



# sofidac

performance énergétique



# **A Canadian Private Super ESCO Addressing the private sector**

# An initiative of



**Through a joint subsidiary**



<https://econoler.com/ecofonds/>

## ECOFUNDS

ASSET MANAGEMENT

### Mission

- To offer complete and innovative support and financial services in EPC
- Designing, structuring, implementing, and managing initiatives to finance energy efficiency projects.

Designer and Manager of the SOFIAC,



# Sponsors



- 40 years experience in EE
- Experience in 160 countries
- 75 experts, (operations 50% in Canada, 50% internationally)
- Recognized by all IFIs as well as bilateral and multilateral agencies interested in EE
- First ESCO in Canada (1980)
- Operated ESCOs in 10 countries
- Supported ESCO start-ups or ESCO market launches in more than 60 countries
- Assistance in creating the largest Super ESCOs in the world
  - India
  - United Arab Emirates



- Created in 1996
- 2.5G\$ of assets under management
- 175 000 individual shareholder
- 1.49G\$ invested in small and medium size enterprise in Quebec
- 39 500 jobs created or maintained





# SOFIAC

## The first Super ESCO in Canada

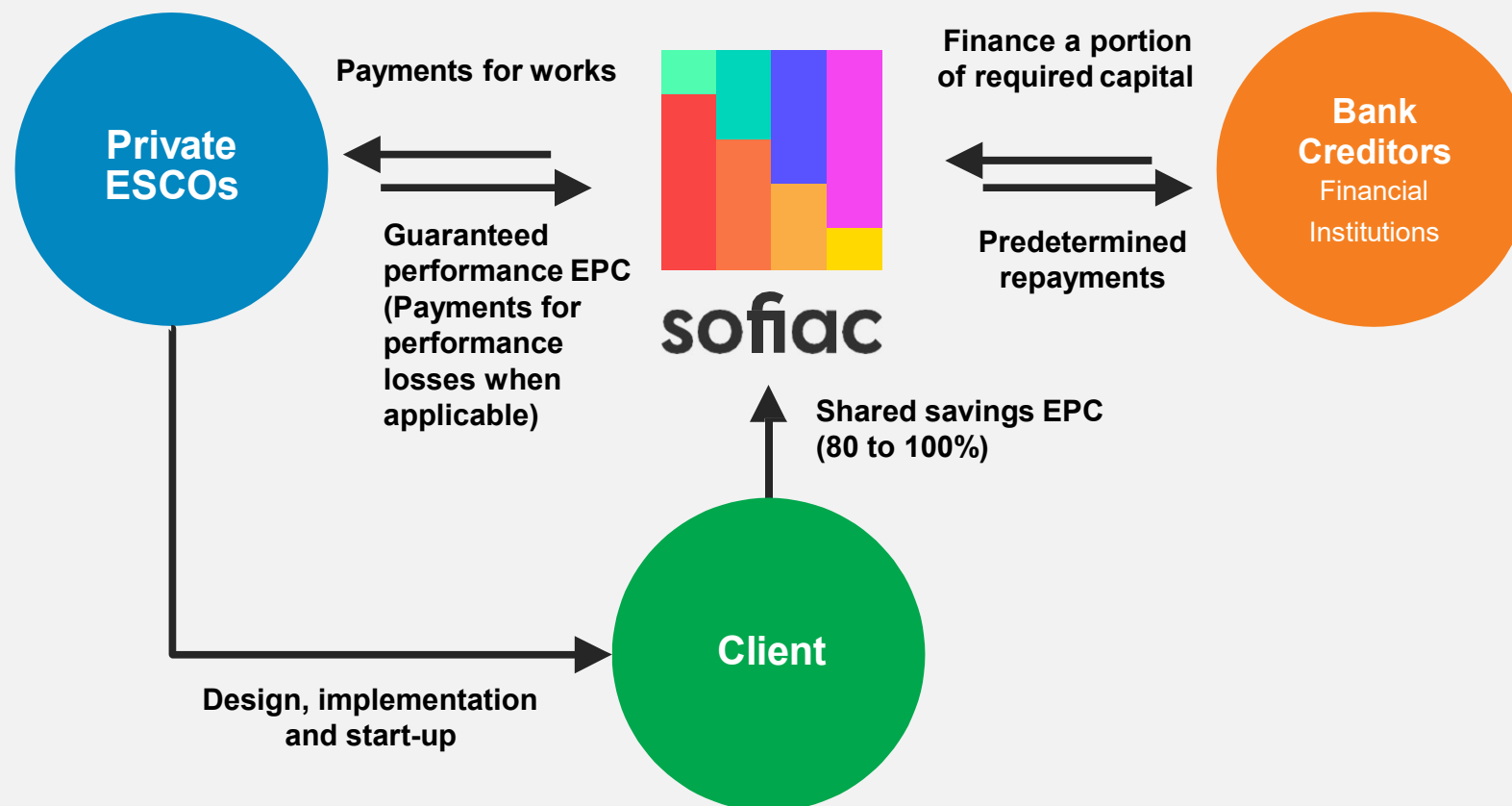
- Initial 150M\$ financing capacity
  - Commitment period of 5 years
  - Reimbursement period of 15 years after full commitment
- Launched in October 2020
- Structured around
  - a Fund that acts as the Super ESCO on a contractual basis
  - a Fund manager as the operator
- 120M\$ current prospect pipeline composed of:
  - Airports
  - Industrial facilities
  - Office buildings
  - Multiresidentiel facilities
- First projects to be launched: summer 2021

# SOFIAC Offer

Based on the  
Super ESCO concept

- A shared savings agreement with clients (typically a share of 85% SOFIAC 15% client)
- Long term contractual agreement (10 to 15 years) to enable deep retrofit and high decarbonization)
- Two models in working with ESCOs
  - Procurement through a prequalified lists of preferred vendors
  - Invitation to tender
- ESCO under a guaranteed savings agreement with SOFIAC
- M&V realized by independent M&V experts

# SOFIAC innovative Business Model



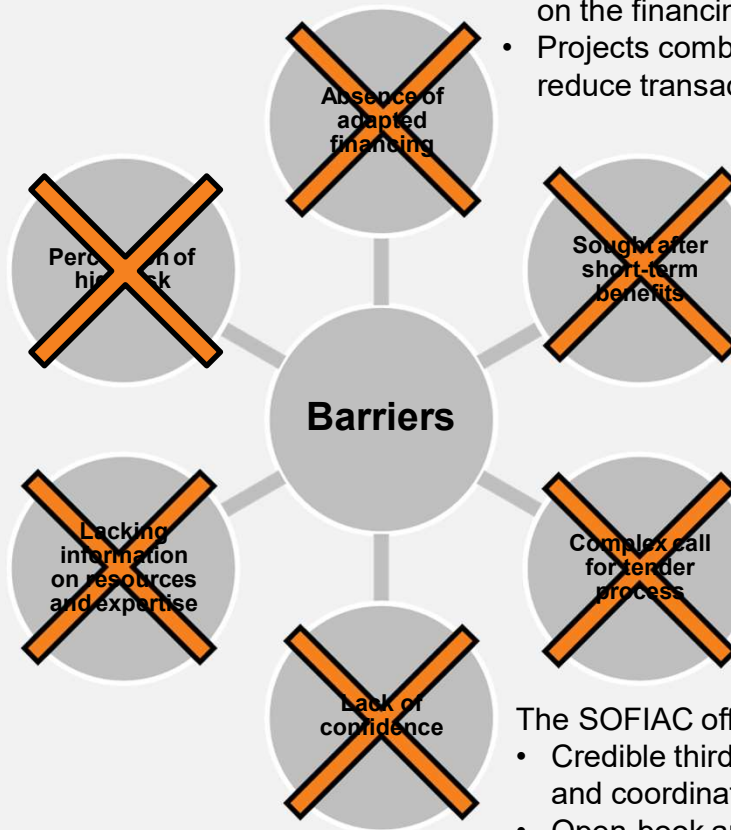
# A Single Window

The SOFIAC offer:

- Transfer technical risks to SOFIAC

The SOFIAC offer:

- Technical expertise in preliminary savings assessments
- Turnkey projects with minimal client involvement
- Subcontracting to qualified ESCOs



The SOFIAC offer:

- 100% non-recourse financing adapted to EE projects in shared savings mode (without impact on the financing capacity of clients)
- Projects combined into larger calls for tenders to reduce transaction costs

The SOFIAC offer:

- Shared energy savings leading to benefits from day 1
- Long-term financing agreement

The SOFIAC offer:

- Standardized and adapted call-for-tender documents
- Subsidy request management
- Subcontractor management

The SOFIAC offer:

- Credible third-party market aggregator and coordinator
- Open-book approach
- Objective measurement and verification management



# SOFIAC Operational Structure

- Fund manager in charge of all technical and operational aspects of the Super ESCO
  - Marketing to client
  - Prefeasibility studies
  - Contractual agreements with clients and ESCOs,
  - ESCO selection
  - M&V plans design
  - Fund management
- Project aggregation capacities to reduce transaction costs in selecting ESCOs
- Externalization of M&V plan implementation

# Private Equity Partners

- Amount: \$30 M\$
- Commitment term: 20 years + 1
- Anticipated return: 8-10%
- Management fee: 2%

# Bank Creditor

- Amount: \$120 M
- Borrower: SOFIAC
- Disbursement: Project by project as works progress (commitment framework agreement for the entire amount)
- Duration of term: According to the project (average term of 10-15 years)
- Guarantees: All fund assets (Performance contracts, ESCO guarantee)
- Rank: Priority over all sponsors

# Finance Innovation for Affordable Financing

## **Finance innovation**

- Through financial leverage
- Long amortization
- Risk spread over a portfolio of projects
- Presence of concessional actor

## **Projects combined into calls for tenders**

- \$10 M calls for tenders allowing economy of scale
- Comprised of more than \$1M projects (per client) to reach a highly diversified portfolio
- Client Agreements between 10 to 15 years



**Pierre Langlois, P Eng.**  
**President**  
[planglois@econoler.com](mailto:planglois@econoler.com)