

## ENERGY EFFICIENCY: EXECUTIVE SUMMARY

- ❑ Energy efficiency (EE) is considered an abundant untapped “source” of energy supply and GHG abatement (as much as 50% contribution to limit concentrations at 450ppm); however, the potential has proven challenging to harness
- ❑ EE covers a significantly greater proportion of the “energy” mix than renewable energy, through heating and transport
- ❑ Cash-strapped governments increasingly incentivising (relatively) low-cost energy efficiency programs
- ❑ While closely associated with other cleantech subsectors (smart grid, energy storage ...), EE is the most disaggregated cleantech subsector and offers many niche investment opportunities
- ❑ The availability of suitable financing mechanisms (“no-first-cost”) remains a major impediment to EE projects
- ❑ Incentive structures for EE are far more complex than for RE etc.; the EU is far behind its 2020 EE targets and may accelerate regulatory initiatives
- ❑ While some EE subsectors have already attracted significant VC investment (LEDs, smart grid, energy efficient semiconductors, fuel cells, energy management systems ...) many do not meet typical VC criteria (technology-rich, large addressable markets, steep cost curves), e.g. insulation, building materials, motors, HVAC, CHP, heat pumps ...
- ❑ Having held up relatively well (vs. other cleantech subsectors), energy efficiency VC investment has also begun to contract sharply