



Building on his long-term commitment to protecting the environment, President Clinton launched the Clinton Climate Initiative (CCI) in August 2006 to make a difference in the fight against climate change in practical, measurable and significant ways. CCI focuses in three strategic areas, based on where we believe we can have maximum impact: cities, clean energy, and forestry and development. In each of these areas, we work with governments and other partners to develop and roll out large scale, replicable projects that directly reduce greenhouse gas emissions.

CCI's work in cities is grounded in our partnership with the C40 Large Cities Climate Leadership Group, an association of large cities around the world that have pledged to accelerate their efforts to reduce greenhouse gas emissions. CCI serves as the implementing partner of the C40.

ENERGY EFFICIENCY BUILDING RETROFIT PROGRAM

In May 2007, President Clinton announced the creation of CCI's Energy Efficiency Building Retrofit Program as a part of our work in cities to reduce energy use in existing buildings, a significant contributor of greenhouse gas emissions in most cities. This program brings together many of the world's largest energy service companies, financial institutions, and cities in a landmark effort to reduce energy consumption in existing buildings across the municipal, institutional, commercial, educational, and other sectors. Retrofitting public and private buildings to incorporate more energy efficient products, technologies, and systems can significantly reduce energy use and greenhouse gas emissions, and make sound investment sense, as energy savings result in utility cost reduction.

ENERGY PERFORMANCE CONTRACTING

CCI has executed agreements with energy service companies (ESCOs) to scale up the global delivery of building retrofits through energy performance contracting (EPC). CCI has developed best practices in energy performance contracting (EPC) in cooperation with global industry leaders to reduce the cost and development time for EPC projects. These ESCOs have agreed to execute projects under a unique set of contracting terms and conditions including streamlined procurement, transparency in pricing, and other processes to reduce project cost and business risk. In addition, these ESCOs agree to contractually guarantee project cost and minimum energy savings, financially compensating the owner if the performance levels are not reached. CCI is also working with its partners to explore other implementation mechanisms for reducing energy use in buildings. These methods encourage deep energy reductions, utilize new technologies and reduce risk and financial barriers to entry.

RETROFIT FINANCING

For many building owners, capital costs are a barrier to investing in building retrofits. Using energy performance contracting (EPC), a building retrofit generates guaranteed energy savings that, over a number of years, is equal to the cost of the project including financing costs. Typically, owners can then keep these cost savings or apply them towards their debt repayment on the project. There are many ways to finance building retrofits. Depending on the building owner's credit and the design of their project, it may even be possible for an owner to secure 100% debt financing, precluding the need for initial capital expenditure. Further, projects may be structured so that energy and operational cost savings equal or exceed payment requirements on day one. In this way, owners immediately realize the positive impact that energy efficiency investment can have on operating budgets.

There are many ways to finance building retrofits. With EPC, owners may receive 100 percent debt financing for a retrofit project, based on the projected cost-savings, allowing them to proceed without initial capital expenditure. Projects may be structured so that energy cost savings equal payment requirements from day one. In this way, owners immediately realize the positive impact energy efficiency can have on operating budgets.

Leading financial institutions working with CCI are committing expertise and capital to funding retrofit projects undertaken by creditworthy building owners. CCI is also working with others to develop innovative financing structures for owners with unusual needs or objectives. These may include credit-enhanced loan funds, non-traditional approaches to conduit financing or 'green' financial products. Financial institutions of all sizes and expertise as well as other providers of capital are invited to participate in these efforts.

PURCHASING ALLIANCE

CCI clients, including those in the municipal, higher education and commercial sectors, can access information and discounted pricing on a growing list of energy-efficient technologies through the CCI Purchasing Alliance (PA). The intent of the PA is to drive deeper, more economically appealing building retrofit projects by lowering investment barriers for specific technologies with significant energy efficiency improvement or fuel switching potential. The PA markets emerging or underutilized technologies as well as mature products that suffer from relatively high price points. Current agreements cover select products and technologies in lighting, HVAC, and the building envelope.

Clients can utilize the PA in two distinct ways: through an EPC contract in which an ESCO handles purchasing or as a standard non EPC project through their own procurement methods. CCI PA pricing represents a ceiling benchmark price, not a final price, and procurement can be adjusted to adhere to any client's existing regulations and processes.

SHARING BEST PRACTICES

Building on the experience gained in initial retrofit projects, CCI is developing standardized models and packages for procurement, contracting, project implementation, financing, and measurement that can be replicated and expanded. Our goal is to dramatically scale up the global market for building retrofits, standardizing financing packages and educating both owners and occupants about the benefits of energy efficiency. CCI is currently working with municipalities, private building owners, schools, universities, public housing authorities, and other entities around the world to implement building retrofits more quickly and efficiently than has been done before.