



**SUNSHINE**  
SAVE YOUR BUILDING  
BY SAVING ENERGY



# LATVIAN BALTIC ENERGY EFFICIENCY FACILITY (LABEEF)

**Nicholas Stancioff**

Prepared by Harijs Švarcs  
LABEEF, council member

2017

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the Horizon 2020 Framework  
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# EE PROBLEM



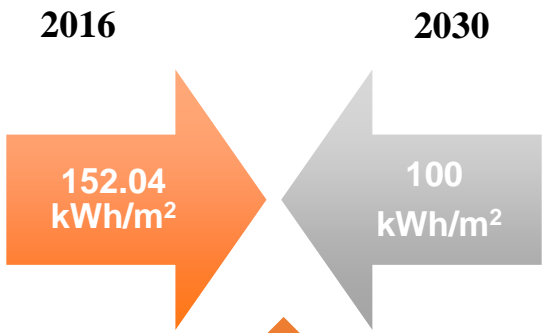
**>60 mil  
Homes**  
Multifamily buildings

**90%**  
Do not correspond to  
current housing or heat  
consumption  
requirements

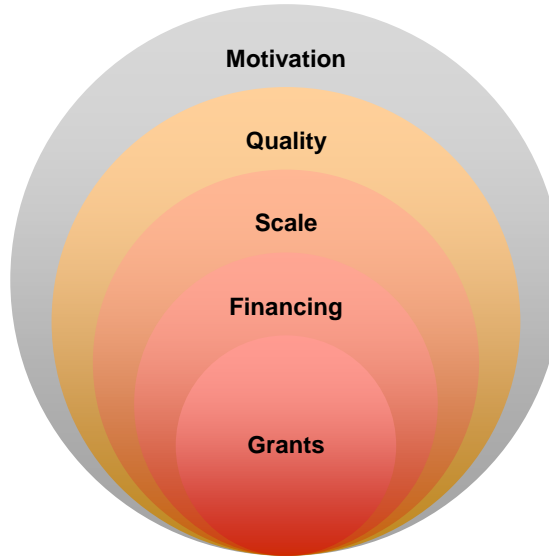
## LATVIA ENERGY STRATEGY 2030

## PAST ISSUES

## RISKS



**Required financing  
€ 120 billion**



ENERGY PRICE	TEMPERATURE
INTEREST RATE	EXECUTION
ENERGY SAVINGS	PAYMENT
MAINTENANCE	INFLATION



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

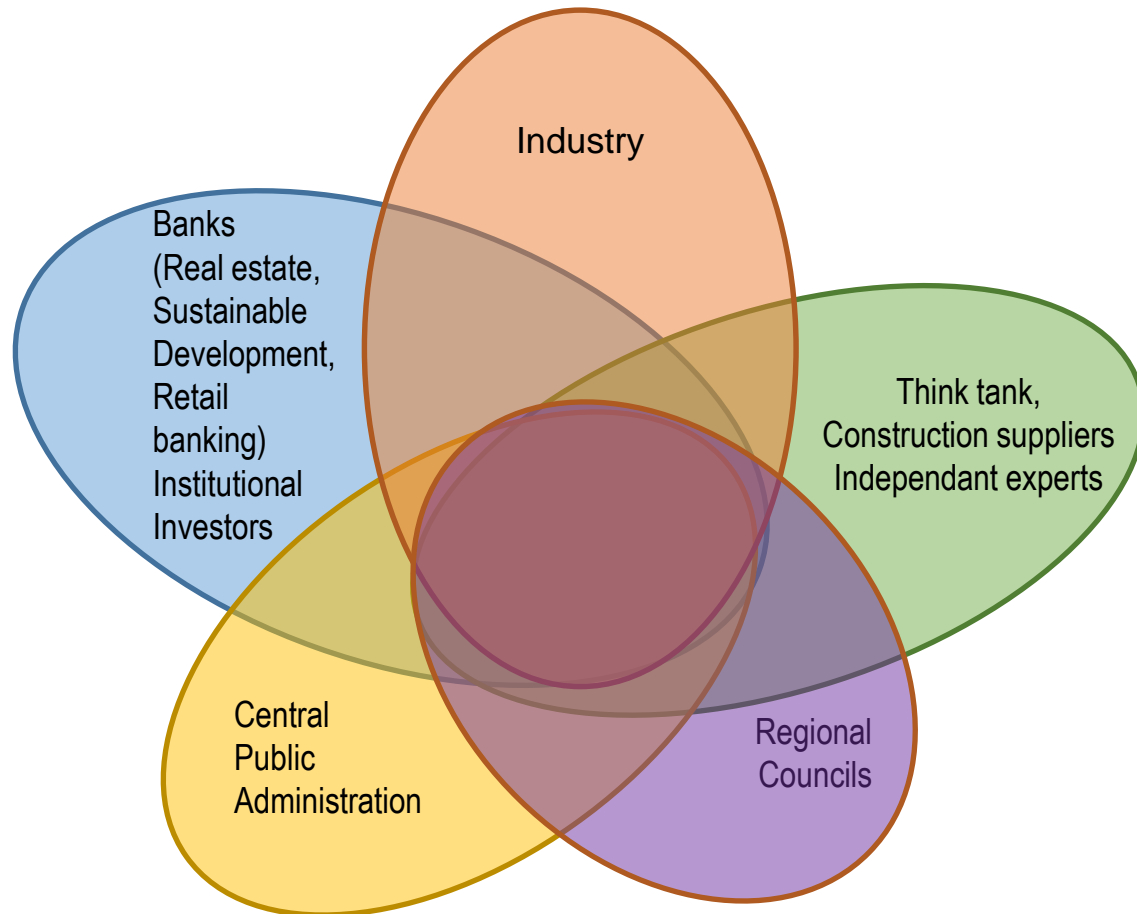
# IS IT A SUSTAINABLE MODEL?

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

## Multi sided multistakeholder platform

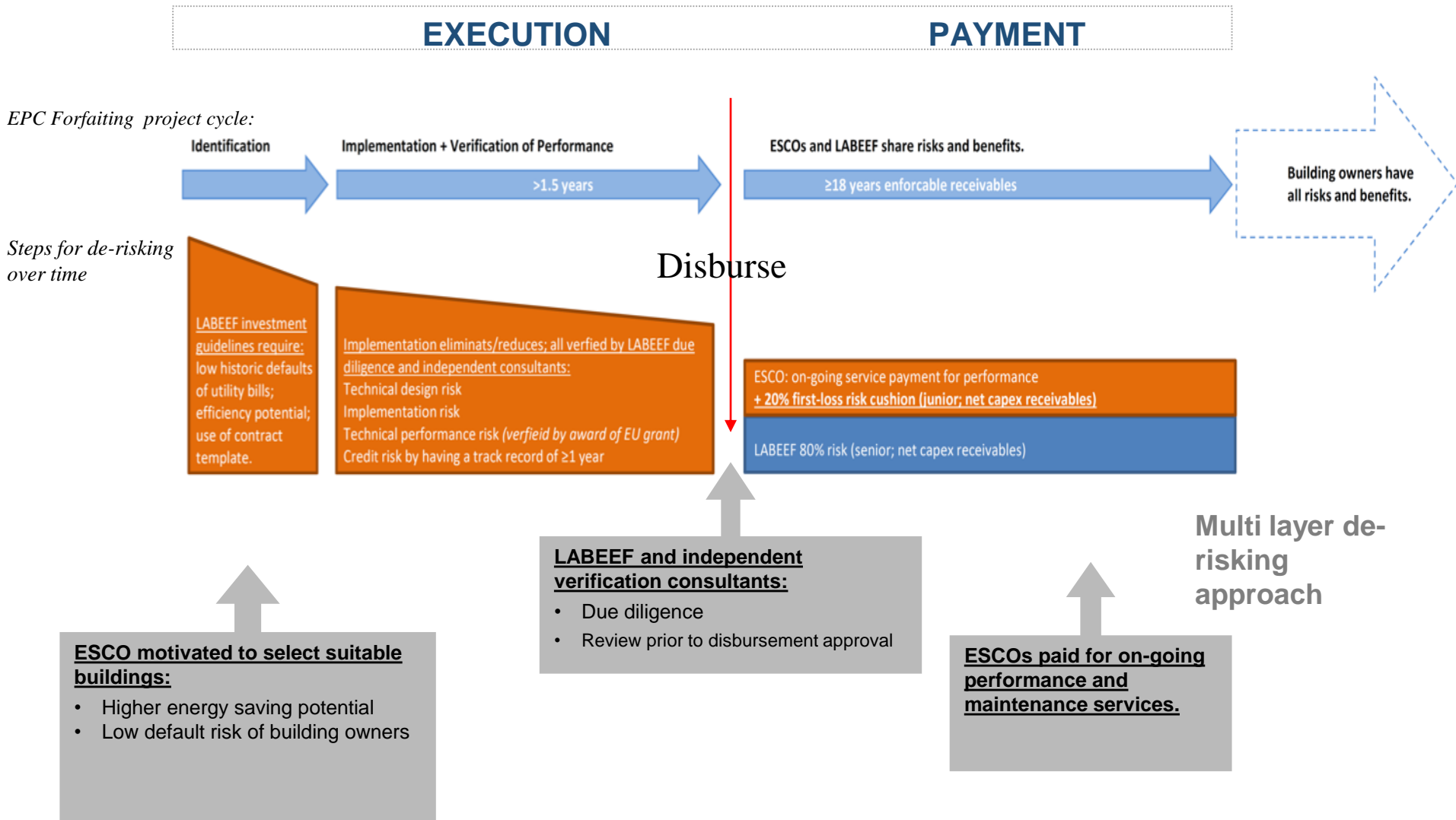
« GROUPE DES 20 »

- Group formed in September 2015, with professionals coming from various horizons, willing to make “improvement proposals” using finance as a lever to remove all other barriers to the energy-efficient renovation market in France
- Decided to focus on private housing segment because it is where establishing sustainable business model is the most difficult
- And ESEB adds:
- « with The best payment record »



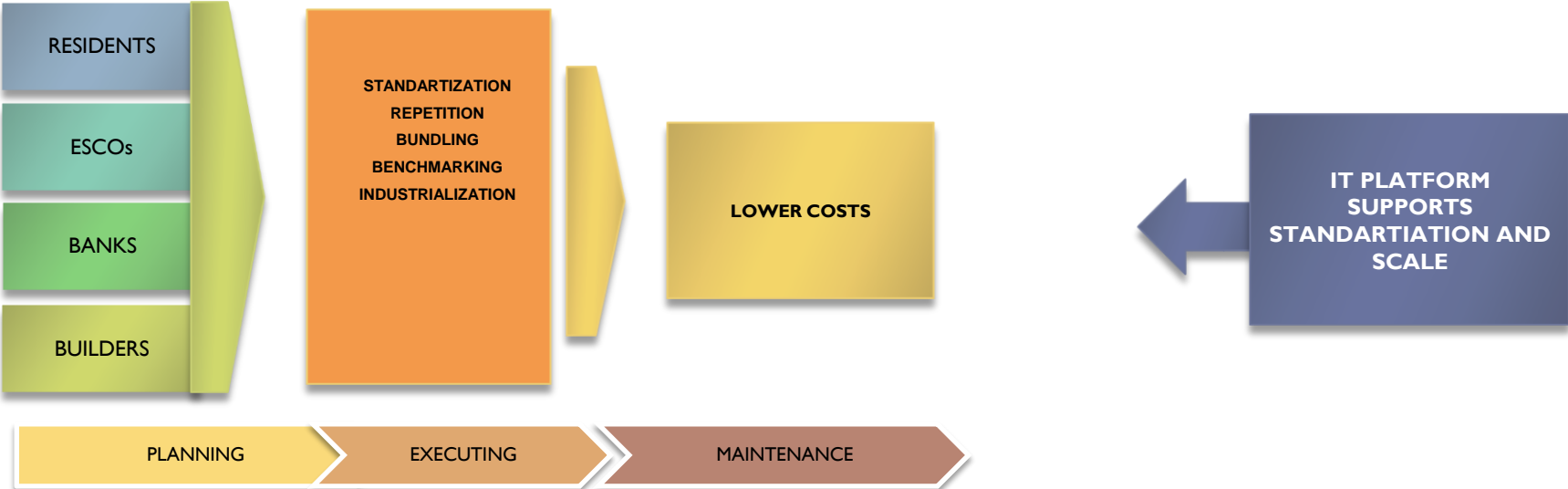
# DE-RISKING.

# REWARD THE ESCO

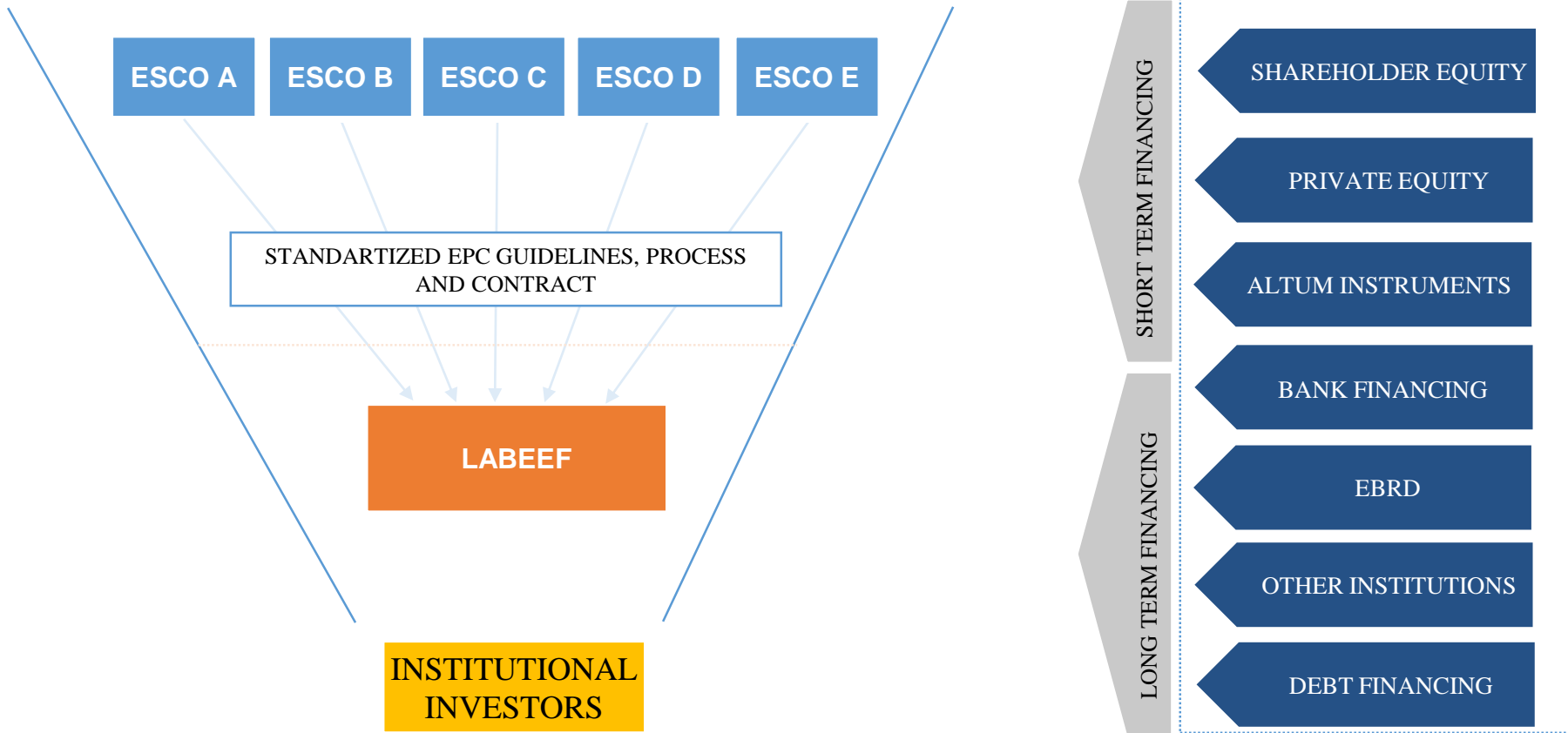


# INTEREST ALIGNMENT AND TRANSPARENCY

## Open source IT PLATFORM AND TRANSPARENCY

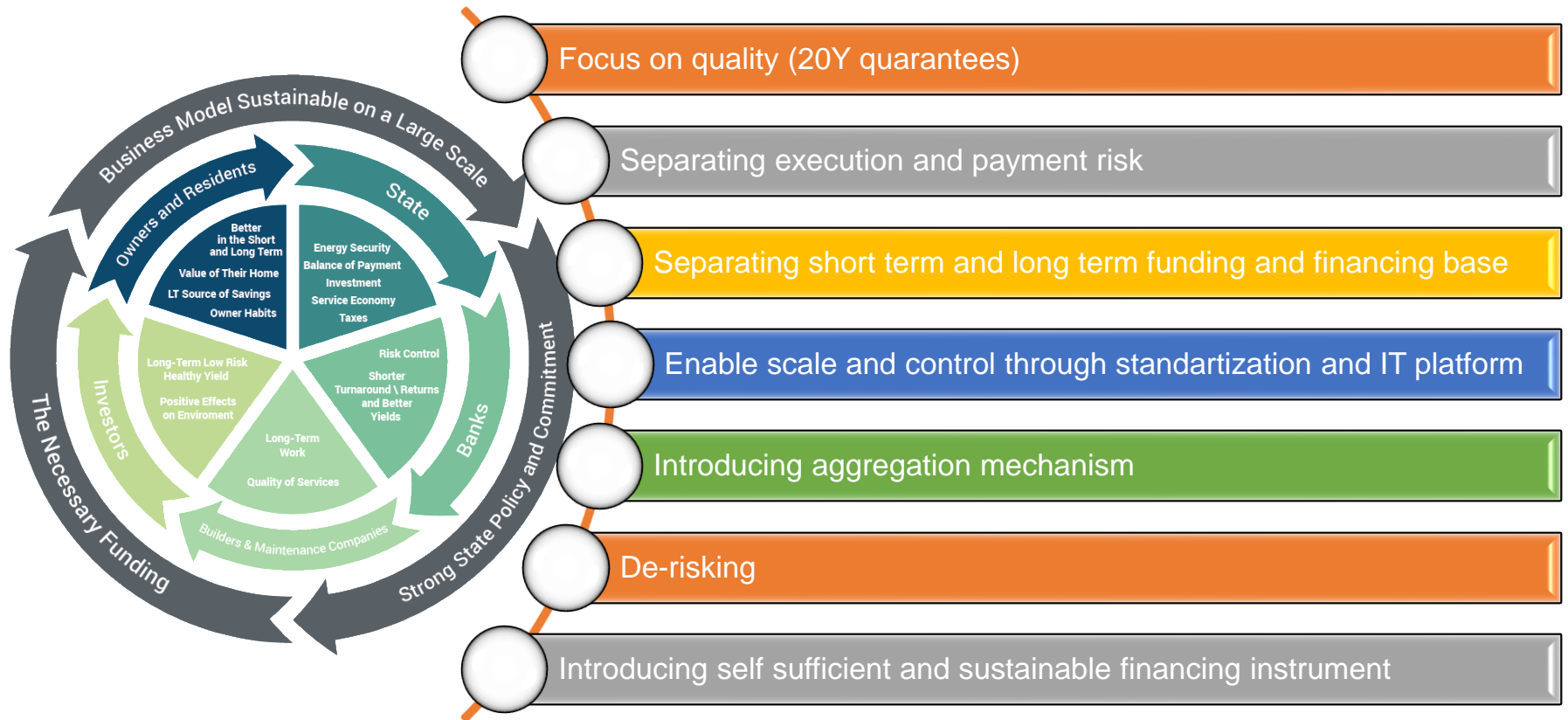


# AGGREGATE TO ACCELERATE





# LONG TERM SUSTAINABLE SOLUTION WITH SCALE

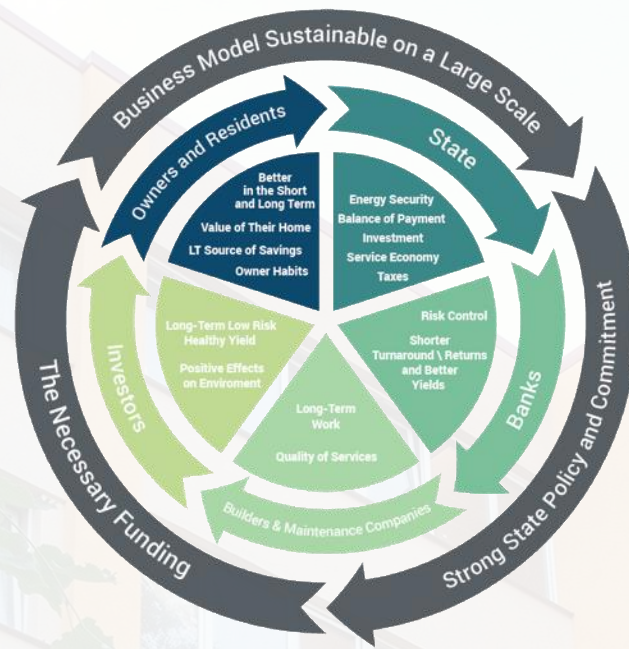


Providing a **cascade of benefits** to citizens, society, and government while building an industry



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## ACCELERATE FINANCING BY GIVING CITIZENS WHAT THEY WANT: HOMES



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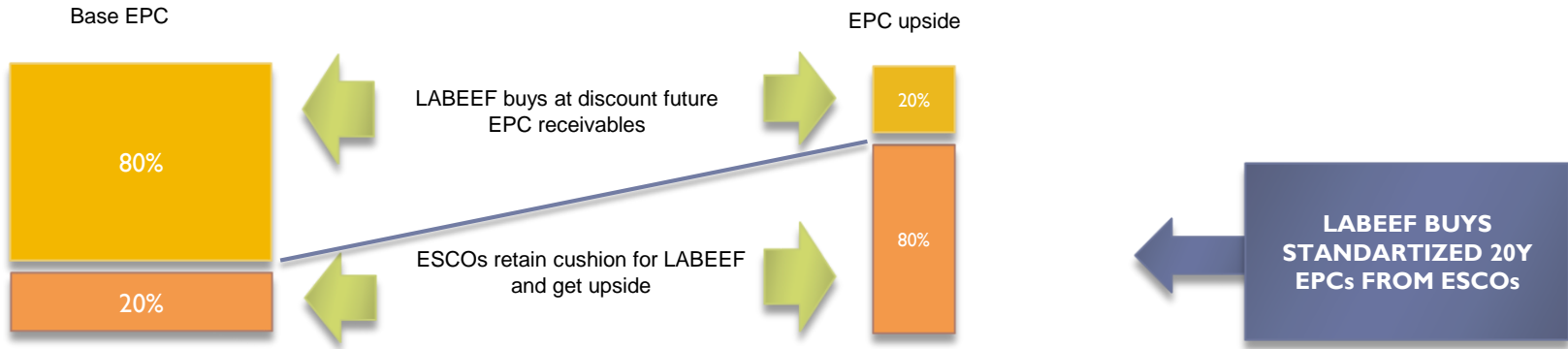
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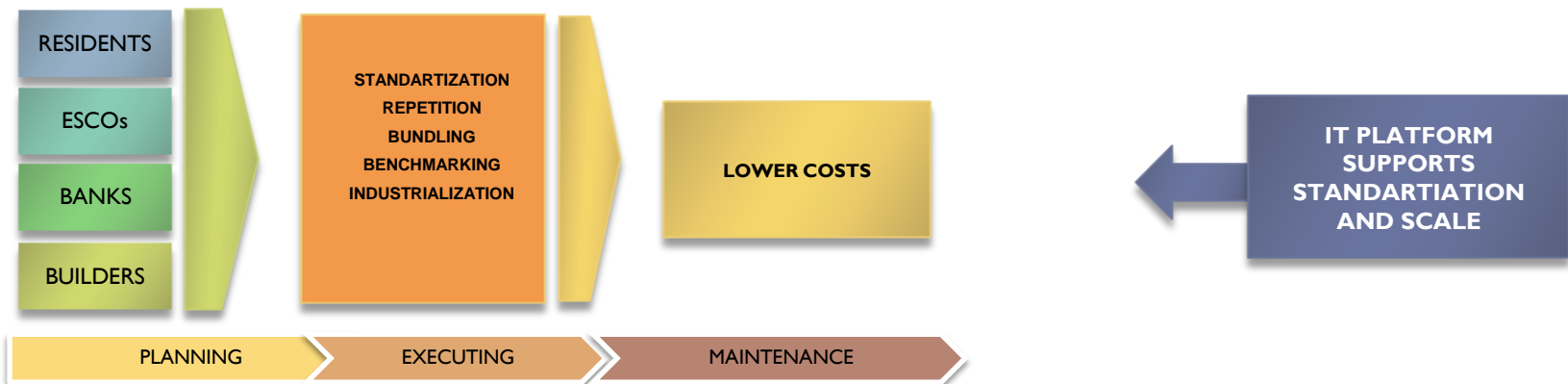
# INTEREST ALIGNMENT AND TRANSPARENCY

## LABEEFS 80/80 MODEL




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


## Open source IT PLATFORM AND TRANSPARENCY




# 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).



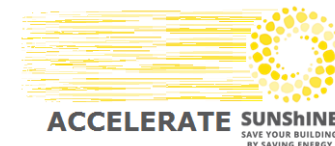
- *Sunshine* and *Accelerate Sunshine* aim to generate around EUR 50M in projects

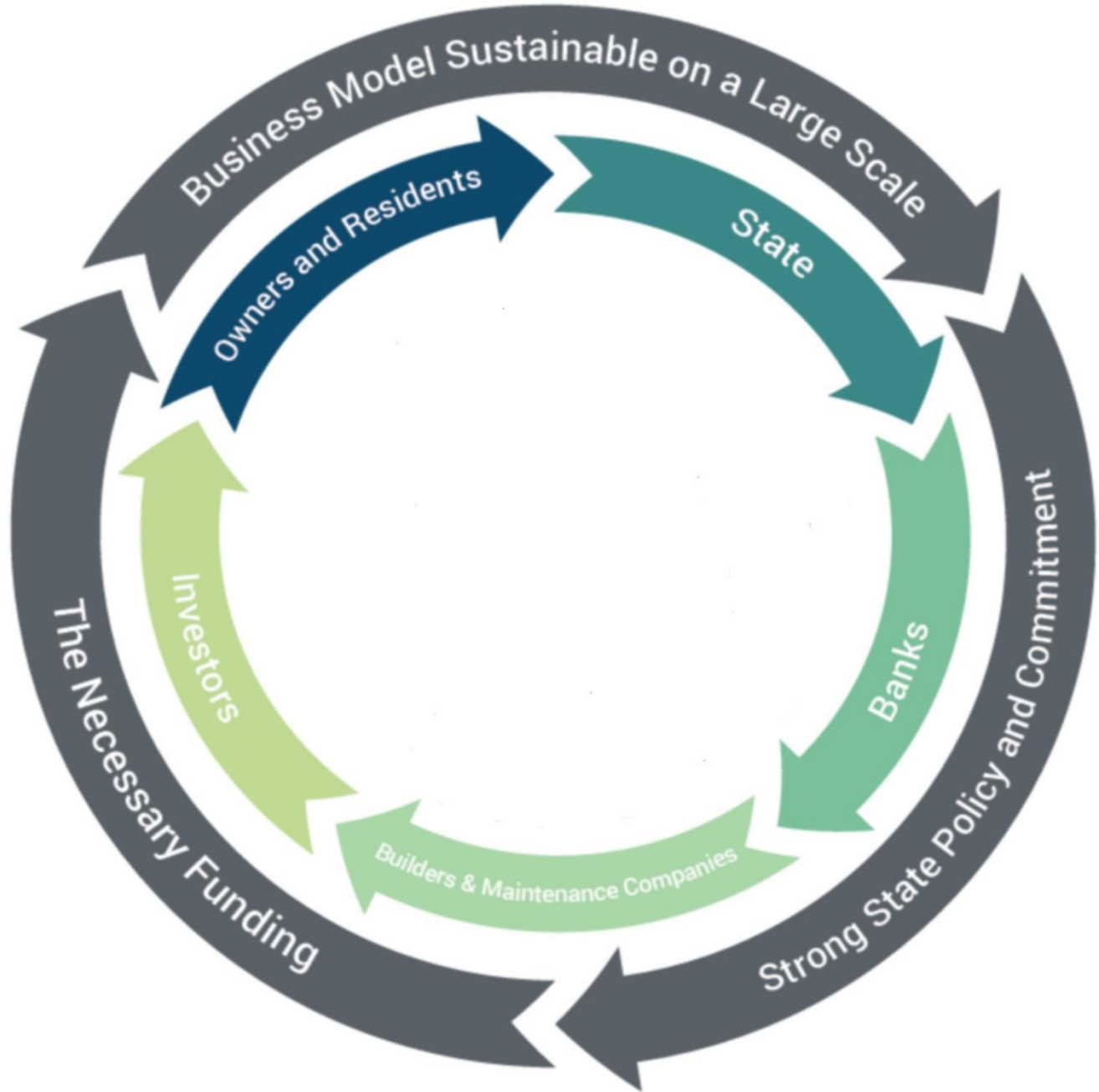


- Number of large local players interested to start ESCO business when LABEEF starts operations. Potential in public EPCs.



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





**ALIGNING THE INTERESTS OF ALL ON THOSE OF OWNERS**



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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