



SUNSHINE
SAVE YOUR BUILDING
BY SAVING ENERGY



LATVIAN BALTIC ENERGY EFFICIENCY FACILITY (LABEEF)

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LABEEF, council member

2017

This project is funded by
the Horizon 2020 Framework
Programme of the European Union





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What is LABEEF?

Why is it a part of the Decarbonization solution

link in a virtuous circle



What is the goal and the challenge?

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2017

PROBLEM



39 775

Multifamily buildings

1500

Renovated buildings
4% of total

85%

Do not correspond to
current heat consumption
requirements

LATVIA ENERGY STRATEGY 2030

PAST ISSUES

RISKS

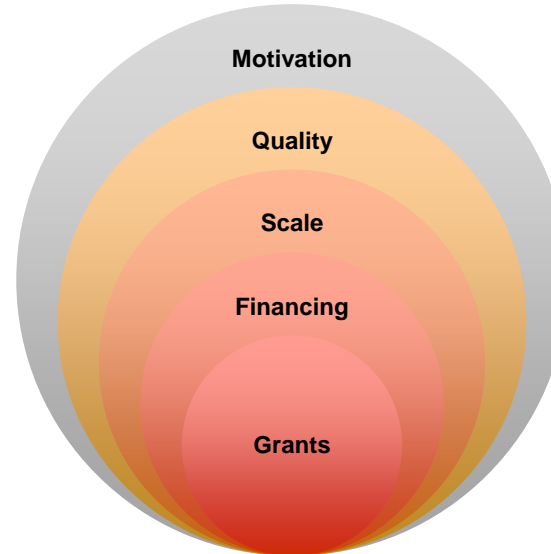
2016

2030

152.04
kWh/m²

100
kWh/m²

**Required financing – more
than EUR 12 billion**



ENERGY PRICE

TEMPERATURE

INTEREST
RATE

EXECUTION

ENERGY
SAVINGS

PAYMENT

MAINTENANCE

INFLATION

ESCOs A T



13 Gaujas Str.



Before and after photographs of Latvian EPC projects



DUE DILIGENCE RESULTS

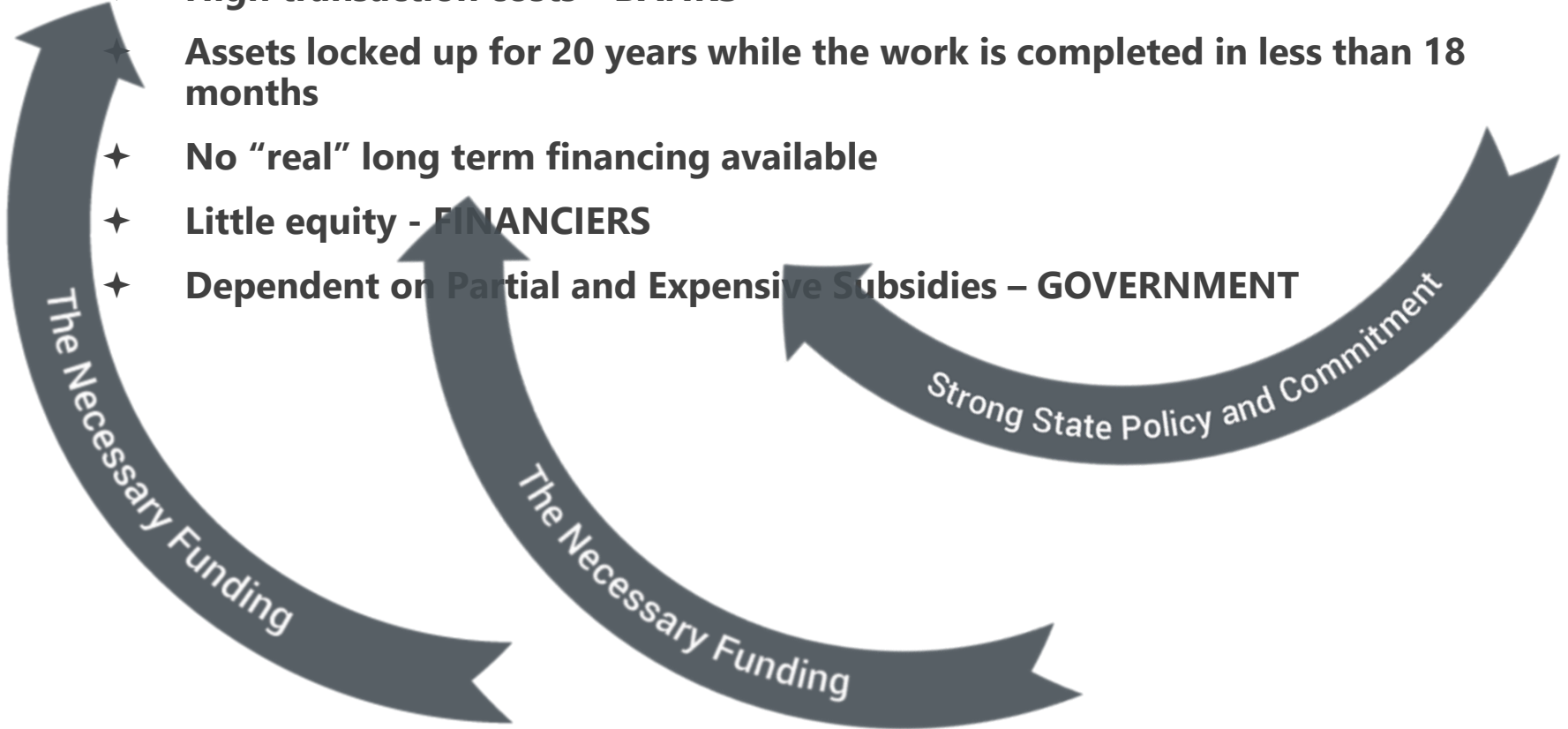
- No defaults in 15 buildings/359 apartments since implementation in 2009.
- Buildings will last >30 years.
- No increased affordability risk.
- Savings exceed 50%

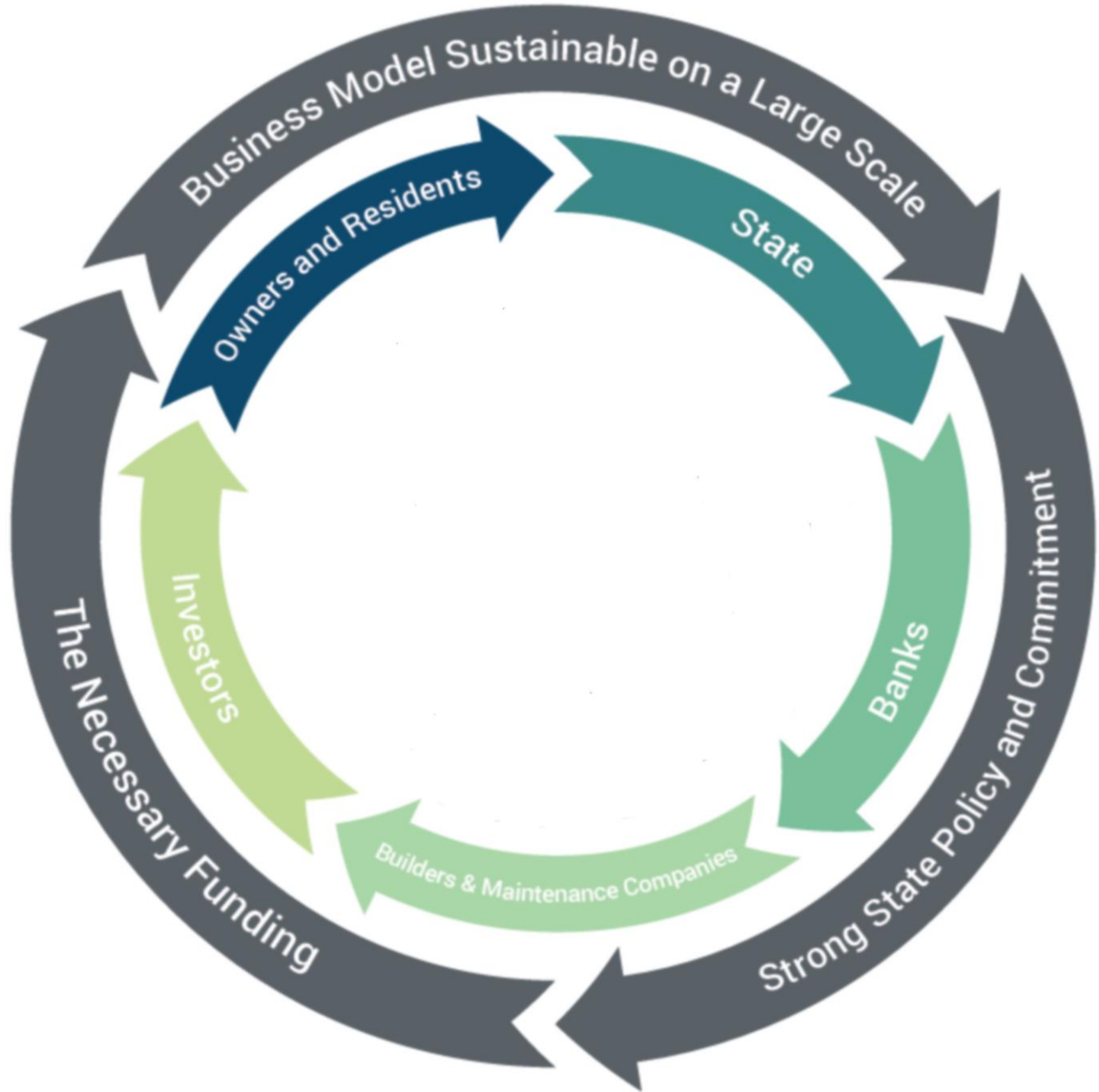
DUE DILIGENCE RESULTS

- 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

IS IT A SUSTAINABLE MODEL?

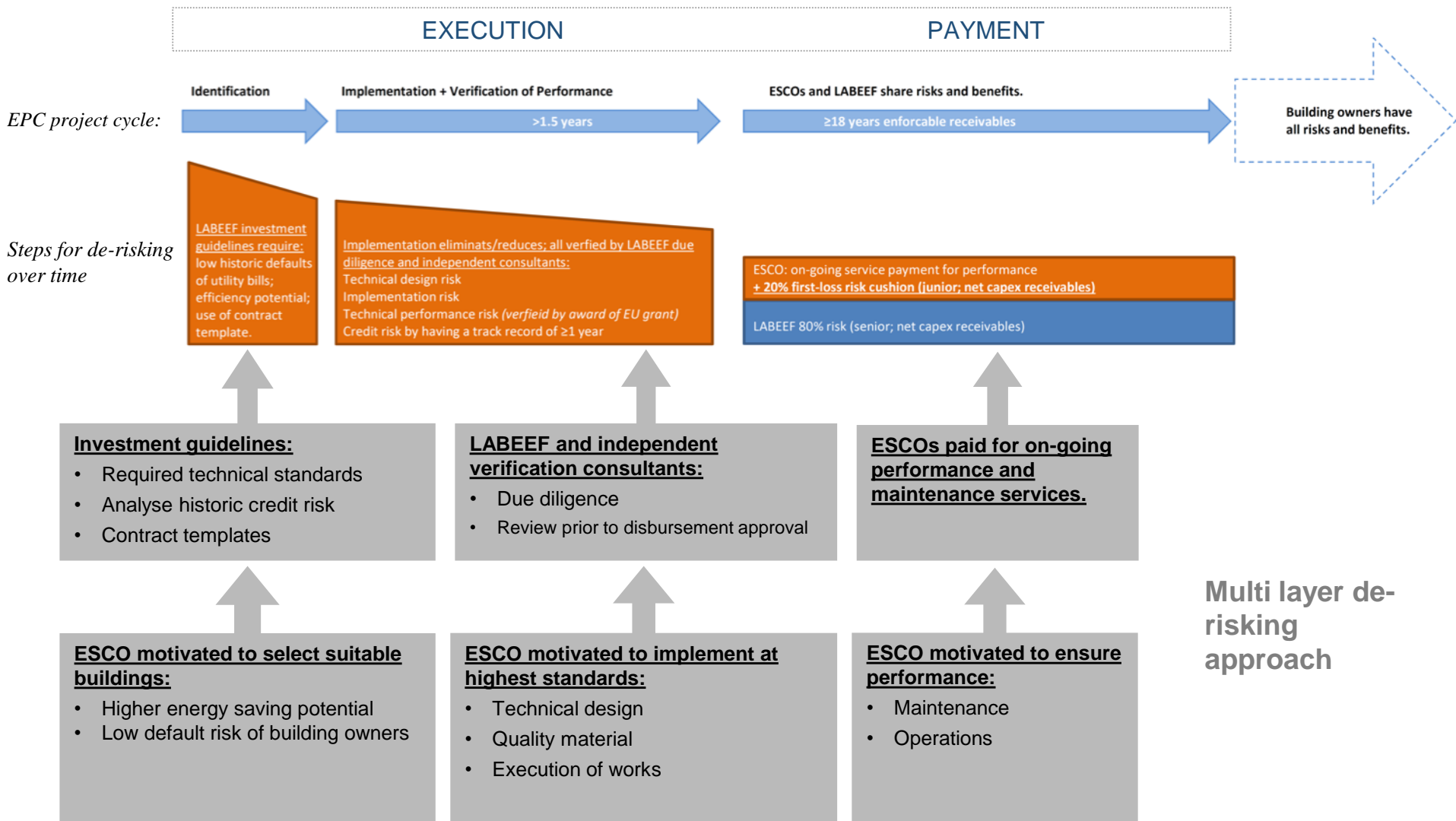
- ✦ **High development costs – one off - OWNERS**
- ✦ **High transaction costs - BANKS**
- ✦ **Assets locked up for 20 years while the work is completed in less than 18 months**
- ✦ **No “real” long term financing available**
- ✦ **Little equity - FINANCIERS**
- ✦ **Dependent on Partial and Expensive Subsidies – GOVERNMENT**



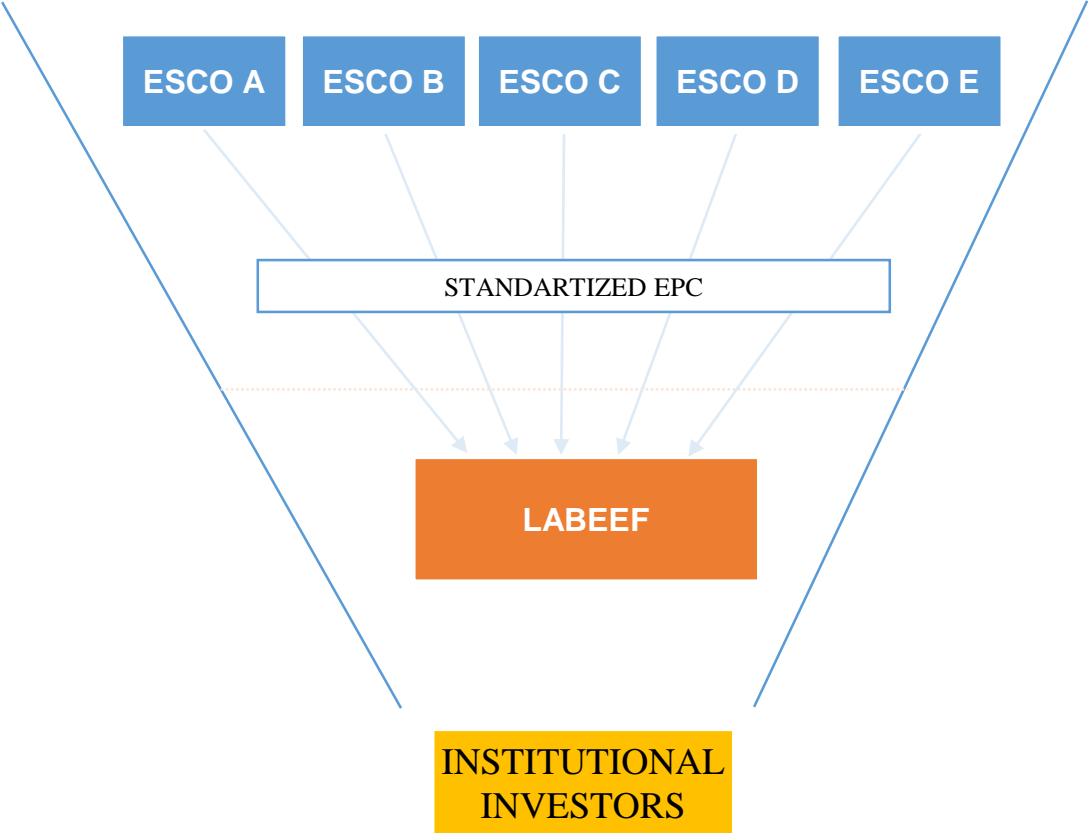


ALIGNING THE INTERESTS OF ALL ON THOSE OF OWNERS

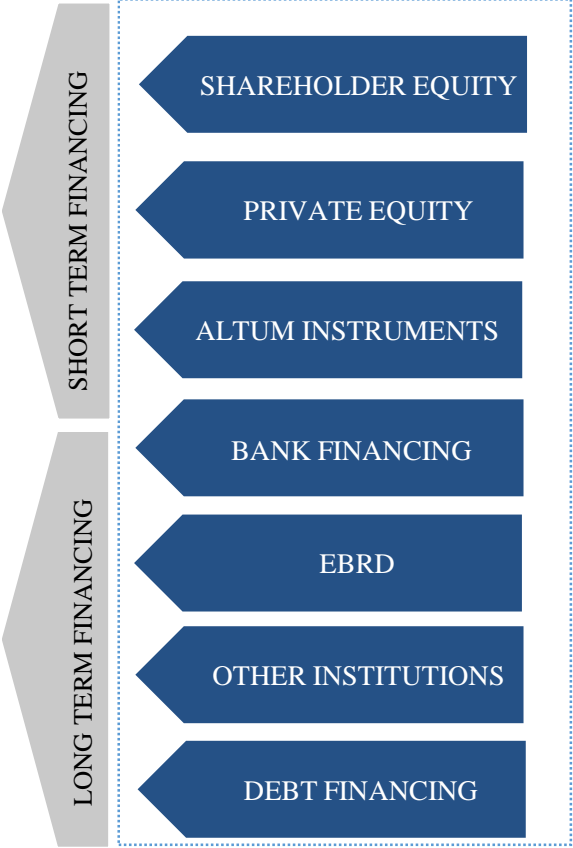
DE-RISKING



AGGREGATION MECHANISM

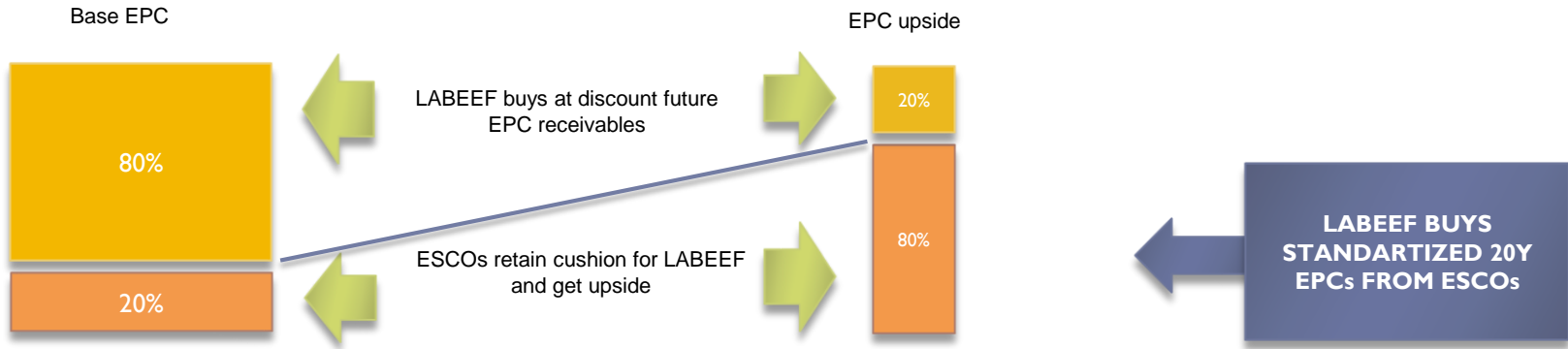


FINANCING



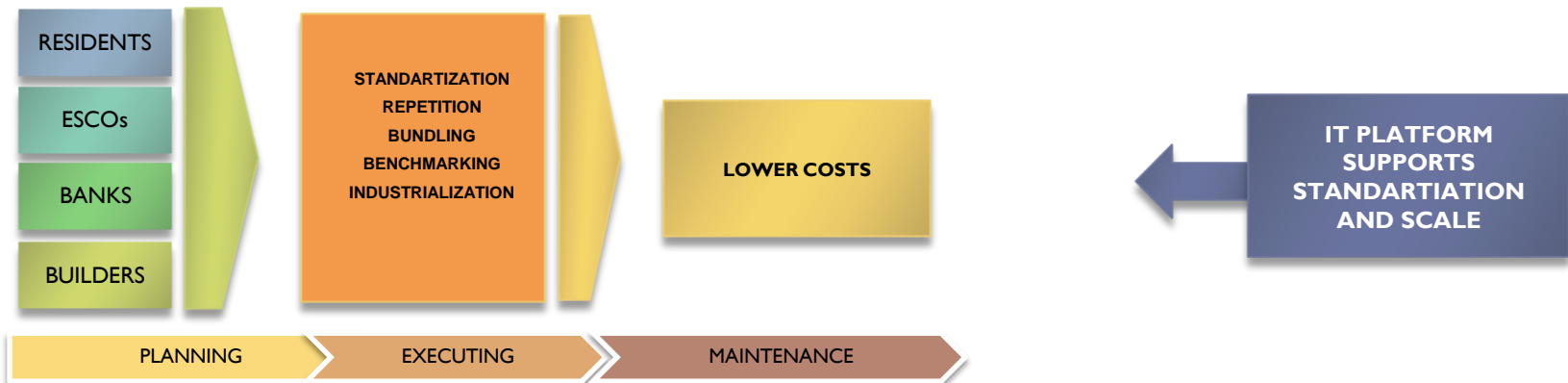
INTEREST ALIGNMENT AND TRANSPARENCY

LABEEFS 80/80 MODEL

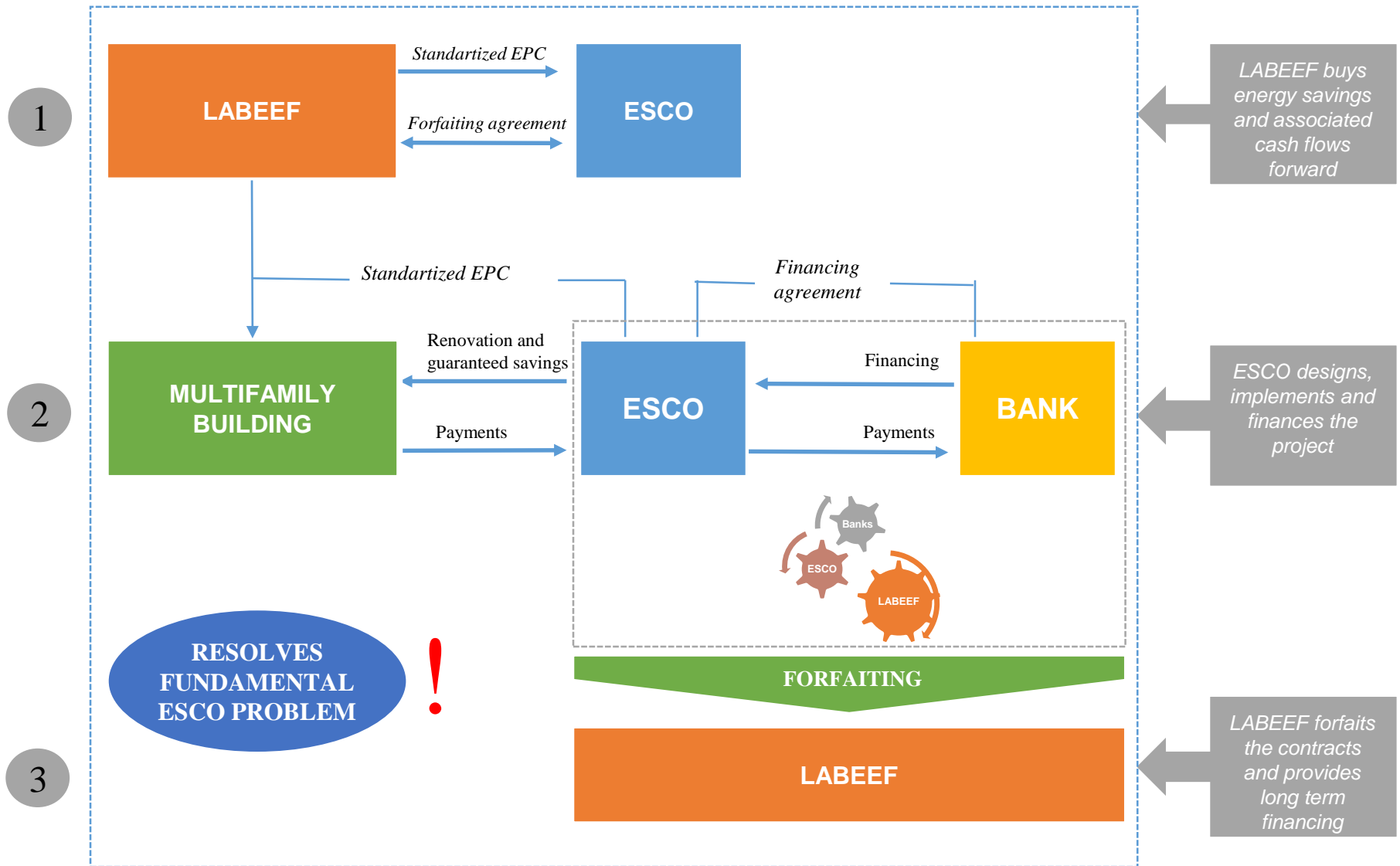


* LABEEF buys 100% of receivables and passes back 20% of base income and 80% of upside

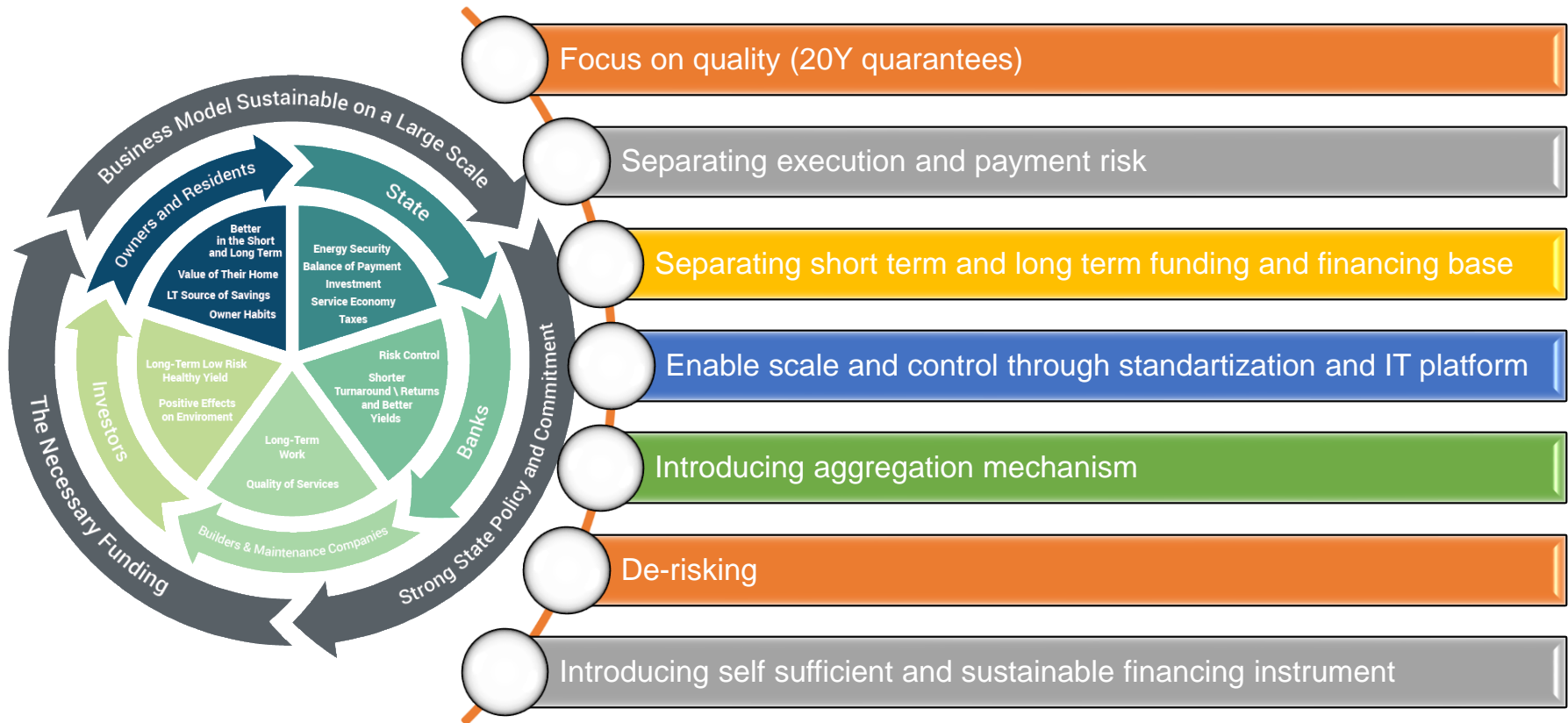
IT PLATFORM AND TRANSPARENCY



LABEEF OPERATIONS SCHEME




LONG TERM SUSTAINABLE SOLUTION WITH SCALE




Providing a **cascade** of **benefits** to citizen, society, and government while building an industry


ABOUT LABEEF




- LABEEF signed agreement with EBRD December 2016. EUR 7.5M project.




- First EBRD disbursement 2017 (6 buildings)




- ESCOs and LABEEF ecosystem supported by 2 *Horizon 2020* projects – *Sunshine* and *Accelerate Sunshine* (EUR 3M in total).



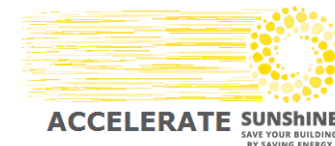
- *Sunshine* and *Accelerate Sunshine* aim to generate around EUR 50M in projects



- Number of large local players interested to start ESCO business when LABEEF starts operations. Potential in public EPCs.



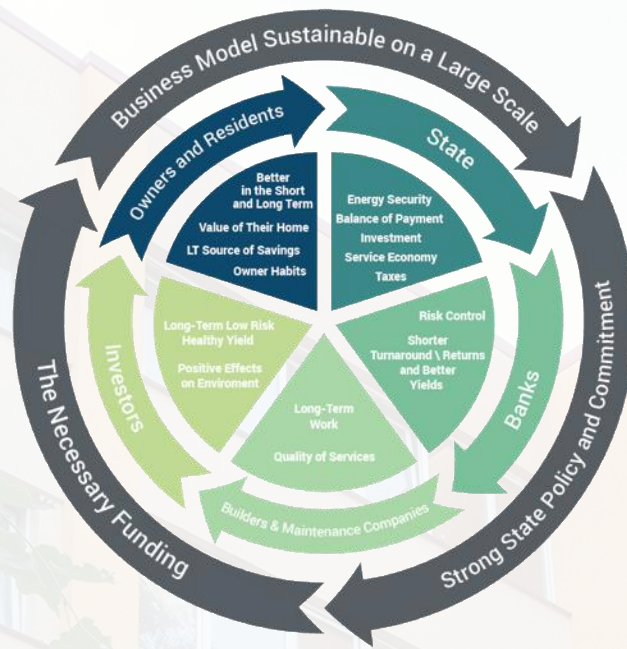
- Next Steps for LABEEF – scaling up operations by attracting additional equity/debt financing.





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ENERGY SAVINGS DELIVERED



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