



# ENERGY EFFICIENCY FINANCING IN SINGAPORE

## Energy Efficiency in Singapore – An Introduction

Reducing demand for energy through energy efficiency is the most cost effective way of reducing greenhouse gas emissions and improving the security of the energy supply. At the same time it offers enduring costs savings and benefits to the economy.

Opportunities exist today to reduce energy consumption in buildings and facilities by as much as 30% plus per annum through energy efficiency improvements. This means immediate, sustainable cost savings and carbon emissions reductions, as well as improvements to a company's commitment to corporate social responsibility.

Singapore has one of the most highly developed residential, commercial and industrial sectors in Asia, set in an environment where energy costs are high and the opportunities to increase energy efficiency are largely untapped.

Singapore's government is committed to reduce carbon intensity by 36% (from 2005 levels) by 2030 and to reduce carbon emissions of between 7% and 11% (from business-as-usual levels) by 2020. Energy efficiency has been identified as one of the key ways to achieve this.

## EDB's Energy Efficiency Financing Programme

Under the current economic climate, companies may find it difficult to allocate capital for energy efficiency projects due to competing uses of capital. The Singapore Economic Development Board (EDB) is piloting the Energy Efficiency Financing Programme to encourage the implementation of energy efficiency projects in industrial and manufacturing facilities. EDB has partnered SDCL Asia to provide companies with upfront capital of project costs.

## The Business Model

SDCL Asia is focused on the development and project financing of energy efficiency projects in Singapore's manufacturing sector. SDCL Asia can provide up to 100% of the capital costs to finance the installation of energy efficient technologies, systems and equipment. The Company will subcontract the design, installation, maintenance, measurement and verification services and performance guarantee to qualified companies.

The investment return can typically be 'paid from savings', based on a share of energy savings for an agreed contractual term (typically 5 to 10 years). At the end of the term, the installed systems, equipment and all the energy savings they generate are retained by the Host. SDCL Asia can structure investments such that payments are made only if and to the extent that measured and verified energy savings are achieved. The actual savings are measured and verified over the term of the agreement by an accredited measurement and verification firm.

## Benefits

- **No upfront investment for the Host:** SDCL Asia can provide up to 100% upfront capital investment to finance the project.
- **Enduring Operating Cost Savings:** Electricity and gas prices have been increasing. Energy cost reduction represents a compelling and immediately addressable opportunity to reduce operating costs.
- **Asset Upgrade and Value Uplift:** Energy efficiency projects can result in new systems being installed, reduced maintenance and breakdown costs and improvements in operating standards and asset values.
- **Carbon Emissions Reductions:** Compliance with building regulations and contribution to sustainability and corporate social responsibility agenda.
- **Highest Performance Standards:** We only work with best-in-class energy services providers, with equipment and technology that is commercially proven and with warranties and guarantees as to performance from contractors and suppliers.
- **Savings Cover the Investment Cost:** Where expected financial savings are greater than the costs, our investment returns can be based on a share of actual measured and verified savings achieved.
- **Risk Transfer:** Our funds can make investments into qualifying projects on a combination of equity and debt rather than by purely making loans to the Host, taking on the risk and sharing the rewards of projects. Investment returns for SDCL Asia can be structured such that payments are made only if and to the extent that savings are achieved, contingent on the successful outcome of the project.



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