



SYNERGY EFFICIENCY SOLUTIONS

*Engineering the future today*

# Innovative financing models for ESCO Companies: An example from Indonesia.

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# Synergy Efficiency Solutions is an Energy Service Company Operating in Indonesia

- Indonesian company with experience in energy efficiency and new building design
- Track record of over 80 EE projects across broad range of commercial and industrial sectors
- Indonesian Ministry of Energy's "Most Efficiency Building" Award in 2013, and the ASEAN "Most Efficient Building" Award in 2014, for University Multimedia Nusantara



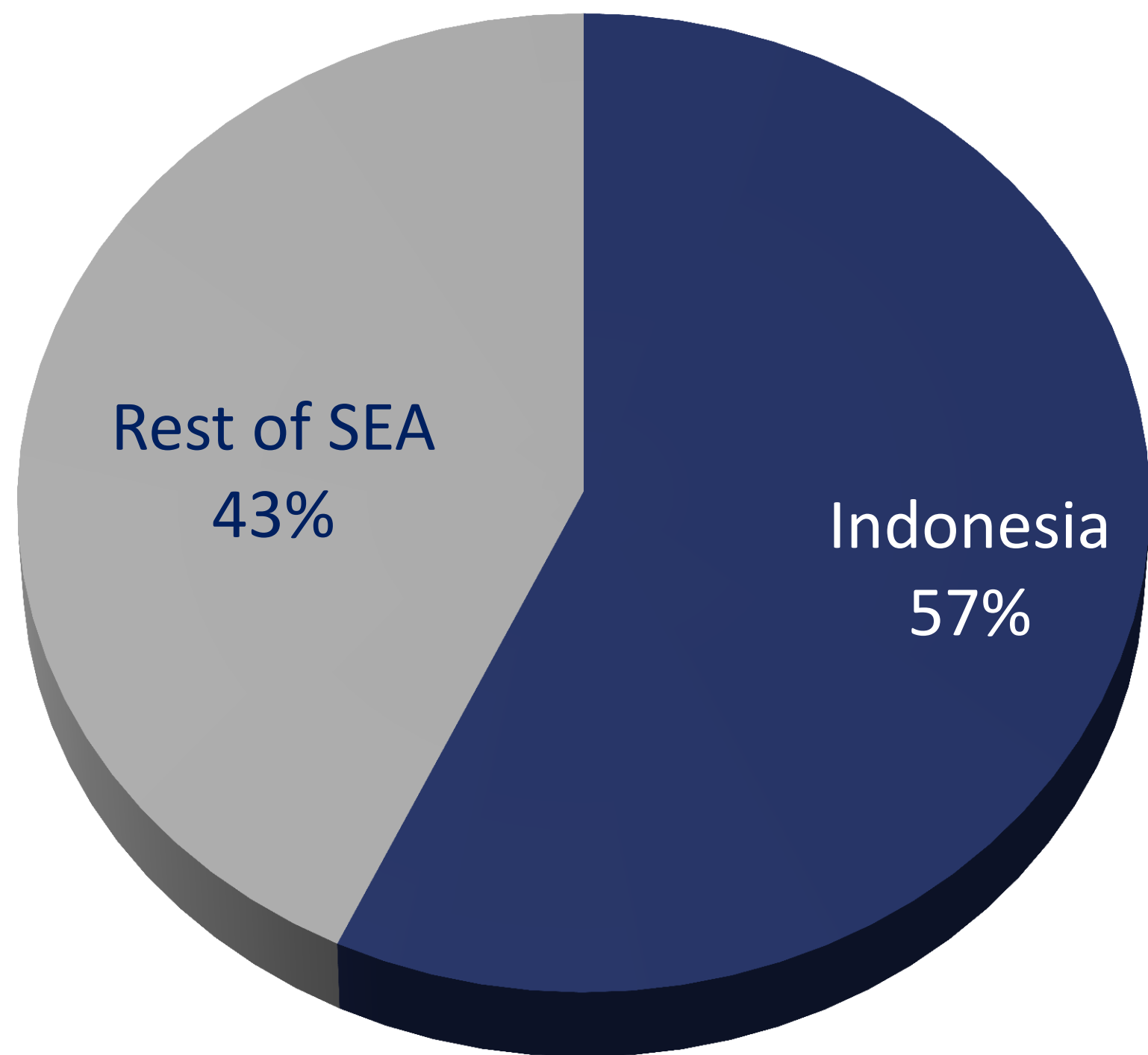
Building Performance  
Simulation



Energy Audits

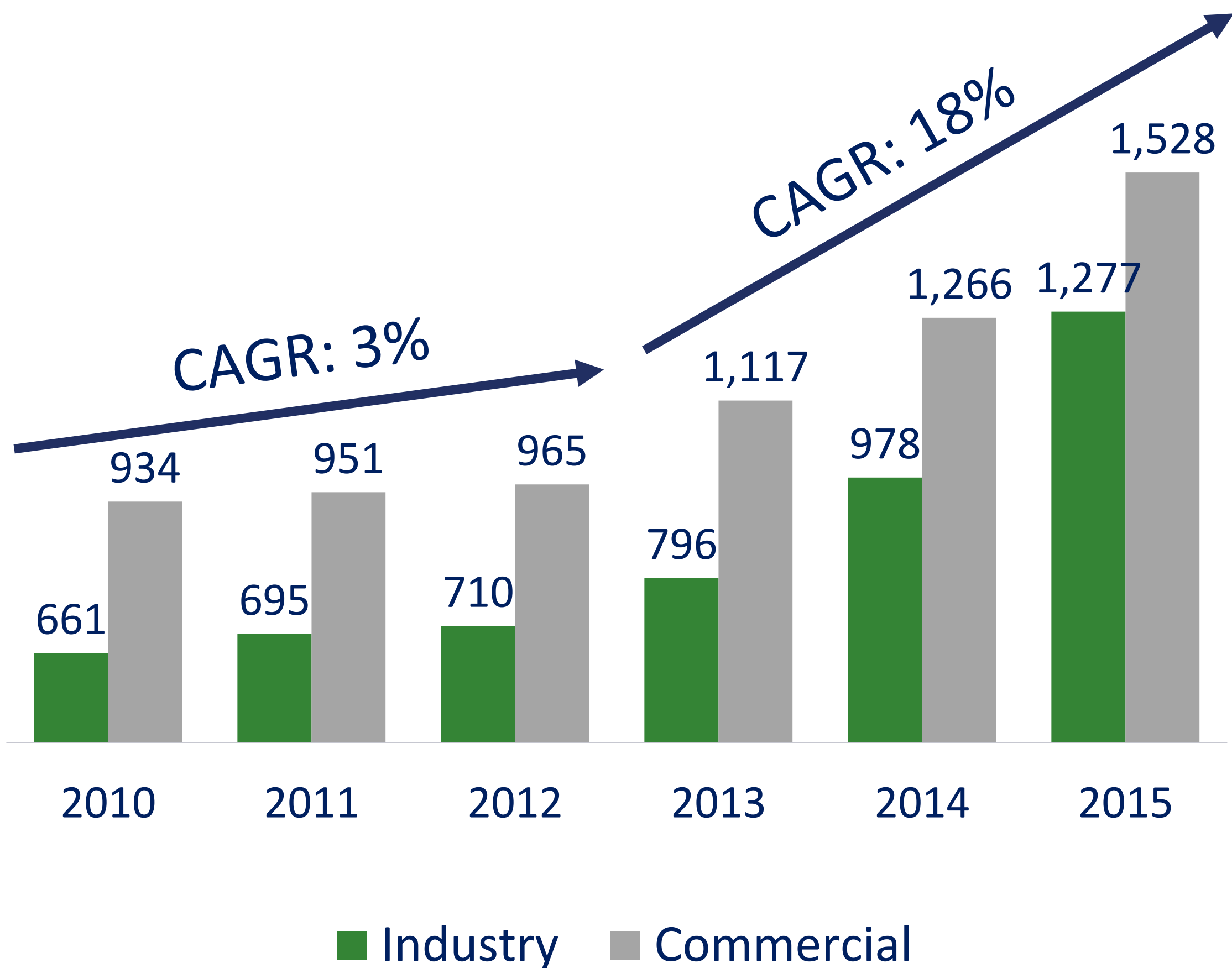
# Indonesia offers more than half of the region's potential for EE investment by 2020.

EE Market Potential in SE Asia to 2020



Electricity Prices in Indonesia [IDR/kWh]

IDR 13,500 = 1 USD



Source: IEA 2015

# However, even with such a high potential, the Indonesian EE market is still in its early stages.

## Main Barriers

### Project Hosts



1. Lack awareness of energy efficiency as a opportunity
2. Energy prices have been historically low and heavy subsidies
3. Due-diligence of financial capacity of client normally discourages further stages

### Investment



1. Project sizes are small and un-conventional which deter Banks and investors
2. Expected high IRR and short contract durations to minimize/compensate risk
3. Project finance is uncommon for projects the size of ESPC

### Policy



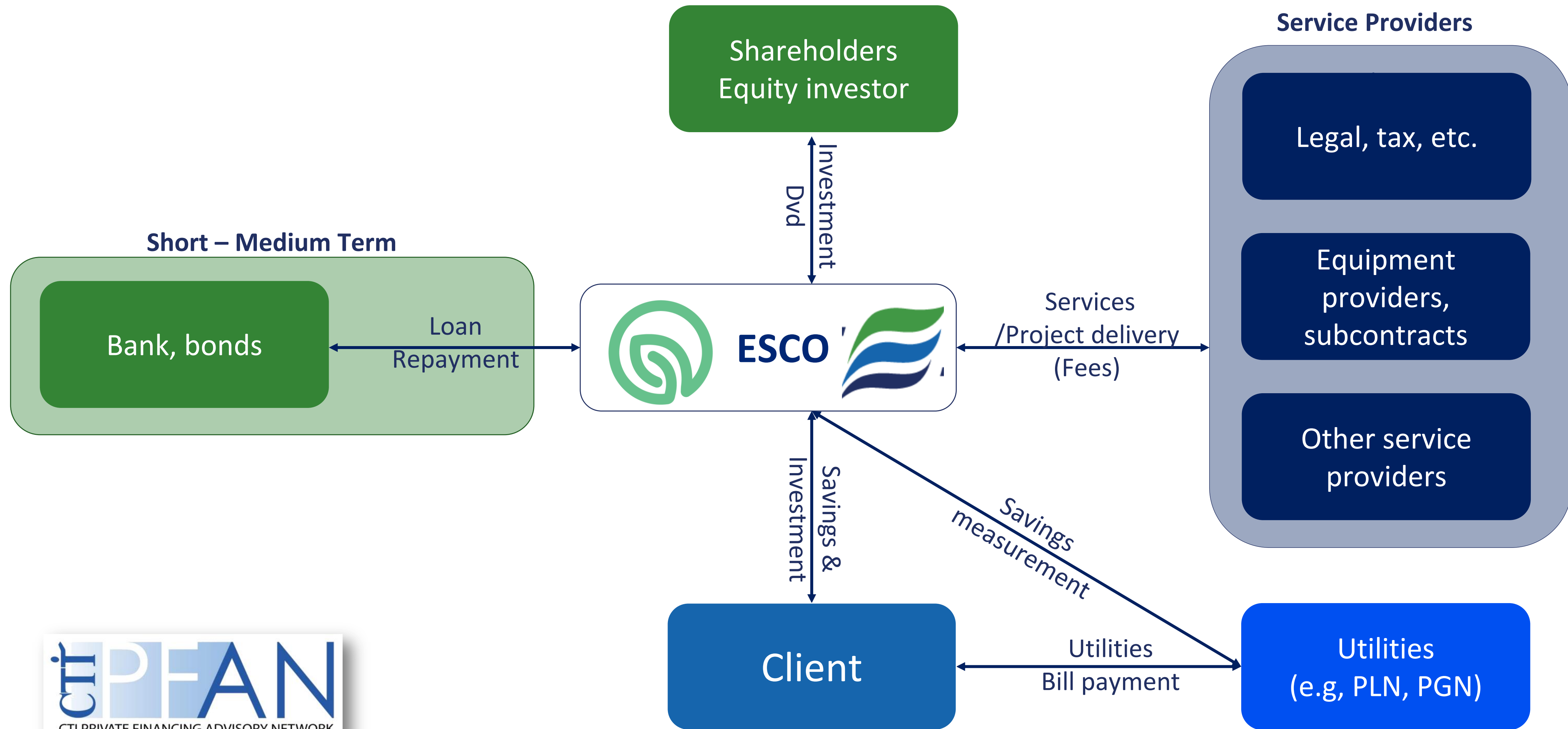
1. Lack of established and straightforward mechanisms to promote ESPC
2. Low investor protection
3. Investment vehicle is difficult to establish







# We structured the ESCO to tackle the main challenges and provide protection for our investors.



1st Place award for Asia

# Key Claims

## Our experience with ESCO development In Indonesia

We have shown that barriers can be overcome the support of policy can accelerate the development of EE implementation through performance contracting.

### Projects

- Focus on low-hanging fruit to reduce contract duration
- Shared-Savings projects with added-value for client

### Clients

- Credit-worthy, but cash constrained, clients with high energy bills

### Investors

- Understands Energy Efficiency and the Indonesian market



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# Thank You

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# Our approach is to develop Performance Contracting in Indonesia through a portfolio of projects.

## Project Selection

### Contract Type

(ESPC) Shared Savings Scheme

### Project Size

CAPEX > \$USD 1 million, SPP <3 years

### Technologies

Reliable and proven opportunities in:

- HVAC
- Lighting
- Domestic Hot Water
- Heat Recovery
- Compressed Air
- Steam Systems and others

### Clients

Large energy consumers, creditworthy clients



1st Place award for Asia



ESCO Development grant

## Development Process for the ESCO

