



## E.7 Search for financial options

There are a range of finance options that can help pay to upgrade to more energy efficient equipment or install renewable energy. Often these finance options improve short-term cashflow. The Trusted Partner should organise information to make SMEs be aware of the possible options, such as:

a) **Traditional finance:** typically provided by major banks and financiers who offer equipment finance, such as loans or leasing agreements.

- Capital lease finance: a financier buys energy efficiency equipment for the company and you pay it back over time.
- Equipment loan (chattel mortgage) finance: a financier loans the company money to buy energy efficiency equipment.
- Hire purchase finance: a financier buys energy efficiency equipment for the company to hire and use.
- Operating lease finance: a financier buys energy efficiency equipment for the company to hire and use.

b) **Innovative finance:** it often involves a third party but does o't always involve a bank or a financier. This type of financing can be more unique to a company, which often makes it more complex.

- Energy Services Agreement: a service provider installs energy efficiency equipment for the company and you pay it back over time.
- Environmental Upgrade Finance: a financier pays for environmental building upgrades. You pay it back over time through council rates.
- Power Purchase Agreement: an energy provider installs renewable energy equipment on the company's site. You then pay a predetermined rate of electricity over time.

For the financing of an energy efficiency project, three aspects are important:

- the existence of a project portfolio;
- existence of sources (both grants and banks and commercial credits); and
- to have an appropriate financial mechanism to link projects with money, because banks are reluctant in considering small projects.

Most of the information about this and Section E.6, can be found on dedicated websites (e.g. of National Energy Efficiency Agencies). In some cases, the site is also associated with a Help Desk that can be contacted for any requests for clarification or further information. The information is normally up-to-date and reliable and can be used to research and apply for energy efficiency funding or incentives.