

SEAF

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Evaluation Framework
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Report on Feedback of the SEAF Platform Releases - Final
V1.0 Final Version



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List of acronyms

API	Application Programming Interface
CAPEX	Capital Expenditure
DMS	Document Management System
DR	Demand Response
EC	European Commission
ECM	Energy Conservation Measure
EE	Energy Efficiency
ESCO	Energy Service Company
EU	European Union
GA	Grant Agreement
GUI	Graphic User Interface
HSB	Hartford Steam Boiler
ICP	Investor Confidence Project
IREE™	Investor-Ready Energy Efficiency
IT	Information Technology
KPI	Key Performance Indicator
kW	Kilowatt (1000 Watt)
kWh	Kilowatt-hour (1000 Watt/hour)
MS	Member State
PD	Project Developer
PDF	Portable Document Format
QAP	Quality Assurance Provider
ROI	Return on Investment
SEA	Sustainable Energy Asset
SEAF	Sustainable Energy Assets Framework
SME	Small and Medium-sized Enterprise
UC	Use Case
WP	Work Package

1 Introduction

This deliverable provides information on the feedback received from the SEAF stakeholder group about the SEAF final platform release.

The SEAF platform is a web-based IT platform developed within the Sustainable Energy Asset Framework (SEAF) project and its main purpose is to automate and standardize the pre-financing step of energy efficiency projects and to bridge the financing gap between ESCOs and Investors when dealing with small to medium size energy efficiency projects.

The final platform release comprises of:

- An enhanced portfolio management and matchmaking service that allows small projects to be pipelined in bundles or portfolio offerings and sent towards investors. The platform automatically generates a portfolio overview with additional KPIs such as the Pooled IRR (PIRR) so that investors can obtain an initial estimation on whether projects fit to their investment criteria.
- Refined project reports, which capture significant financial and technical information like the end customer's ownership type and VAT number, as well as baseline information, such as the consumption reduction with the associated technology measures and the carrier tariffs per site.
- Comprehensive project descriptions that can be downloaded in the form of excel files.
- Multi-language support. SEAF supports Italian as a second language option with more languages to follow in the future.
- A payment gateway to enable the support of various subscription tiers and plans.

The SEAF platform is developed by using the agile software development methodology. The agile methodology is a set of principles for software development in which requirements and solutions evolve through collaboration between stakeholders and development teams with continuous and frequent software deliveries. Especially when it comes with binding technical and financial requirements it is clear that the more the platform is used and gains value and the more the marketplace provides feedback, then the final solution becomes more solid. Consequently, one of SEAF's primary goal is to engage with our stakeholders and obtain feedback about functionality that needs to be adapted/updated. The latter is achieved through a series of stakeholder engagement activities like stakeholder workshops, direct online interviews, demo sessions and face-to-face meetings.

2 Stakeholder Engagement Activities

This section provides brief overview of the SEAF stakeholder engagement activities that took place for the final platform release.

The SEAF stakeholder group includes not only investors and contractors (ESCOs) that have a first-hand role of interest in the desired platform functionality, but also other users that may have direct or indirect interaction with the platform such as Project Developers (PDs), Quality Assurance Providers (QAPs) and/or risk assessment underwriters. As it can be seen in the following figure inputs obtained through the stakeholder activities are collected, discussed, analyzed and then fed into the product backlog.

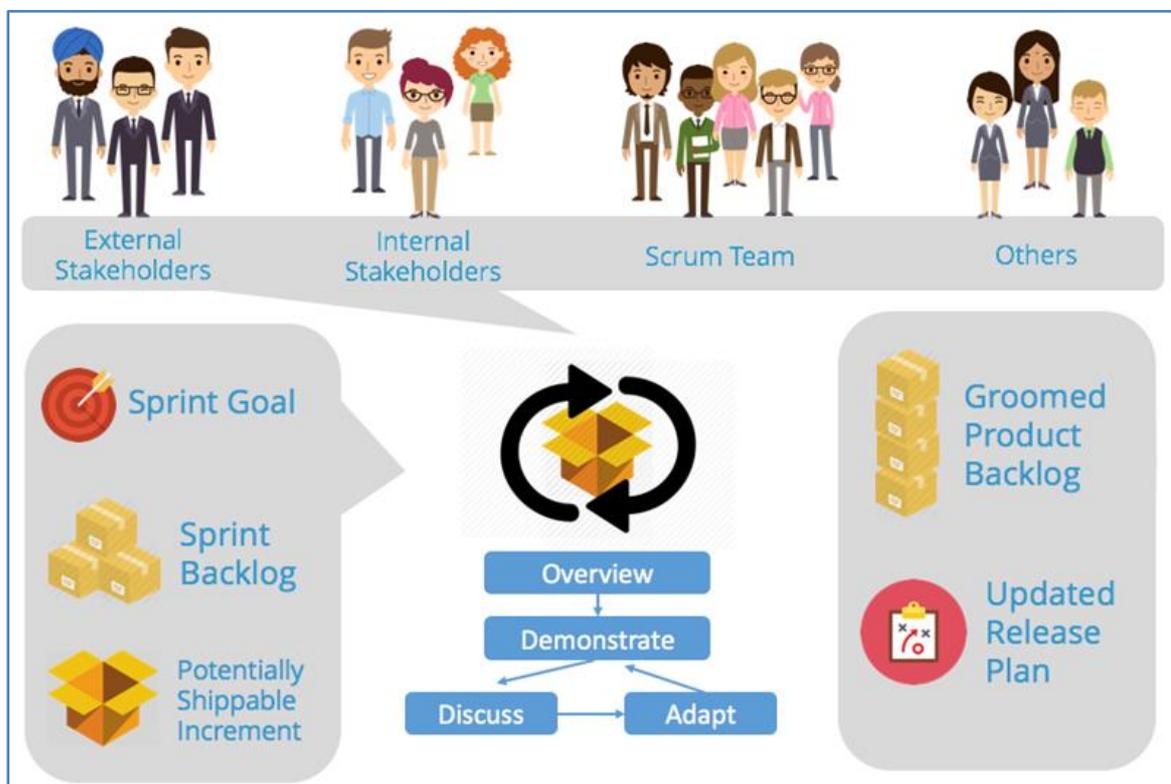


Figure 1: SEAF stakeholder activities life cycle

Feedback on the SEAF IT platform was mainly collected through the following phases/events:

- Stakeholder workshops. A detailed list of the stakeholder workshops that took place can be found in D1.2 “Report on the interchange with the core stakeholder group”.
- Direct online interviews. For more info, refer to D1.2 “Report on the interchange with the core stakeholder group”.
- Closed testing and demo sessions. The demo sessions took place in October 2017 where the functionality of the final platform release was presented to the core stakeholder group (investors and contractors) through peer-to-peer online demos.
- Face-to-face meetings that took place during the stakeholder workshops or arranged separately in order to explicitly discuss about how important marketplace suggestions can be incorporated in the platform.

3 Feedback on the SEAF IT Platform

The feedback on the SEAF online platform has been positive. Contractors highlight that the platform provides an intuitive user interface for inputting data and interacting with the platform services. According to contractors the adding value of SEAF lies in that fact that the platform:

- processes and offers portfolio and individual project management
- can reduce the lead-time for a project access finance
- incorporates, technical and financial data and can potentially provide access to additional revenue streams

Additionally, Investors pointed out that SEAF is a good tool in terms of providing an initial introduction to energy efficiency projects.

Based on the overall feedback collected through the stakeholder engagement activities, the below general areas of improvement are identified:

1. Support for additional financial models such as leasing, loans, etc.
2. Better support for renewable energy technologies
3. A way to capture and present reliability and variability of the cash flows and the projected financial metrics (IRR, NVP, etc.)
4. Inclusion of depreciation costs into the valuation model
5. Reporting and quantification of incentive programs

In relation to the **support of additional financial models and structures**, investors highlighted that it would be useful if the platform supported revenue streams generated through a large number of financing models, such as leasing or variable payments. They have also underlined the complexity of the cash flow models and how they are dependent on a specific viewpoint – fiscal, accounting, legal, or technological – and they proposed that the platform supports at least 2-3 high-level financial models (fixed payments, performance based, mixed/hybrid payments). Additionally, with respect to the cash flows, investors suggested that the platform could produce a basic cash flow model, which can be then downloaded and post-processed by whoever is involved in the due-diligence process (investor, or a reviewer/QAP). All of the above have been considered for the upcoming platform deliveries.

Incorporation of depreciation costs in the SEAF platform's valuation model has also been thoroughly discussed with stakeholders. Many investors consider depreciation as an important parameter that affects the financial and accounting perspective of a project. Investors proposed that SEAF should implement a linear/proportional formula of allocating the cost of technology measures within the project over the project's lifetime. This proposal is already taken into account for the next development sprints.

In relation to the reporting and quantification of **financial incentive programs**, investors suggested that the SEAF platform captures information about the characteristics of the subsidies and the likelihood that incentives would

generate additional revenues. Based on discussions with stakeholders the development team proposed a solution so that the value of incentive programs is quantified and reflected in the project cash flows. Particularly, the development of a data collection schema is foreseen, where the subsidy amount generated from incentives is added either recursively (on a monthly basis) or as a one-off payment depending on the user's input. Design and development has since been ongoing regarding this item.

Regarding the **support of renewable energy technologies**, SEAF already captures the energy and monetary savings for projects with distributed energy sources and renewables (e.g. Photovoltaics). According to contractors, a potential improvement would be to also capture additional information regarding renewables, such as the connection date, baseline peak demand and consumption increase/decrease. Additionally, it would be good that in the future releases the platform supports more than one on-site electricity generation resources in case that a site currently generates from e.g. both solar and biomass.

Stakeholders made their remarks on how the SEAF platform could, in the long-run and after the completion of the SEAF project, become a **fully-featured investor portfolio** management platform. SEAF could include advanced reporting and dashboarding features for investors, and could also offer the capability for investors to input and monitor their own projects and consequently their complete energy efficiency portfolio.

Additionally, investors mentioned that the following key criteria for investing in a project would be difficult to tackle within the duration of the SEAF project:

- The many dimensions of due-diligence and cash flow models i.e. the accounting, fiscal, legal, technological. Especially, the fiscal dimension can complicate a project a lot.
- Credit worthiness and credibility of both the contractor and the end-client
- Availability of the contractor's track record (performance on previous projects)
- Additional customer-specific requirements that are related to investor's stand-alone financial criteria.

Finally, both investors and contractors provided their feedback regarding the UI/UX design issues of the platform. The most important ones are listed below:

- Project Wizard: There could be a progress/status bar or checkmarks indicating where the user stands in terms of the overall process.
- The platform could indicate in advance, which input fields are not required.
- Lack of visual hints when selecting projects in the "Active" projects list, through the dashboard.
- Input and output tab in the financial info page are not decoupled.

- Lack of visual hints when interacting with the investor dashboard. Often (especially for new users) it is not so clear what happens when selecting a portfolio from the portfolio inbox table (in terms of UX design the relationship between portfolios and projects should be more obvious).

4 Conclusions

This report has provided an overview of the feedback received on SEAF final platform release.

Stakeholders emphasized that SEAF is an innovative platform that can scale up investments in small to medium sized energy efficiency projects and they provided valuable insights that have enabled the development team to refine the platform. Many of the stakeholder's suggestions are already implemented and others are reflected into the product backlog.

The ambition is that the SEAF consortium continues to work in an evolutionary and collaborative manner with the stakeholders so that the future platform updates reflect our actual stakeholder's needs. Generating consensus from stakeholders through their active participation in thorough platform reviews is the key to success, as it will guarantee that the final platform release aligns with the business goals and expectations.