

A Three-Way Partnership between Bank, ESCOs and Clients

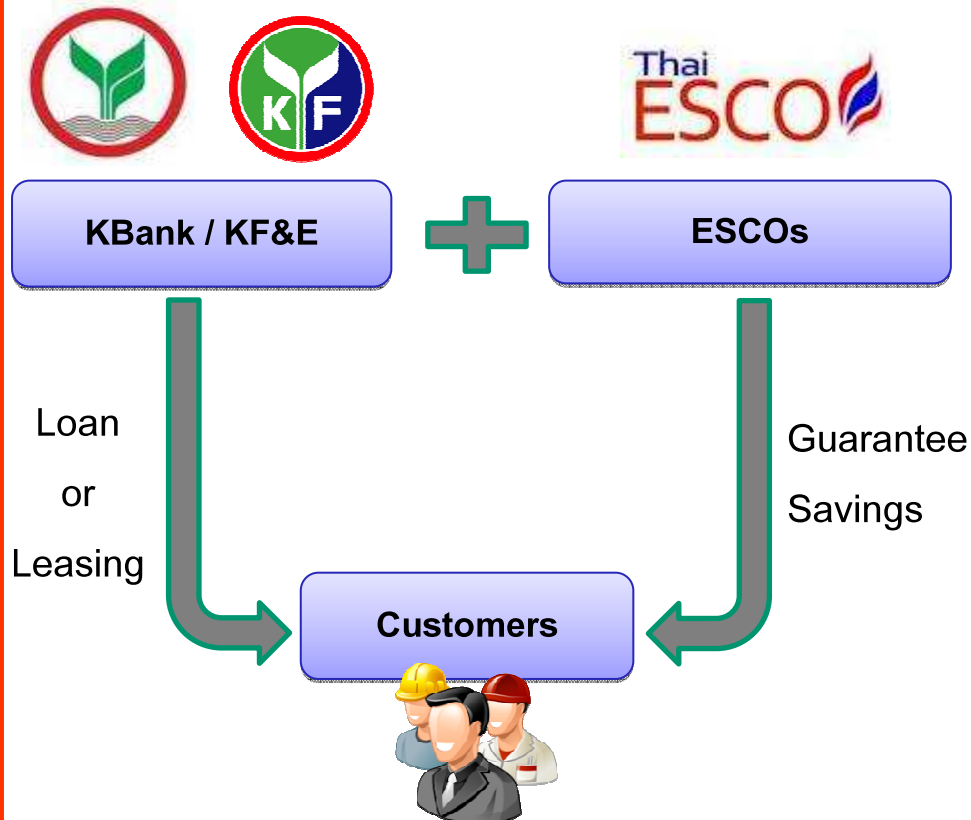
K-Energy Saving Guarantee Program:



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Program Feature: K-Energy Saving Guarantee Program



- The K-Energy Saving Guarantee Program features equipment leasing/hire purchase financing and/or long-term loan aimed primarily at energy efficiency projects under management of an Energy Service Company (ESCO).
- ESCOs are consultancy firms that offer integrated services for the implementation of energy efficiency projects and provide a guarantee for energy saving
- The energy savings generated by the project will be source of loan repayment (a self-financing project).
- Up to 100% loan amount of contract value.



Program Benefit: K–Energy Saving Guarantee Program



Green Loans Up To **100%**

Privileges Condition & Collateral



Performance Guaranteed



Cost Saving
Long Term Competitiveness



CSR, CSV, Sustainable



Other Privileges

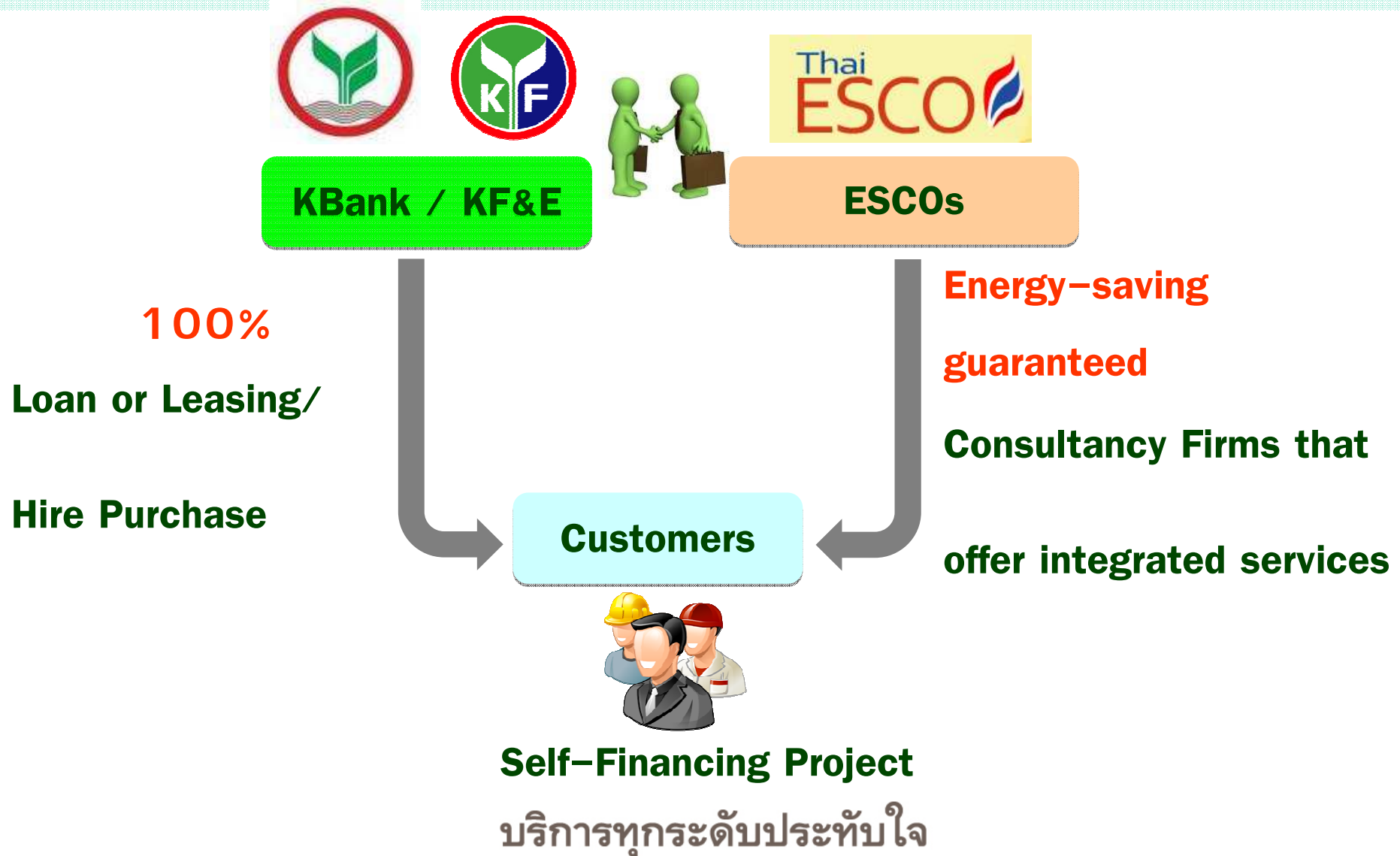


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Program Benefit

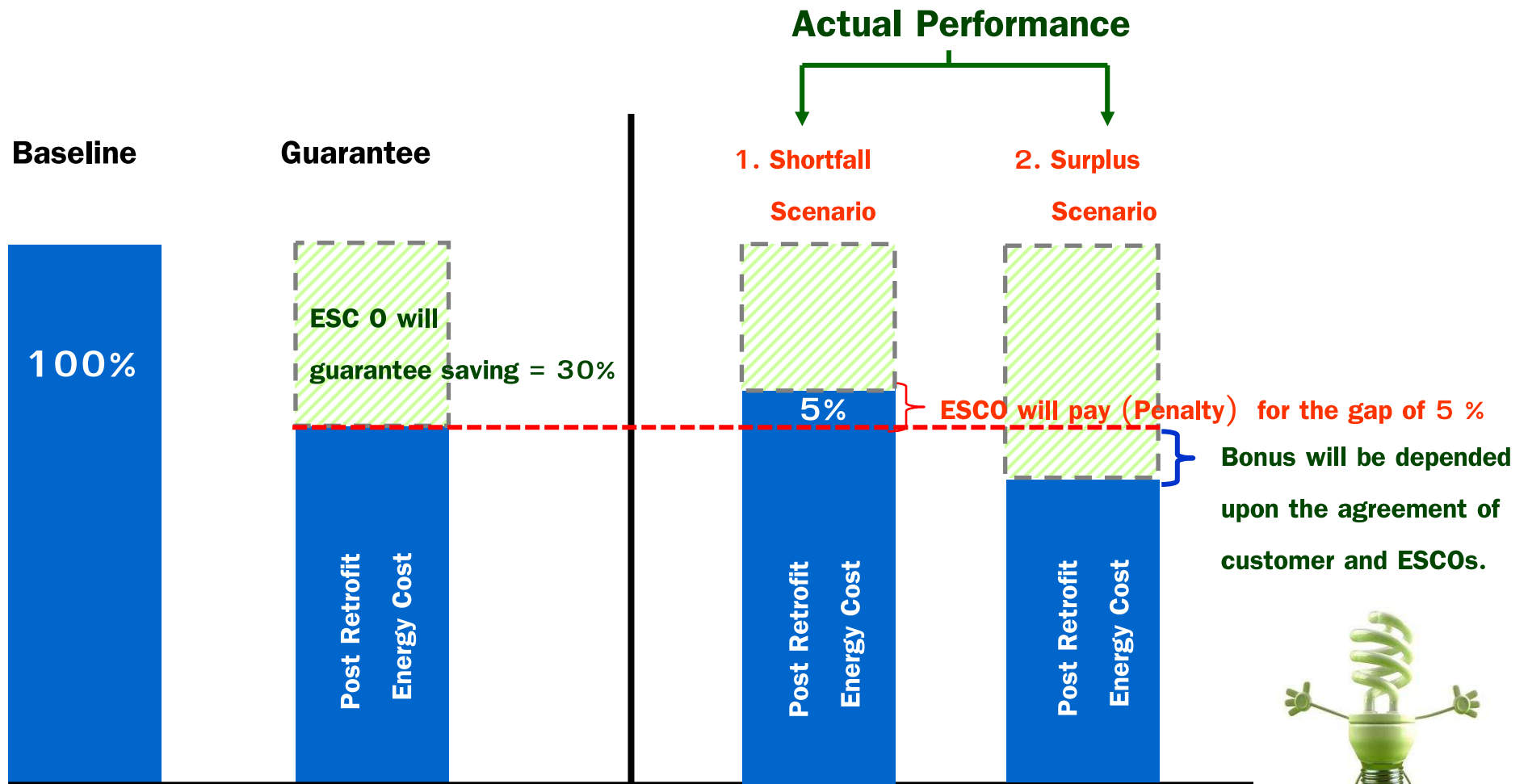
- Credit limit : 100 percent of project investment (inclusive of ESCO service and consultation fees).
- Energy-saving performance guaranteed by ESCO assures customers of loan repayment ability without affecting business cashflow.
- Energy cost savings ensure enhanced financial status and competitiveness over the long term.
- Energy efficiency projects can be integrated into Corporate Social Responsibility (CSR) activities.
- Other privileges from ESCO

Program Feature: K–Energy Saving Guarantee Program

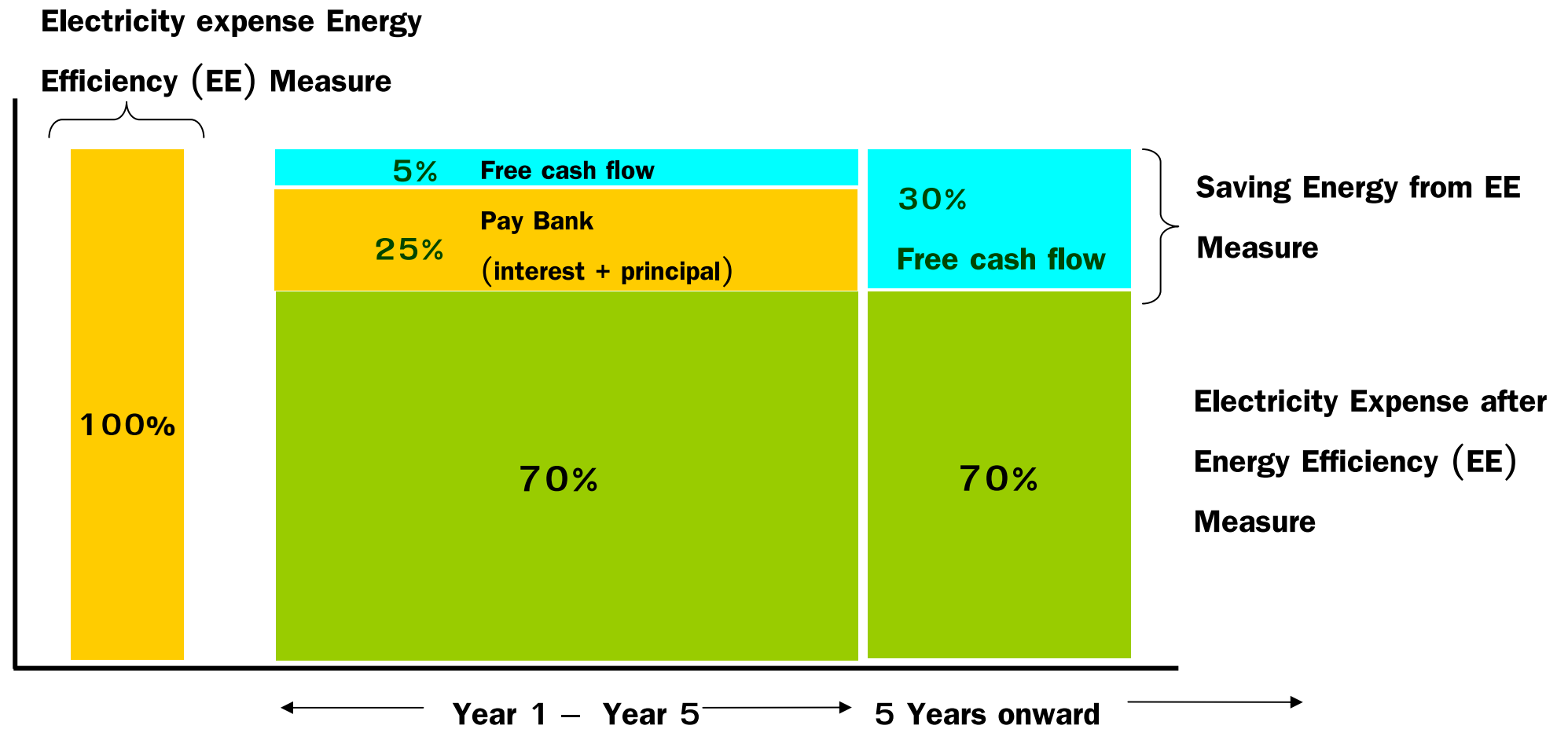




ESCO Guarantee Performance Scheme



Energy Efficiency Measure add more cash flow in the future

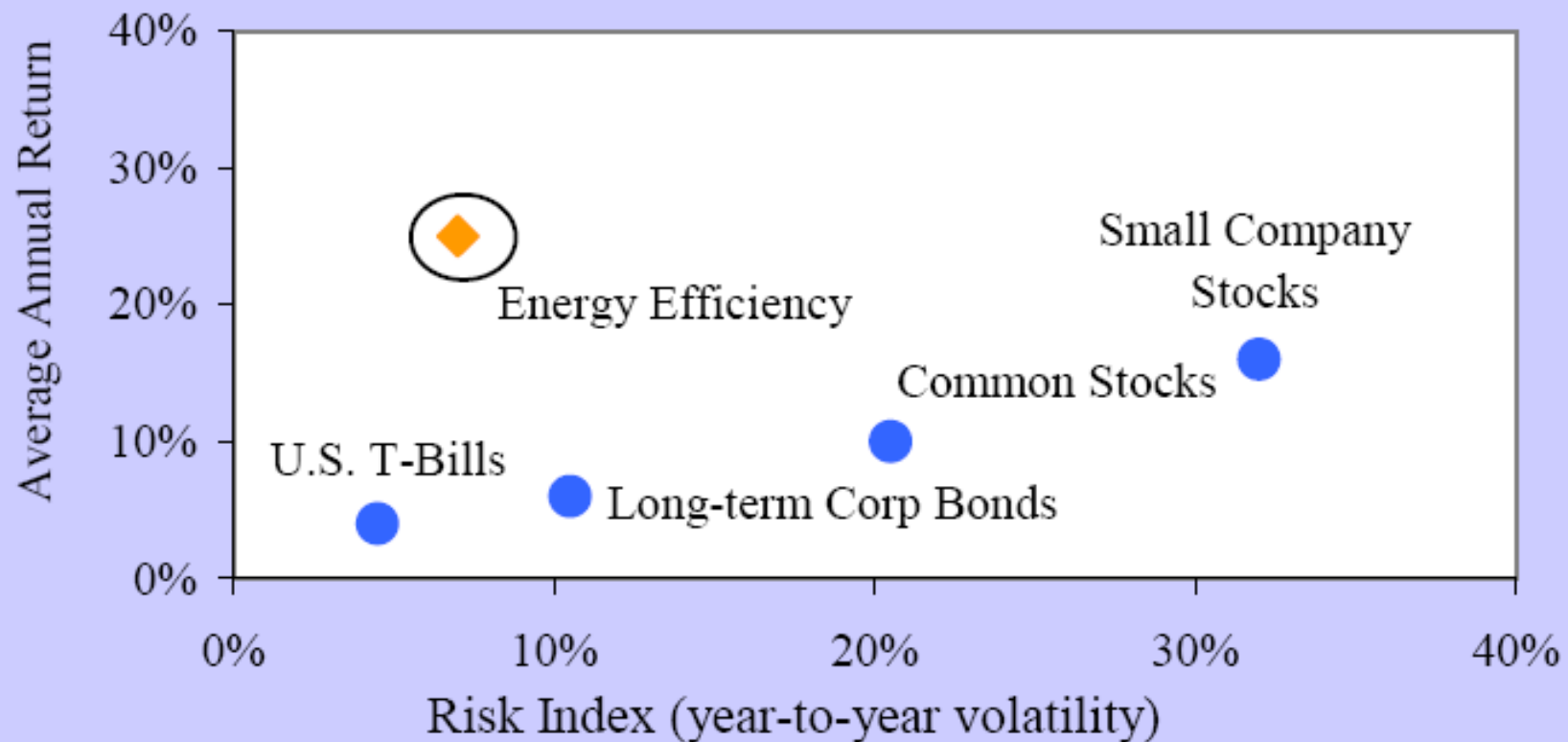


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Energy Efficiency is the best investment option

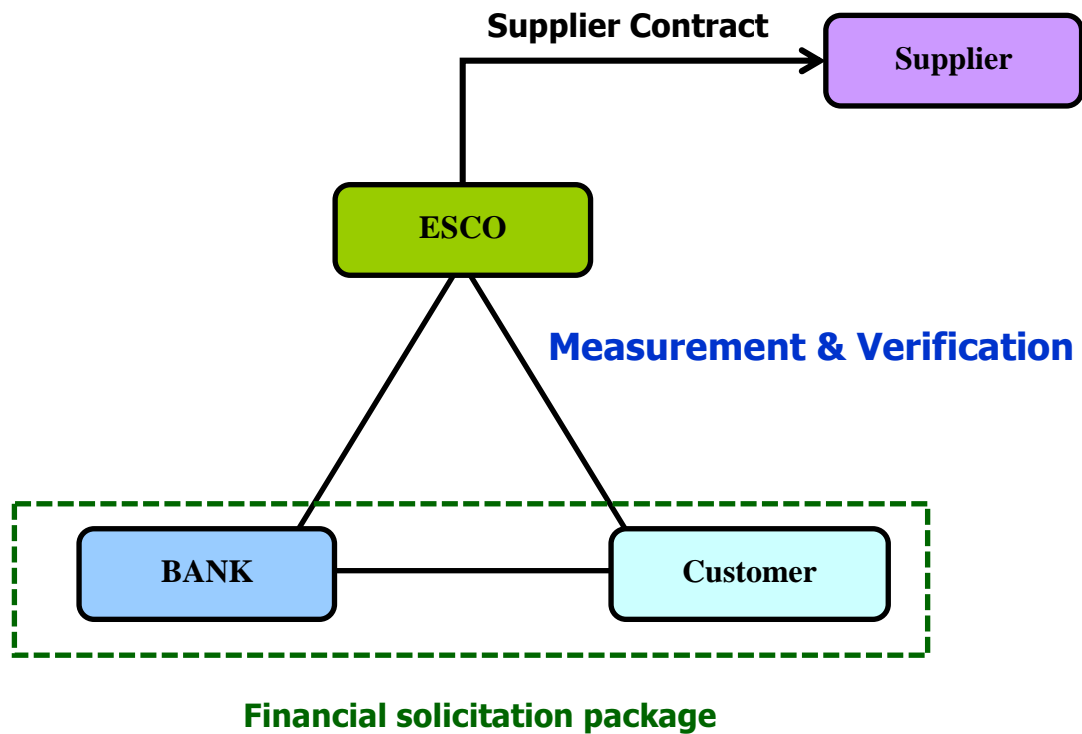
Efficiency Investment Risks and Returns



Source: Adapted by ACEEE from the EPA and the Vanguard Group (see Laitner 2008)

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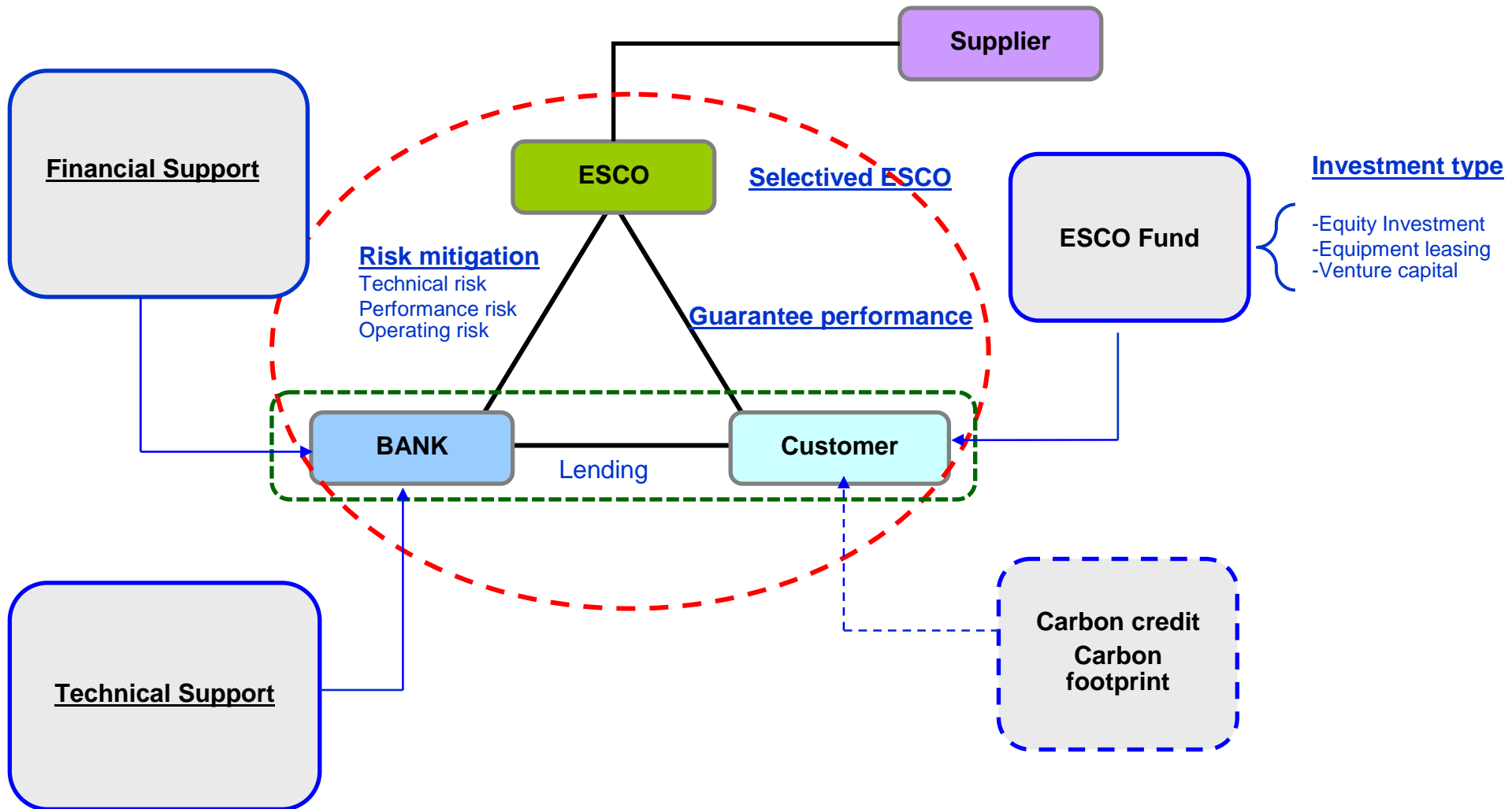
Measurement and Verification (M&V) is key success in ESCO Business



What are purpose of M&V ?

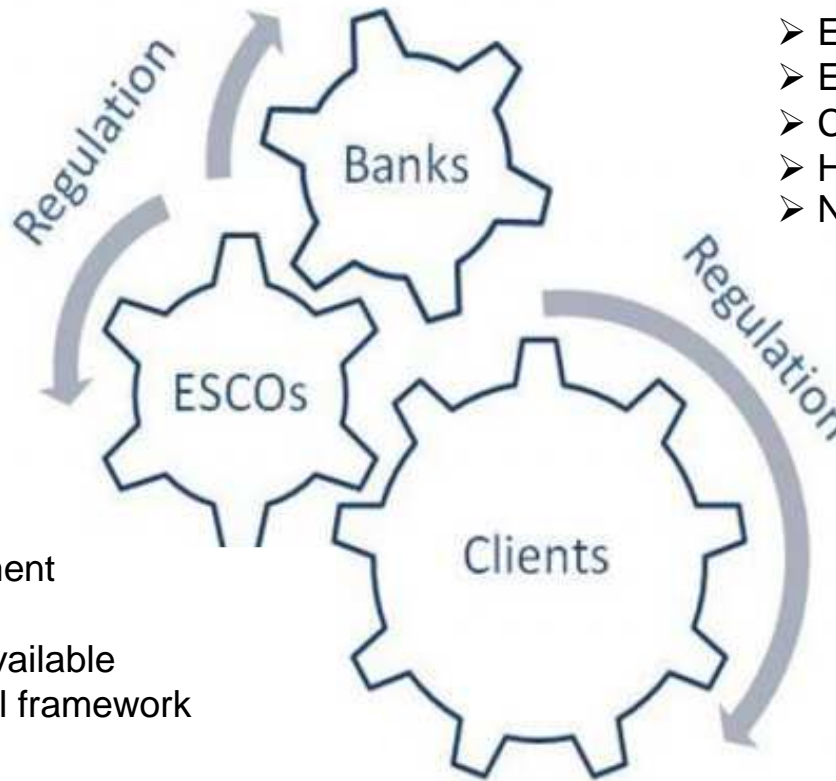
- Accurately assess energy savings for a project
- Verify savings guarantee is met
- Allocate risks between parties (ESCO and Customers)
- Reduce uncertainties of projects to reasonable levels
- Monitor equipment performance
- Find additional savings
- Improve operations & maintenance
- Assist bank evaluating project feasibility

The Three Triangles of ESCO business model



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Barriers to overcome



ESCOs Perspective

- Client lack project development resources
- Long term financing is not available
- Tender procedures and legal framework are perceived as unclear
- Lack of M&V protocols
- Unstable customers

Banks Perspective

- Lack of Technical Knowledge
- Not look at Cash Flow based
- ESCO project considers small and risky
- ESCO project is too complicated
- Clients will use their internal cash flow
- High level of collateral required
- Not profitable

Clients Perspective

- Lack of awareness and information
- Lack of expertise for developing ESCO projects
- Lack of budget funds
- A perceived lack of instructions for ESCO project implementation
- Lack of trust on ESCOs
- Lack of

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