RENOVATING MULTI FAMILY BUILDINGS THROUGH ENERGY PERFORMANCE CONTRACTING LABEEF THE LAST LINK IN “THE ESKO EKOSYSTEM”

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LATVIA

>50 MLN M² Homes
In Multifamily buildings

90%
Don’t meet regulation

ENERGY STRATEGY 2030

2016
152.04 kWh/m²

2030
100 kWh/m²

Required financing > EUR 12 billion
THE CHALLENGE IS **NOT** ENERGY EFFICIENCY

**PROBLEM**
50% of Latvian housing stock in danger over the next 20 years

**CAUSE**
Persistent lack of maintenance and investment

**ANSWER**
Use proceeds from energy savings to finance large scale DEEP renovation

**BENEFITS**
Safety Health Comfort Value Guaranteed
SAFETY. HEALTH. COMFORT. AFFORDABILITY

- No defaults in 15 buildings/359 apartments since implementation in 2009
- Buildings will last >30 years
- Deep renovation including new ventilation systems
- No increased affordability risk
- Energy savings exceed 50%

EBRD/KPMG DUE DILIGENCE RESULTS
FORFAITING – TRANSFERRING THE PAYMENT RISK AND ESCO'S DEBT TO BANKS LABEEF

RENESCO’S intervention potential is BLOCKED by its debt capacity

After 1-2 years, the contract becomes a safe stream of revenue

FORFAITING

A. Bullier, C. Milin – Alternative financing schemes for energy efficiency in buildings – ECEEE Summer Study 2013
IDENTIFY AND ASSIGN RISK/REWARD
SEPARATE EXECUTION FROM PAYMENT

EXECUTION (1-3Y)  PAYMENT (10-20Y)

RISK

REWARDS

ESCO PROFIT

OWNER GAINS
MULTI STAKEHOLDER ONLINE PLATFORM
OPEN SOURCE IT PLATFORM AND TRANSPARENCY

- Process flow
- Standardized documents
- Monitoring
- Best practice
- Finance
- Calculators
- Benchmark
- News & Research
- Data warehouse
- Support

- DECREASED TRANSACTION COSTS
- REPETITION
- INDUSTRIALISATION
- BUNDLING
- GROUPED PURCHASING
- COST REDUCTION
EASTERN EUROPE HAS

>1 BN M² Homes
In Multifamily buildings

90%
Don’t meet regulation

ENERGY STRATEGY 2030

2016
152.04 kWh/m²

2030
100 kWh/m²

Minimum Required Financing
> € 238billion

Better in the Short and Long Term
Value of Their Home
LT Source of Savings
Owner Habits

SUNSHINE
ALIGN INTERESTS OF STAKEHOLDER ON OWNERS

Business Model Sustainable on a Large Scale

Better in the Short and Long Term
Value of Their Home
LT Source of Savings
Owner Habits

The Necessary Funding
Strong State Policy and Commitment
ESKO EKOSYSTEM
CASCADE OF BENEFITS

Better in the Short and Long Term
Value of Their Home
LT Source of Savings
Owner Habits

Energy Security
Balance of Payment
Investment
Service Economy
Taxes

Risk Control
Shorter Turnaround \ Returns and Better Yields

Long-Term Work
Quality of Services

Long-Term Low Risk Healthy Yield
Positive Effects on Environment
INVESTORS HAVE THE SAME INTEREST AS OWNERS
GOALS FOR THE NEXT YEARS...

- **EBRD PROJECT €8M**
- **FORFAIT 15 MFB**
- **ROUND 2 CAPITAL**
- **CALIBRATION 40 MFB**
- **SHAREX.LV FOR BENCHMARKING AND PROJECT DEVELOPMENT**
- **GUIDELINE FOR PUBLIC EPC**
- **PILOT IN FOUR MUNICIPALITIES**
- **ROUND 3 CAPITAL**
- **FINANCE NEW CO’S**

Approved 22.12.2016! Total deal €7.4m

LONG TERM

- **EUR 500M RATED SUBSIDY FREE**
GIVE OWNERS WHAT THEY WANT:

HOMES

GUARANTEED

This project is funded by the Horizon 2020 Framework Programme of the European Union
LABEEFS 80/80 MODEL

LABEEF buys at discount future EPC receivables

ESCOs retain cushion for LABEEF and get upside

*LABEEF buys 100% of receivables and passes back 20% of base income and 80% of upside

Open source IT PLATFORM AND TRANSPARENCY

STANDARTIZATION
REPETITION
BUNDLING
BENCHMARKING
INDUSTRIALIZATION

LOWER COSTS

IT PLATFORM SUPPORTS STANDARTIZATION AND SCALE
CHALLENGES OF PUTTING LABEEF TO WORK OR UNPACKING THE ESKO EKO SYSTEM

- UNDERSTANDING PROBLEM
- ESCO ROLE
- EXPECTED RESULTS
- EPCs
- LEGISLATION
- FINANCING
LABEEF
LAST LINK IN THE ESKO EKOSYSTEM?
ALIGNING THE INTERESTS OF ALL STAKEHOLDERS ON THE OWNER’S

Business Model Sustainable on a Large Scale
Owners and Residents
State
Investors
The Necessary Funding
Banks
Strong State Policy and Commitment
Builders & Maintenance Companies

Better in the Short and Long Term
Value of Their Home
LT Source of Savings
Owner Habits
ESCOs A TESTED SOLUTION

EBRD/KPMG DUE DILIGENCE RESULTS

- No defaults in 15 buildings/359 apartments since implementation in 2009.
- Buildings will last >30 years.
- No increased affordability risk.
- Savings exceed 50%

DUE DILIGENCE RESULTS

- 3 buildings, same series in Valmiera
- One did nothing, one renovated on its own, one used ESCO
- ESCO costs were 32% less, measures were less while energy efficiency was 28% higher
- House maintenance costs lower under ESCO
ABOUT LABEEF – THE EPC FACILITOR

• ESKO EKOSYSTEM = large scale deep renovations financed by Guaranteed Energy Savings- based on Renesco

• 2016 LABEEF created and signs agreement with EBRD. EUR 7.5M project

• First EBRD disbursement 2018

• With Horizon 2020 support aim to generate around EUR 50M in projects