



# CLINTON **CLIMATE** INITIATIVE

**EMBARGOED UNTIL 3:30 PM EDT**

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## **PRESIDENT CLINTON ANNOUNCES LANDMARK PROGRAM TO REDUCE ENERGY USE IN BUILDINGS WORLDWIDE**

*Four Multinational Corporations, Five Global Banks, and Fifteen Cities  
Partner with the Clinton Foundation to Retrofit Buildings and Reduce Carbon Emissions*

**New York, NY** – Former President Bill Clinton today announced the creation of a global Energy Efficiency Building Retrofit Program, a project of the Clinton Climate Initiative (CCI). This program brings together four of the world's largest energy service companies (ESCOs), five of the world's largest banks, and fifteen of the world's largest cities in a landmark program designed to reduce energy consumption in existing buildings.

“Climate change is a global problem that requires local action,” said President Clinton. “The businesses, banks and cities partnering with my foundation are addressing the issue of global warming because it’s the right thing to do, but also because it’s good for their bottom line. They’re going to save money, make money, create jobs and have a tremendous collective impact on climate change all at once. I’m proud of them for showing leadership on the critical issue of climate change and I thank them for their commitment to this new initiative.”

Urban areas are responsible for approximately 75 percent of all energy use and greenhouse gas emissions in the world. Buildings account for nearly 40 percent of global greenhouse gas emissions, and in cities such as New York and London this figure is close to 70 percent. The Energy Efficiency Building Retrofit Program will provide both cities and their private building owners with access to the necessary funds to retrofit existing buildings with more energy efficient products, typically leading to energy savings between 20 to 50 percent.

- Honeywell, Johnson Controls, Inc, Siemens and Trane will conduct energy audits, perform building retrofits, and guarantee the energy savings of the retrofit projects.
- ABN AMRO, Citi, Deutsche Bank, JPMorgan Chase, and UBS have committed to arrange \$1 billion each to finance cities and private building owners to undertake these retrofits at no net cost, doubling the global market for energy retrofit in buildings.
- These banks will work alongside energy efficiency finance specialist Hannon Armstrong and CCI to develop effective mechanisms to deploy this capital globally. Cities and building owners will pay back the loans plus interest with the energy savings generated by the reduced energy costs thanks to the building retrofits.
- An initial group of fifteen of the world's largest cities has agreed to participate in the retrofit program, and offer their municipal buildings for the first round of energy retrofits: Bangkok, Berlin, Chicago, Houston, Johannesburg, Karachi, London, Melbourne, Mexico City, New York, Rome, Sao Paulo, Seoul, Tokyo, and Toronto.

(more)

As part of the Energy Efficiency Building Retrofit Program, cities have agreed to develop a program to make their municipal buildings more energy efficient and provide incentives for private building owners to retrofit their buildings with energy saving technologies. The retrofit program will be consistent with, and work within, city procurement and tendering rules. Participation in the program will be open to local banks and companies, who will be invited to contribute to the funding pool and to expand the list of green products used in retrofits. This is the first of many programs that CCI is organizing with partner cities in the C40 Large Cities Climate Leadership Group, an association of large cities that have agreed to work together to reduce their greenhouse gas emissions.

“Mayors are responsible for coming up with pragmatic solutions and implementing them effectively – and this program will allow us to do that,” said New York City Mayor Michael R. Bloomberg. “We’ve laid out an ambitious agenda to reduce our carbon emissions, 80 percent of which come from buildings, while being economically competitive and continuing to grow. By bringing together cities and partnering with the private sector, President Clinton and the Clinton Foundation are providing the tools to help cities accomplish our goals. I applaud their leadership and am proud to stand with our partners today.”

Mayor of London Ken Livingstone, Chair of the C40, said: “The C40 brings together the world’s most significant cities to tackle climate change. This first program to come out of our partnership with the Clinton Climate Initiative is a considerable breakthrough. This procurement alliance will make it financially feasible for cities to radically cut emissions from buildings. Fifteen cities have already signed up to take advantage of this initiative and I am confident many more will follow. National governments still struggle to agree a way forward on global warming, but cities, which are responsible for around three quarters of global greenhouse gas emissions, are today demonstrating the leadership and decisive action necessary to prevent catastrophic climate change.”

CCI and its partners will also assist participating cities with their initiation and development of programs to train local workers on the installation and maintenance of energy saving and clean energy products. The U.S. Green Building Council and the American Society of Heating, Refrigerating and Air Conditioning Engineers have agreed to help coordinate these programs.

#### About the Clinton Climate Initiative

Building on his long-term commitment to preserving the environment, President Clinton launched the Clinton Foundation’s Climate Initiative in August 2006 with the mission of applying the Foundation’s business-oriented approach to the fight against climate change in practical, measurable, and significant ways. In its first phase, CCI is working with the C40 Large Cities Climate Leadership Group to accelerate efforts to reduce greenhouse gas emissions. CCI team members have visited nearly all of these cities and are working with them to define projects and take action.

The C40 Large Cities Climate Leadership Group is comprised of the following cities: Addis Ababa, Bangkok, Beijing, Berlin, Bogotá, Buenos Aires, Cairo, Caracas, Chicago, Delhi, Dhaka, Hanoi, Hong Kong, Houston, Istanbul, Jakarta, Johannesburg, Karachi, Lagos, Lima, London, Los Angeles, Madrid, Manila, Melbourne, Mexico City, Moscow, Mumbai, New York, Paris, Philadelphia, Rio de Janeiro, Rome, Sao Paulo, Seoul, Shanghai, Sydney, Toronto, Tokyo, and Warsaw.

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## **Fact Sheet – Energy Efficiency Building Retrofit Program**

The Clinton Foundation has partnered with city governments, energy service companies, financial institutions, and trade organizations to launch a landmark program aimed at significantly reducing energy use in buildings, which are responsible for over 50 percent of greenhouse gas emissions in most cities and over 70 percent in mature cities, such as New York and London.

One important way for cities to reduce energy use and greenhouse gas emissions is to retrofit their existing buildings with more energy efficient products and technologies. These retrofits can reduce energy use by 20 to 50 percent in existing buildings, and they pay for themselves over several years through the resulting cost savings on energy bills.

The four largest energy services companies (ESCOs) in the world – Honeywell, Johnson Controls, Inc, Siemens and Trane – have agreed to scale up their capacity to do large numbers of building retrofits across C40 partner cities that are participating in the program. They also have agreed to provide “performance guarantees” to financially guarantee the energy savings that will result from their retrofit projects.

Five major global financial institutions – ABN AMRO, Citi, Deutsche Bank, JPMorgan Chase, and UBS – have agreed to finance the first generation of retrofit projects. With this financing, cities and private building owners will be able to do audits and retrofits of their buildings at no net cost, with paybacks for the bank loans plus interest coming from the energy savings that retrofit projects achieve over several years. These banks have each committed to arrange \$1 billion for this effort, for a total pool of \$5 billion, which will more than double the total global market for energy saving retrofits in buildings.

Fifteen cities will be the first C40 partner cities to participate in the Energy Efficiency Building Retrofit Program: Bangkok, Berlin, Chicago, Houston, Johannesburg, Karachi, London, Melbourne, Mexico City, New York, Rome, Sao Paulo, Seoul, Tokyo, and Toronto.

These participating cities have committed to work with the Foundation and its expert partners to develop programs to audit their buildings and to implement retrofits that improve their energy efficiency. They also will implement a range of inducements to encourage private building owners to do audits and retrofits of their buildings.

Some participating cities will initiate, with assistance from CCI and its expert partners, programs to train local workers on the installation and maintenance of energy saving and clean energy products. In certain cities, these will include programs for minority contractors or for the long-term unemployed. The U.S. Green Building Council (USGBC) and the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) have agreed to help coordinate training programs in participating cities.

In the coming months, the Foundation will announce deals with companies that supply building materials and systems to lower the cost of their most energy efficient models.

As the Foundation and its partner cities begin to implement the Energy Efficiency Building Retrofit Program, it will be a priority to engage local companies and banks in partner cities in the program. This will enable us to increase the number of green products and services used in the building retrofits and the contributions to the funding pool.



## **Q&A – Energy Efficiency Building Retrofit Program**

### **Q. What is the Clinton Climate Initiative?**

**A.** The Clinton Climate Initiative (CCI) is a project of the Clinton Foundation that is dedicated to making a difference in the fight against climate change in practical, measurable, and significant ways. Its aim is to initiate programs that directly result in substantial reductions in greenhouse gas emissions around the world.

### **Q. What is the C40?**

**A.** The C40 is an association of large cities that have pledged to accelerate their efforts to reduce greenhouse gas emissions and so provide global leadership in this arena. CCI is serving as the exclusive implementing partner to the C40.

### **Q. What is the Clinton Climate Initiative announcing today?**

**A.** The Clinton Climate Initiative is announcing the first of many programs that will make energy saving products and services easier, cheaper, and faster to deploy.

Four of the largest energy service companies (ESCOs) in the world have agreed to do audits of municipal and large private buildings in participating cities, to identify opportunities to make them more energy efficient, and to guarantee the energy savings that will come from retrofit projects that they manage.

Five major global banks have committed \$1 billion each to finance cities and private building owners to perform these retrofits at no net cost, with paybacks for the loans plus interest coming from the energy savings over several years.

Fifteen cities will be the first to participate in the Energy Efficiency Building Retrofit Program, and will put up their own buildings for retrofit, to streamline permitting requirements, and provide incentives for private building owners to do the same. With technical assistance from CCI, the U.S. Green Building Council (USGBC), the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE), and ESCOs, they also may initiate programs to train local workers on the installation and maintenance of energy saving products.

### **Q. How will the Energy Efficiency Building Retrofit Program affect climate change?**

**A.** The Energy Efficiency Building Retrofit Program will result in significant and measurable reductions in energy consumption and in the heat-trapping greenhouse gas emissions that further climate change, while lowering energy bills for major cities and private building owners. Buildings account for over half of urban greenhouse gas emissions and, in older cities such as New York and London, this figure can be more than 70 percent. These building retrofits can reduce energy use by 20 to 50 percent in existing buildings, which comprise the bulk of the building stock in cities. Thus, retrofits of existing buildings play a crucial role in helping to reduce energy use and emissions from buildings in cities.

**Q. Why focus on existing buildings as opposed to new buildings?**

**A.** A number of progressive cities have already enacted policies, including green building codes and standards that reduce energy use and greenhouse gas emissions in new buildings. CCI will help to share these best practices with partner cities through our information network as well as to provide expert technical assistance to help cities green their building codes and standards. Existing buildings in most cities are responsible for almost all greenhouse gas emissions from buildings and nothing is currently being done on a significant scale to improve energy efficiency in existing buildings. This will be the first large scale, global program that will address the larger problem of energy use in existing buildings.

**Q. Aren't cities already doing building retrofit projects?**

**A.** While some cities are already doing building retrofit work, these are typically small in scale. In the US, where a market for energy efficiency retrofits for municipal buildings and infrastructure has existed for 25 years, less than 1 percent of the potential market is being tapped. Retrofit programs are even less common in the EU and Japan, and they hardly exist in the rest of the world. The Energy Efficiency Building Retrofit Program represents a significant opportunity to catalyze the development of this market. We will more than double the existing global market in our cities alone with the financial commitments made today.

**Q. What does the Energy Efficiency Building Retrofit Program do for cities?**

**A.** As part of the program, both the cities and private building owners are able to borrow the necessary funds to make building retrofit investments and to pay back the loans using the initial energy savings that will be achieved. Practically, this means the retrofits can be financed by bringing forward the future income streams that will arise from energy savings, rather than by requiring upfront payments from capital budgets or increases in operating budgets. Cities and building owners will start to realize part of the cost savings of reduced energy use early on, and once the loans for the retrofits are paid off, they will realize the entirety of the savings.

**Q. Why have the CEOs of major global energy service companies and banks agreed to participate in the Energy Efficiency Building Retrofit Program?**

**A.** The Energy Efficiency Building Retrofit Program will double the size of the market for energy service companies within the next 18 months and will ensure significant additional growth in subsequent years. The program will significantly reduce their cost of doing business by streamlining approvals processes, shortening project lifecycles, concentrating work in target cities, staging projects, and reducing the cost of the energy efficient and clean energy products used in the retrofits.

As for the banks, the market for building retrofit work will be large and profitable, and participating banks will lend their voice to the development of a new international financial market for this activity. Our financial institution partners will gain market share and credibility from their early perspective on pricing of this market's risk and reward.

**Q. Will participation be limited to the companies and banks announced today?**

**A.** It will be a priority to also engage local banks and companies, who will be invited to contribute to the funding pool and expand the list of products and services used in the building retrofits. The guidance of our partner cities will be critical in engaging local banks, ESCOs, and contractors who can strengthen our efforts.

**Q. What is the exact nature of the financing available to participating cities?**

**A.** The exact nature of the financing available will be developed over the coming months by these corporate partners together with CCI and our partner cities. It will be designed to achieve reductions in energy use of 20-50% from existing baselines with no capital investment or net additional operating budget required by cities or private building owners. The financing structure is being designed to allow any provider of finance the ability to engage, and in the medium term to allow this market to be securitized to facilitate reductions in the cost of finance.

**Q. How will the program affect existing procurement and tendering rules?**

**A.** The Energy Efficiency Building Retrofit Program will be consistent with, and work within, city procurement and tendering rules. Our aim is to develop this market quickly and to deliver increased levels of service to cities, not to set up preferential deals.

**Q. How long does it take to do a building retrofit project? What is the payback period?**

**A.** This varies significantly. For a single building, it can take a few months to complete a project, while an order for a number of large buildings can take a few years to complete. We hope to meaningfully cut this time by standardizing forms and processes to secure permitting, financing, and arrangements with product suppliers. Also, because of the large number of orders that we are staging in cities, ESCOs will be able scale up their capacity to operate more efficiently. The typical payback periods also vary significantly and can range from 3-4 years for smaller projects to 7-10 years to larger projects.

**Q. Can other cities join the Energy Efficiency Building Retrofit Program?**

**A.** At present, CCI is focused on providing programmatic support to the C40. However, other cities throughout the world will be welcome to join our broader purchasing consortium for energy saving and clean energy products as well as the information network that we will be building. We will provide you with more information about these opportunities once they have been established.

**Q. How will emission reductions be measured?**

**A.** CCI is developing common measurement tools that will allow cities to establish a baseline of their greenhouse gas emissions and to forecast and compare outcomes of their emissions reduction programs. CCI will deploy these tools and initiate data collection systems in partner cities, which will allow us to measure the effectiveness of the various projects that we help them to implement.