scalability- shorter projects` lifecycle
(acceleration of funding & management procedures)

Applicable everywhere, with small amendments, related to the local accounting & tax regulations

Energy Efficiency & Small-scale RES



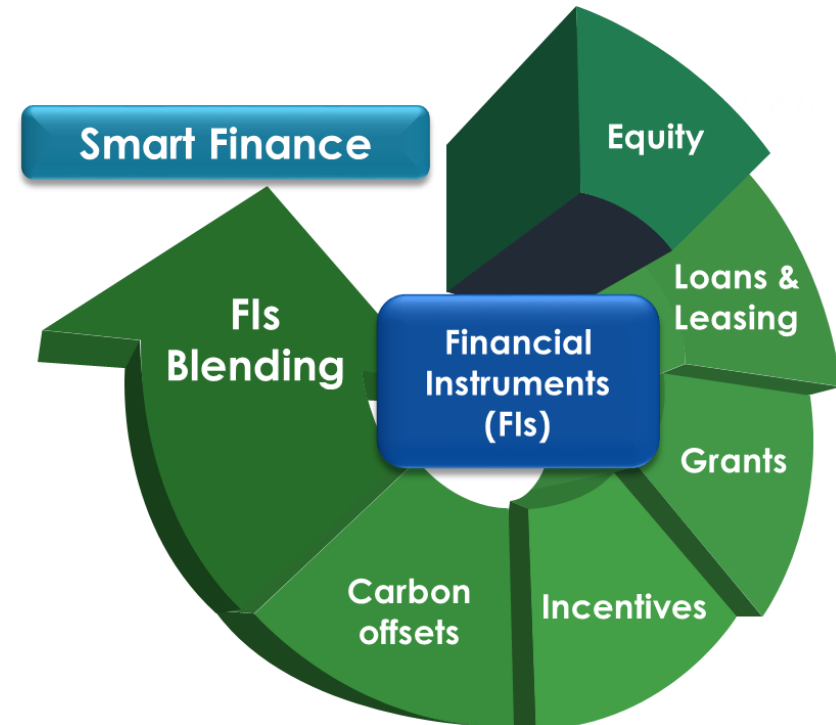
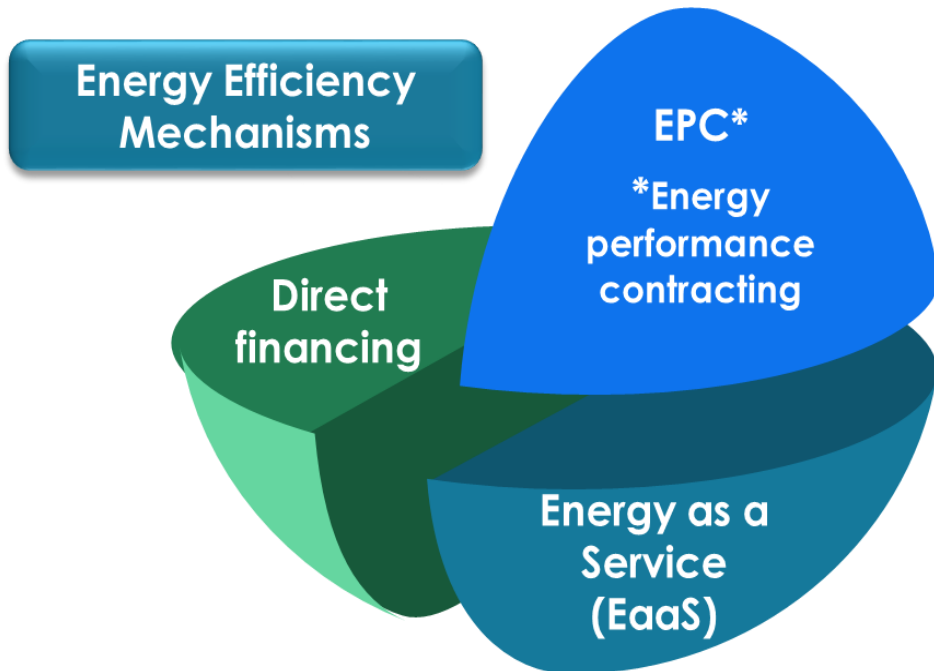
Buildings` Deep Renovation
(One building / Aggregation
of more buildings in a project)



Non-energy
Intensive Businesses



Street Lighting



Repower EU: Faster EE deployment at fewer resources

FFG is an Impact Innovation

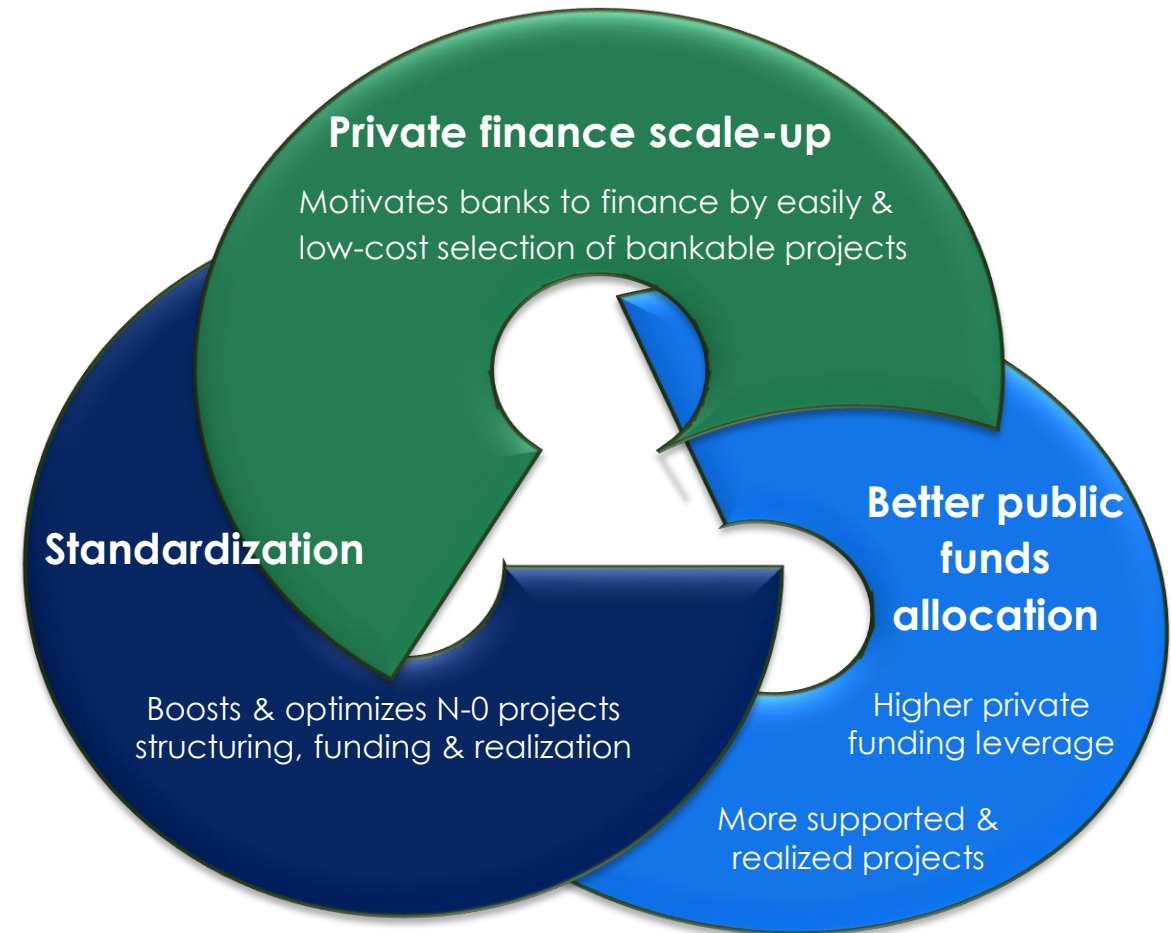
Concerted actions & mutual benefits of energy-related N-0 ecosystem

Massive involvement of the banks

More EE professionals & ESCOs enter the market quickly & at low-cost

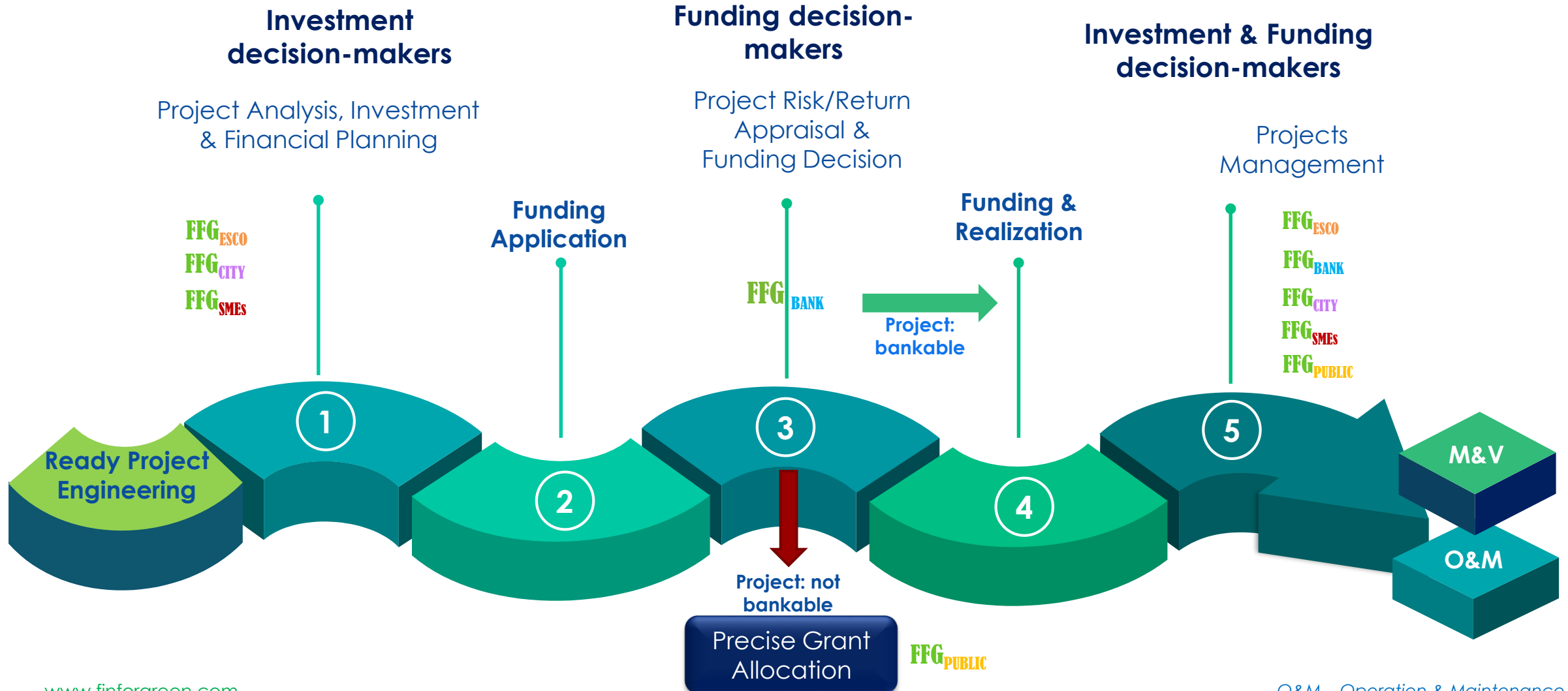
Spurs EEPs demand & realization

Facilitates & accelerates cities' & businesses' energy optimization & path to Net-0



FFG – Synchronization, Scalability & Speed of the EE Market

Energy Optimisation & Small-scale RES Project Cycle & FFG



Ready engineering solution

Start

Create a Project

Project Inputs

Technical & Investment Data (From projects' engineering solution)

Financial: (Mark-ups, Financial Structure, Loan Parameters, DR, etc.)

Local Macroeconomic Parameters (Taxes, Inflation rates, etc.)

Computing, Financial Forecasts, Scenarios Generation

Project Outputs: Analyses & Reports

Financial

Sensitivity*

Technical

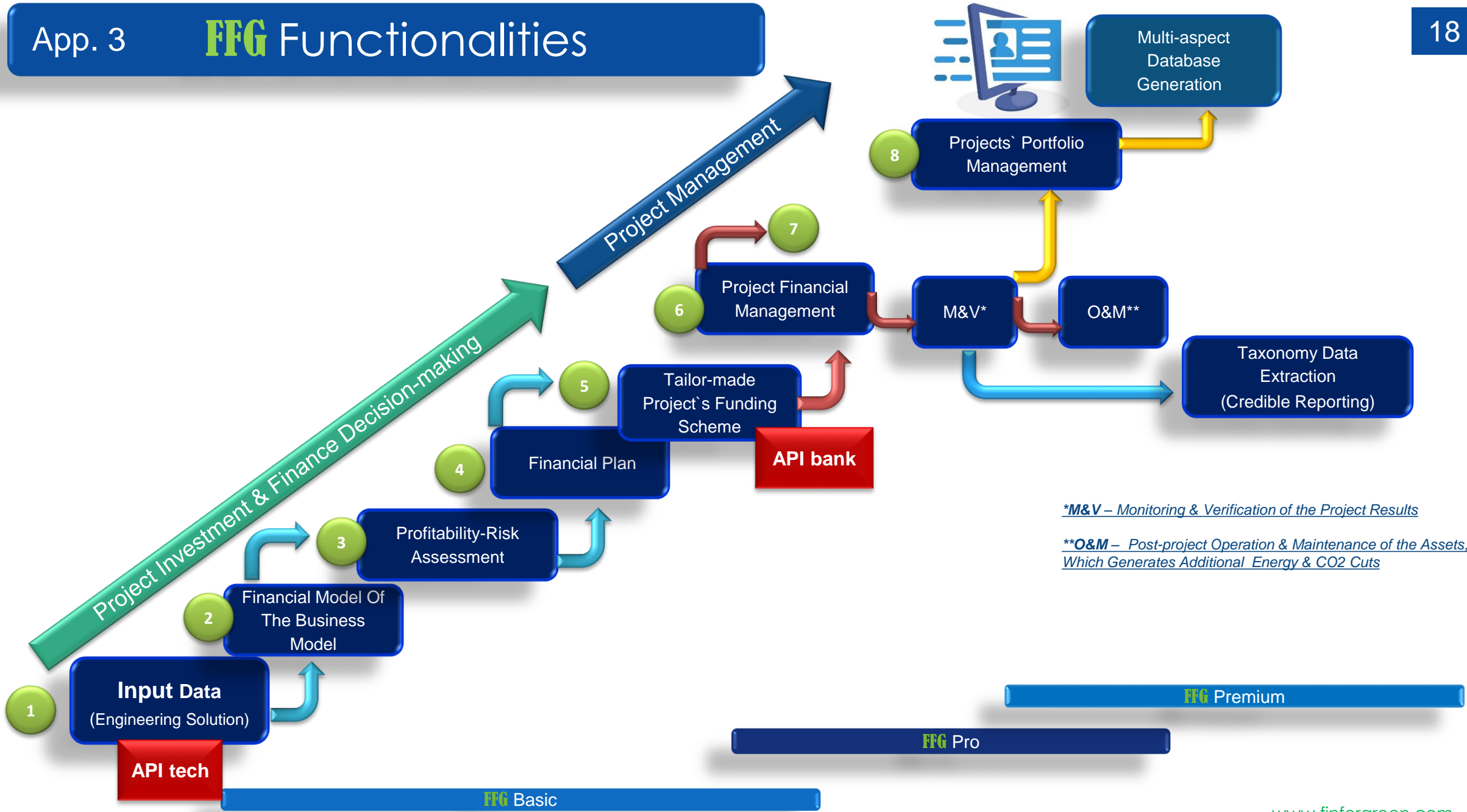
Investment

Final Decision Making for Lending

Approved!

Loan Denied

Grant Allocation



**M&V – Monitoring & Verification of the Project Results*

***O&M – Post-project Operation & Maintenance of the Assets, Which Generates Additional Energy & CO2 Cuts*

- As Software as a Service (SaaS), FFG is easily accessible by users
- It can be used upon necessity on the base of a subscription fee /per year/per user
- After the request & payment, the user has access to **FFG** in a few hours



Thank you for your attention!

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