

# Financing green investments

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Chairman of the Board

The logo for altum consists of the word "altum" in a lowercase, sans-serif font. Above the letters 'a', 'l', and 'm' are three horizontal bars of varying lengths, resembling a stylized roofline or a modern architectural element.  
Attīstības finanšu institūcija

# GENERAL INFORMATION

- ▶ 100% state-owned financial institution
- ▶ Provides access to finance in the areas prioritized by the government
- ▶ Implements the state policy in the national economy

## Shareholders of Development Finance Institution ALTUM



# HISTORY AND LEGAL BACKGROUND



- Established by the decision of the **Cabinet of Ministers**
- Special **Law on the Single Development Institution**
- European Commission`s decision

# BUSINESS MODEL



- ▶ Long-term profitability
- ▶ Extra credit risk covered by public funding – Risk coverage reserve and Portfolio loss reserve
- ▶ No dividend payments by law

## MID TERM TENDENCIES



LOANS



GUARANTEES



VENTURE CAPITAL

# STATUS QUO

- Energy – one of the biggest business expenses
- Companies lack the time and competence to improve energy efficiency
- Why to bother if its working?
- Are there any solutions available without additional investments?

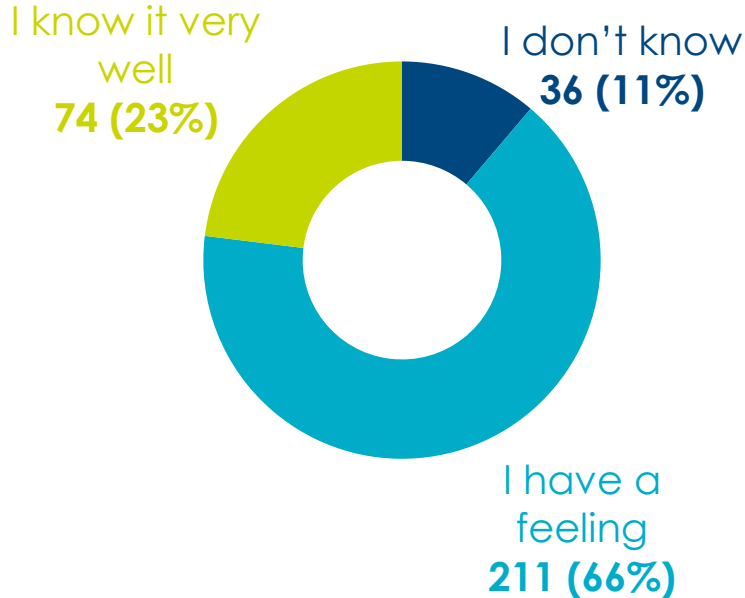


Business survey

# ENERGY EFFICIENCY of COMPANIES

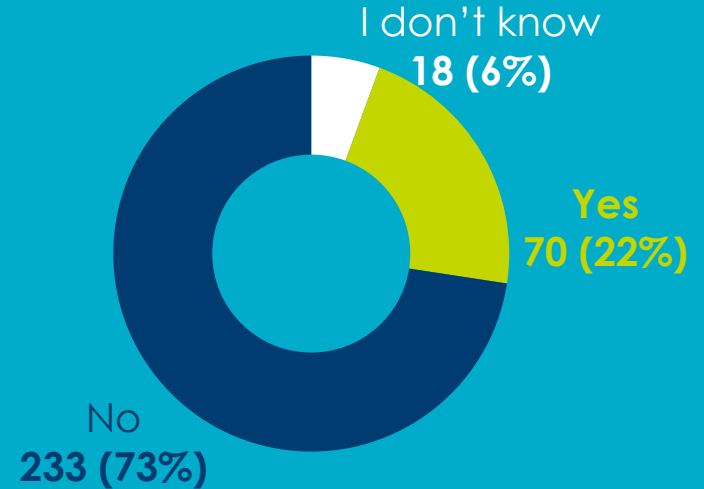
September 2017  
**321 respondents**

## How much do you know about the amount of energy used in equipment and processes?



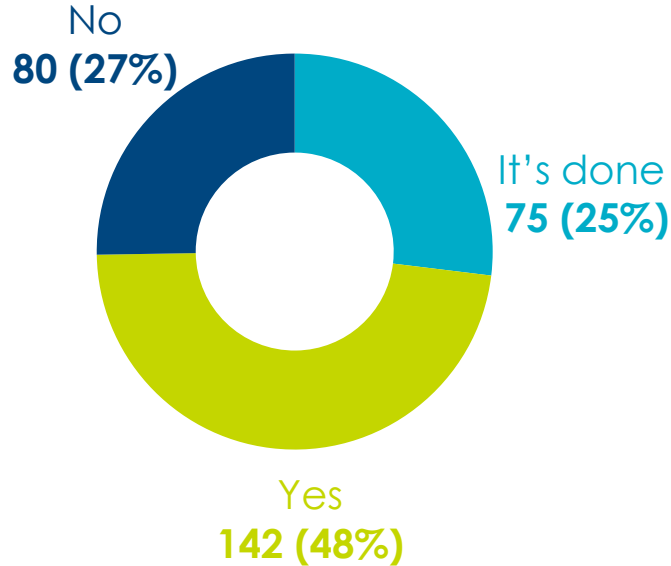
N – 321

## Have you done control measurements of consumption in energy-intensive equipment?



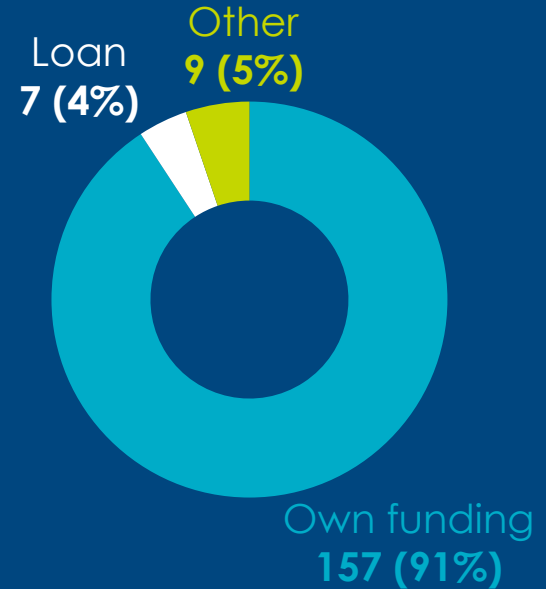
N – 321

## Are you considering implementation of energy efficiency measures?



N – 297

## How have you been financing energy efficiency measures?



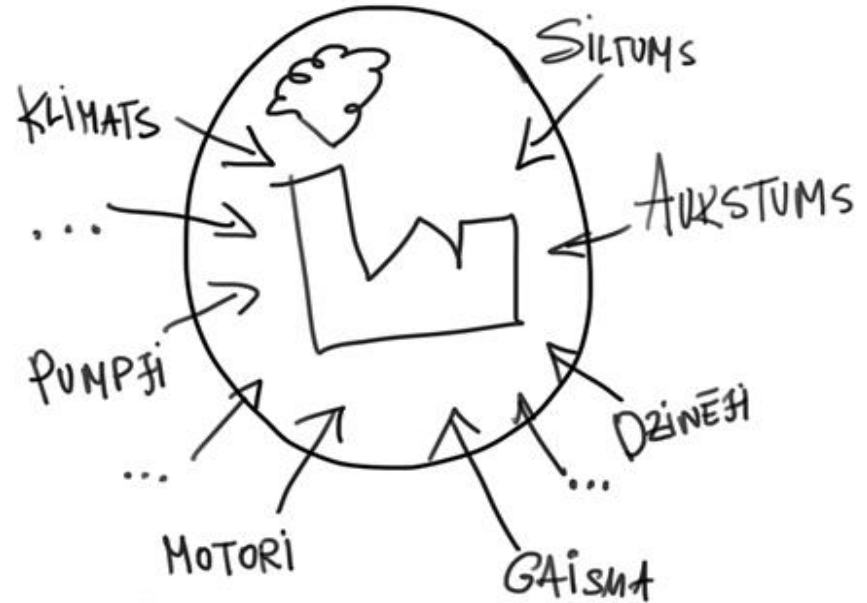
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# SOURCE OF ENERGY

## INEFFICIENCY IN THE COMPANIES

- ▶ Heat / power generation
- ▶ Ventilation / air conditioning
- ▶ Air compression
- ▶ Steam production
- ▶ Heat recovery
- ▶ Thermal insulation
- ▶ Drying process
- ▶ Maintaining indoor climate
- ▶ Engine operation
- ▶ Pump operation
- ▶ Lighting



**EXAMPLE,**

**DO YOU HAVE TO  
THINK ABOUT THE  
LIGHTING?**

Source:



Type of building	Lighting proportion of electricity consumption
Grocery Store	23%
Hospitals	43%
Higher Education	31%
Schools	31%
Laboratories	47%
Large Offices	40%
Small/Medium Offices	34%
Manufacturing	2%
Quick-Service Restaurants	8%
Restaurants	24%
Hotel/Motel	57%
Retail Building	53%
Warehouses	60%

# A NEW SOLUTION – GREEN BONDS

Financial instrument  
for SME / large companies' projects that have  
environmental and/or climate benefits:

**energy efficiency,**

promotion of **renewable energy,**

**carbon reduction** measures



# GREEN BONDS



## BUSINESS LOANS

for energy efficiency



## ESCO LOANS

- Lightening
- Solar panels
- Energy efficient technologies

# TYPES OF SUPPORTED PROJECTS

## ENERGY EFFICIENCY

- District heating based on renewables
- Energy recovery projects
- Non-fossil technologies/ manufacturing
- Non-fossil energy consumption reduction

## RENEWABLE ENERGY

- Wind
- Sun
- Bio energy

## SUSTAINABLE TRANSPORTATION

Solutions / systems based on non-fossil fuel and supporting infrastructure

## GREEN BUILDINGS

- Passive and nearly zero energy buildings
- Construction of new buildings / major renovations



# LOAN TERMS

Loan amount for company – **up to 0.5 MEUR**

Loan amount for ESCO – **up to 2,85 MEUR**

**No additional collateral** required

Own financing requirement **15-20%**

Maturity up to **5 years**

Loan repayment is ensured by extra cash flow from reduced energy bill.

Cumulation with other state aid programs allowed.



# WHY ESCO?

If the company does not want to implement energy efficiency project from its own / borrowed funds, it may wish to apply for ESCO services instead.



# ESCO PROJECT EXAMPLE

## Woodprocessing company

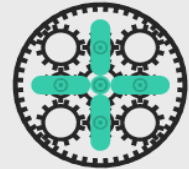
Installation of reactive power compensation equipment

Total investments	<b>EUR 27 525</b>
Reduced energy bill	<b>EUR 6 300</b>
Pay-back period	<b>4.5 years</b>
Guarantee period	<b>5 years</b>
Installation period	<b>3-5 weeks</b>

ESCO provides **project financing**

Source:

**AJ POWER**



ENERĢĒTIKAS PROJEKTU  
REALIZĀCIJA UN FINANSĒŠANA



# ESCO PROJECT EXAMPLE



## Grocery store

Lighting as a Service

EPC contract duration

**5 years**

No. of lighting systems

**524**

Energy consumption **before**, kWh/per year

**111 889**

Energy consumption **after**, kWh/per year

**35 477**

Energy savings

**-68%**

Reduced energy bill, EUR/per year

**8 023**

RCG Lighthouse share

**70%**

Clients' share

**30%**

Clients' reduced energy bill in 5 years, EUR

**12 035**

Clients' reduced energy bill in 10 years, EUR

**52 151**





# PROFESSIONAL PARTNERS

We will cooperate with various types of ESCOs that will help companies to implement energy efficiency projects:

- Lighting services (**RCG Lighthouse**)
- Energy efficient technologies (**AJ Power**)
- Other services (installation of solar panels, optimization of electricity connections, transportation solutions)

## HOW TO BECOME ESCO?

Any company can become an ESCO – with the necessary knowledge, experience and funding.

[www.altum.lv](http://www.altum.lv)

