



**SUNSHINE**  
SAVE YOUR BUILDING  
BY SAVING ENERGY



MAGYAR  
ENERGIAHATÉKONYSÁGI  
INTÉZET



**LABEEF**  
Latvian Baltic Energy  
Efficiency Facility

# RENOVATING MULTI FAMILY BUILDINGS THROUGH ENERGY PERFORMANCE CONTRACTING (EPC+) SUNSHINE PROJECT - LATVIA

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Latvian Baltic Energy Efficiency Fund

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# WHO WE ARE AND WHAT 20 MINUTES WILL COVER

- ✦ **Sunshine Consortium**
- ✦ **Reality check**
- ✦ **What has the “Renesco LAB” achieved- a comparison of three buildings**
- ✦ **The macro: what happens if we set a goal of 70% deep renovations**
  - ✦ Assumptions
  - ✦ How do we tackle it?
  - ✦ What does it cost?
  - ✦ What are the savings?
  - ✦ What does it do to our balance of payments
- ✦ **The Cascade of Benefits of working together!**
- ✦ **And that’s why LABEEF**

# SUNSHINE CONSORTIUM MEMBERS



EKL SAGJ ABĀŠANAS IN  
ENĒRGOTĀJĀ PĪBAS ĒIROIS



RTU  
VASSI



PENESCO



Ekodoma



ATKAL JAUNIS NAMS



Salaspils  
Siltums



FUNDING  
FOR FUTURE  
*Create Value With  
Your Capital*



LABEEF  
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EKU SAGLABĀŠANAS UN  
ENERGOTAUPTĪBAS BIROJS

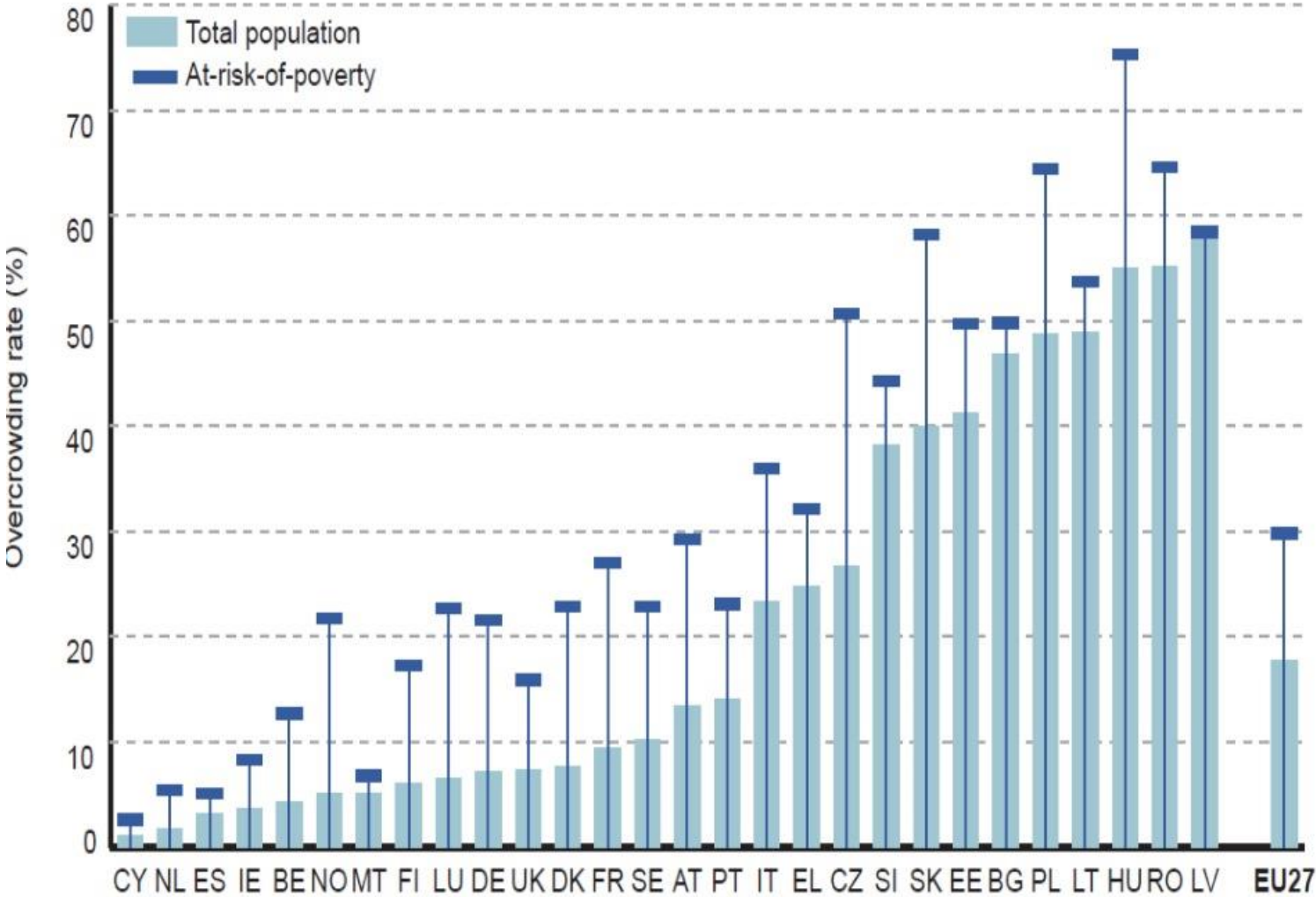
**“All our salaries and pensions are burning up in [...] heating ...”**

**Russian Deputy Premier Boris Nemtsov, March  
1997**

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# REALITY CHECK

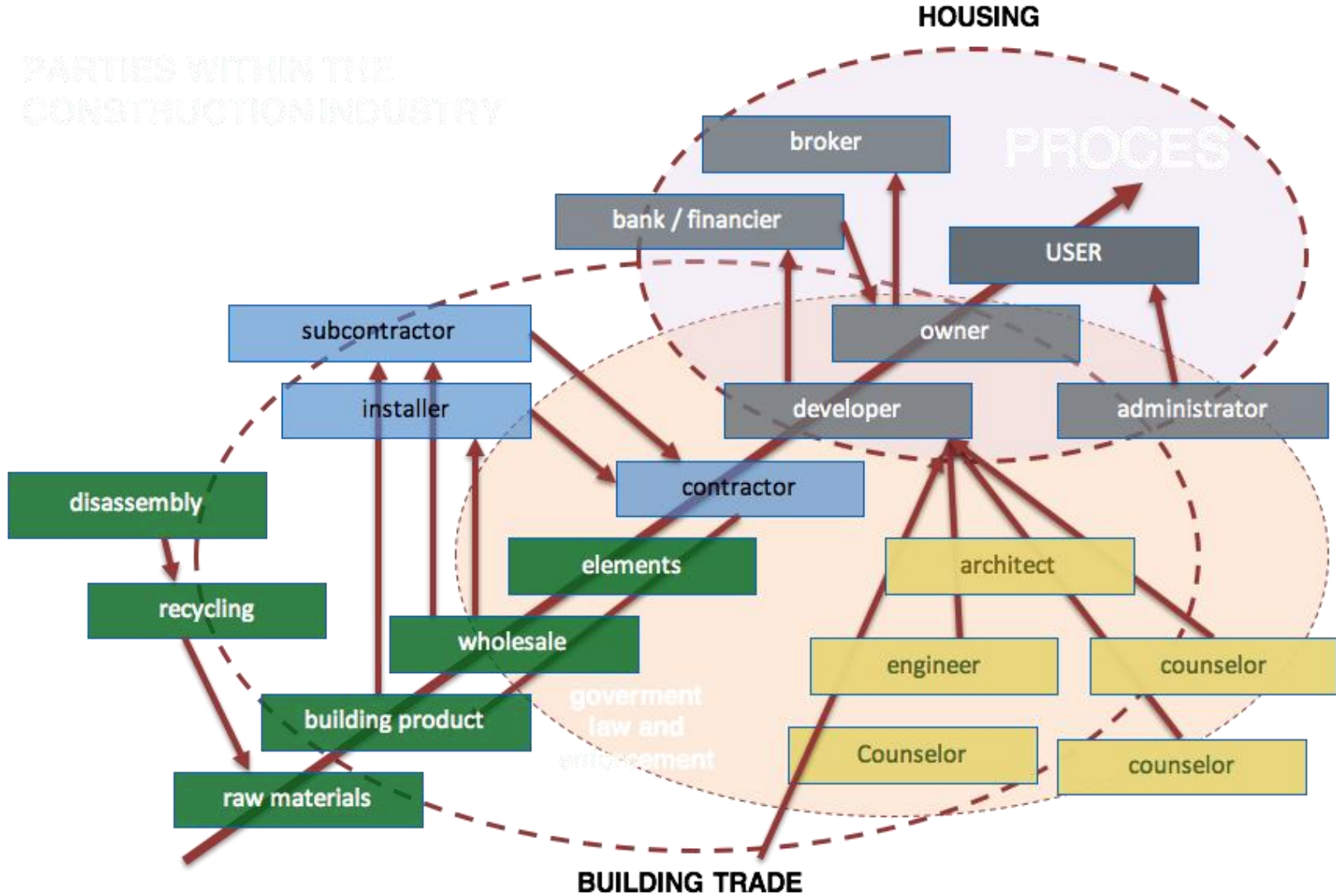


## SO, WHY AREN'T OWNERS DOING SOMETHING?

- » They cannot prepare proper renovation and maintenance plans
- » They have great difficulty to organise the decision-making process
- » They mistrust and misunderstand financial and technical risks and opportunities
- » They are afraid of bank loans
- » Many who have tried to renovate have ended up receiving poor quality works for inflated prices
- » Collectively residents are conservative and very risk averse

# Even if they did know, here's what they face

PARTIES WITHIN THE CONSTRUCTION INDUSTRY



# RENESCO LAB – DEEP RENOVATION

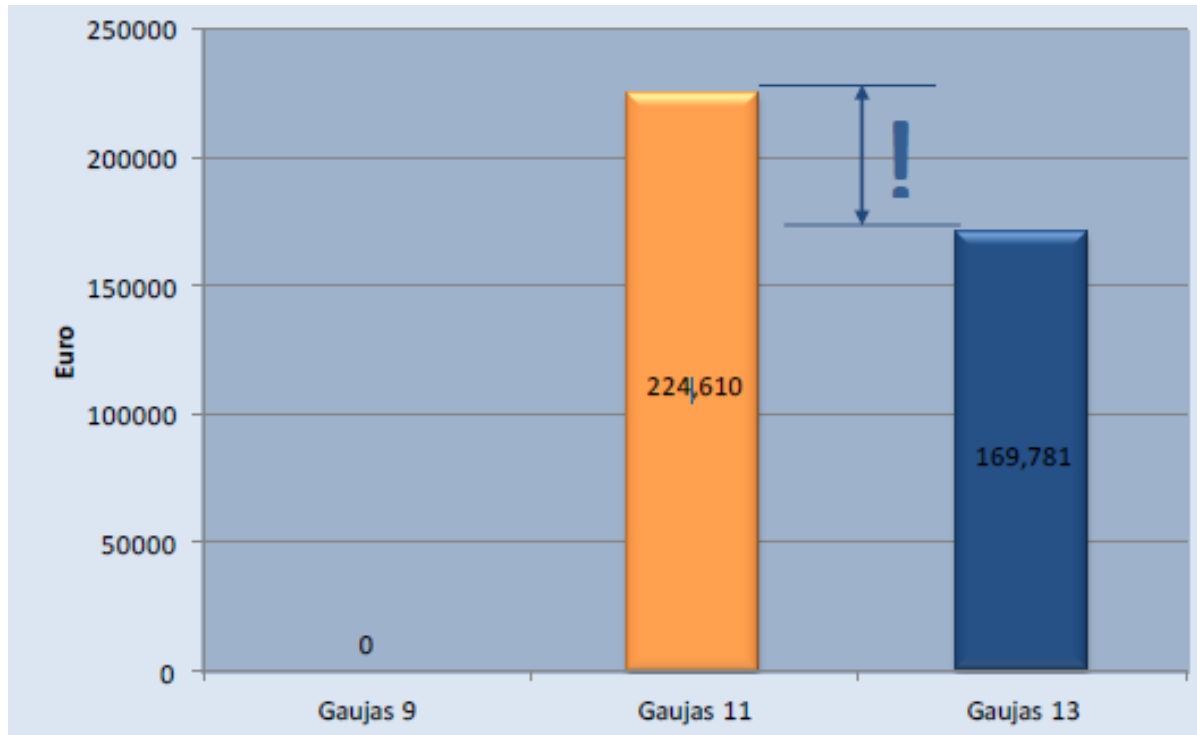


- 1977-1980,
- Series 467th standard design nine floors
- total area ~ 2165 m<sup>2</sup>,
- heated 1860 m<sup>2</sup>,
- 36 apartments.

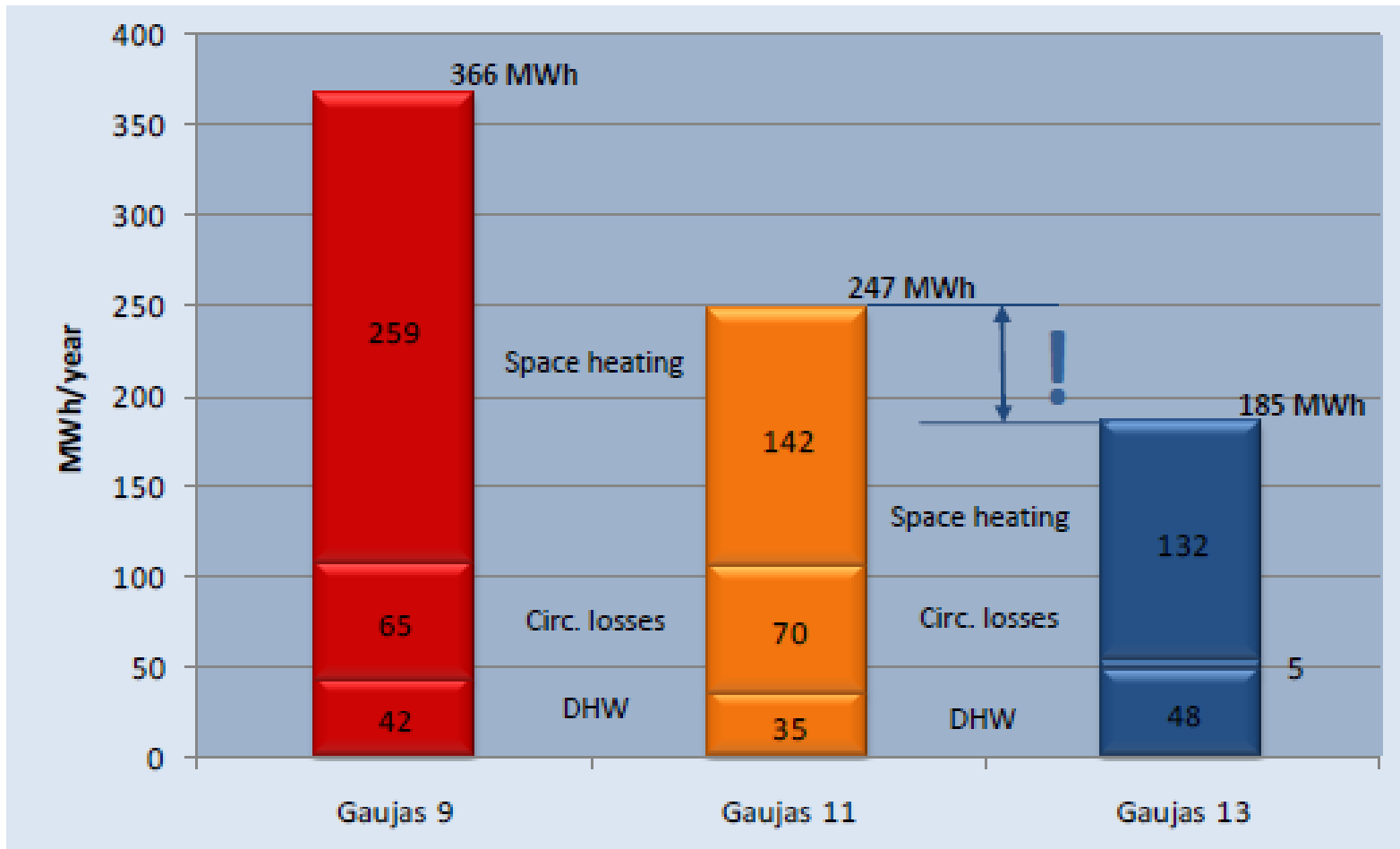
Building Envelope  
Heating regulators  
Hot water system  
Roof  
Stairwells  
Land



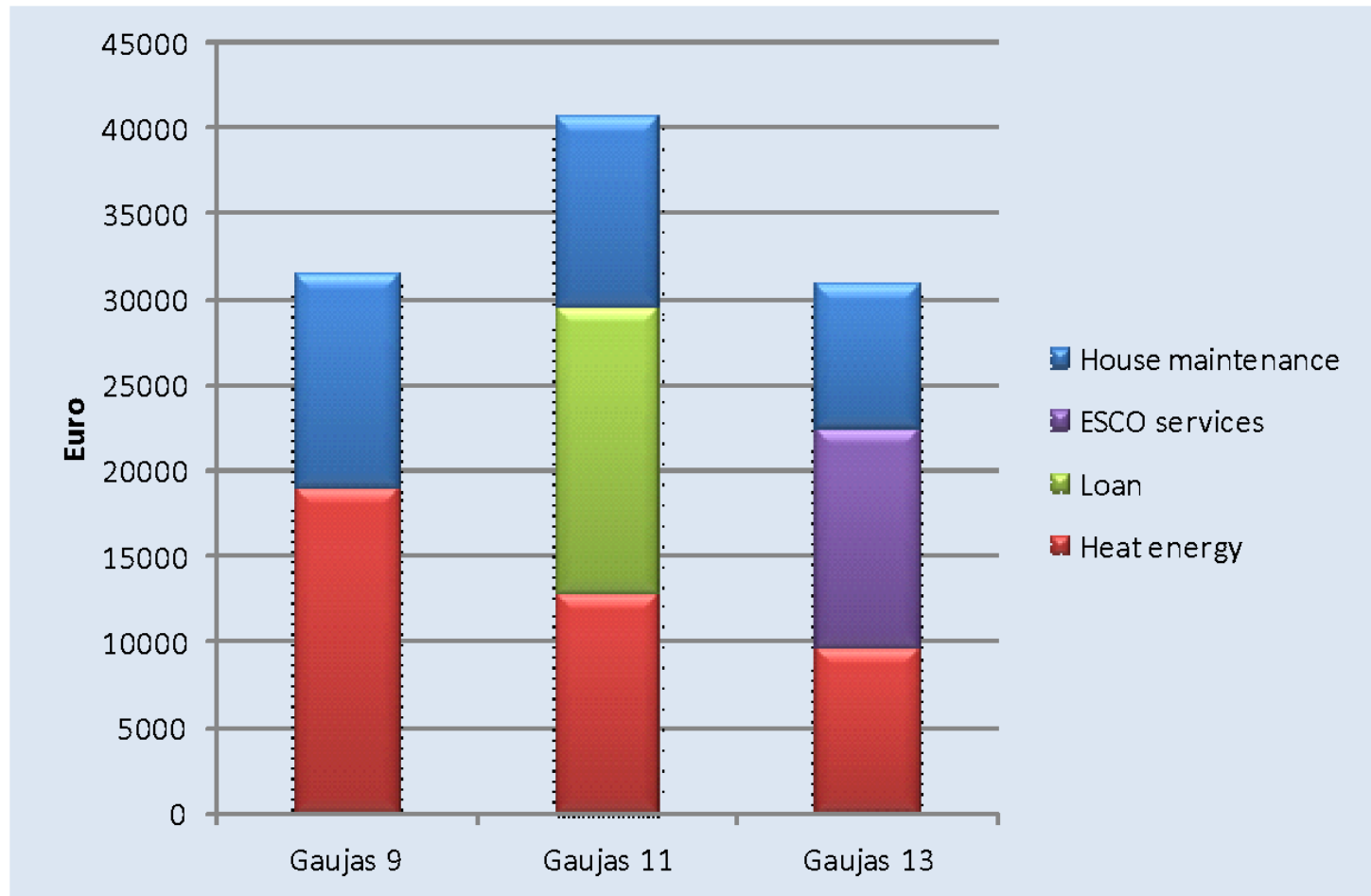
# How much did it cost?



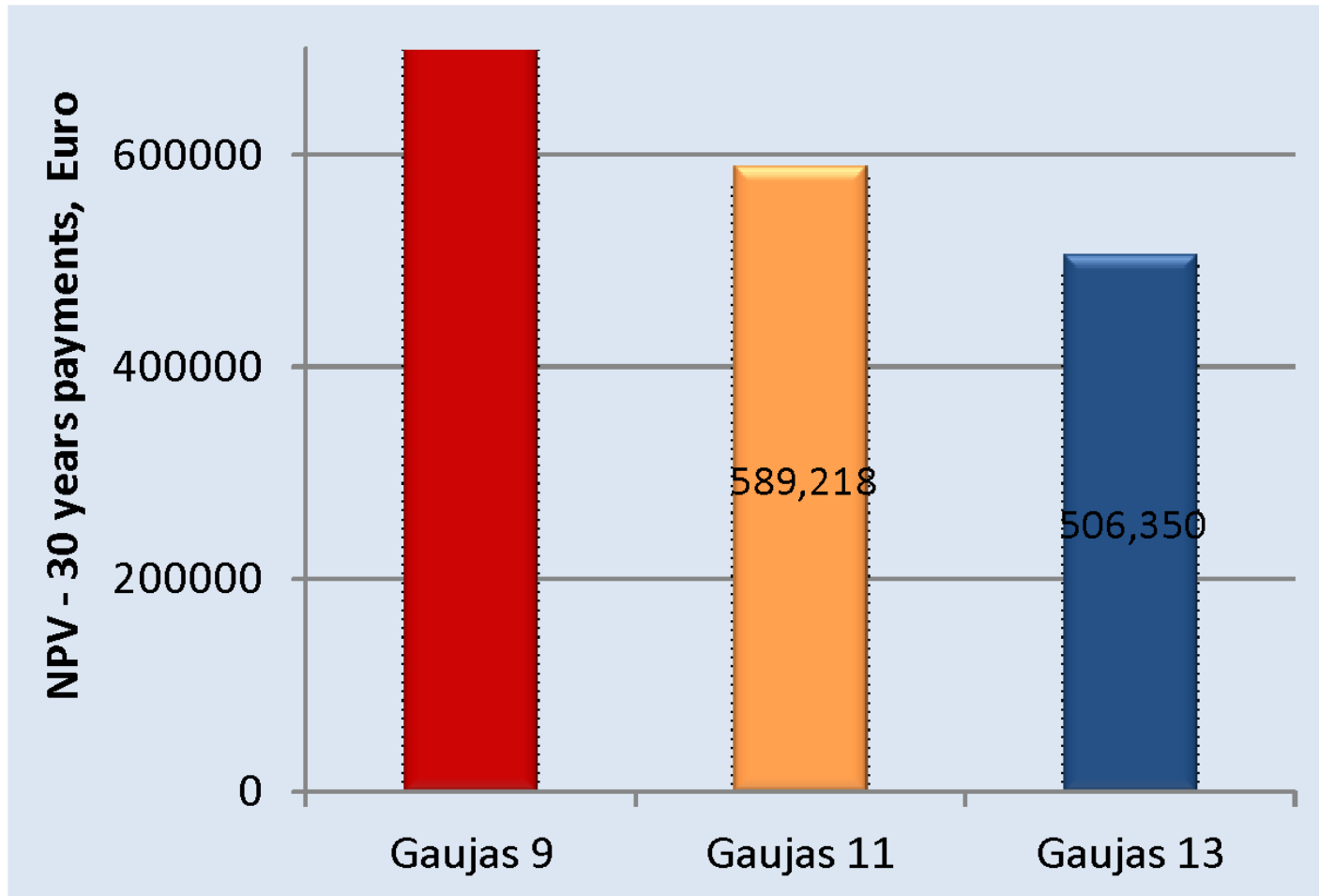
# How much did they save?



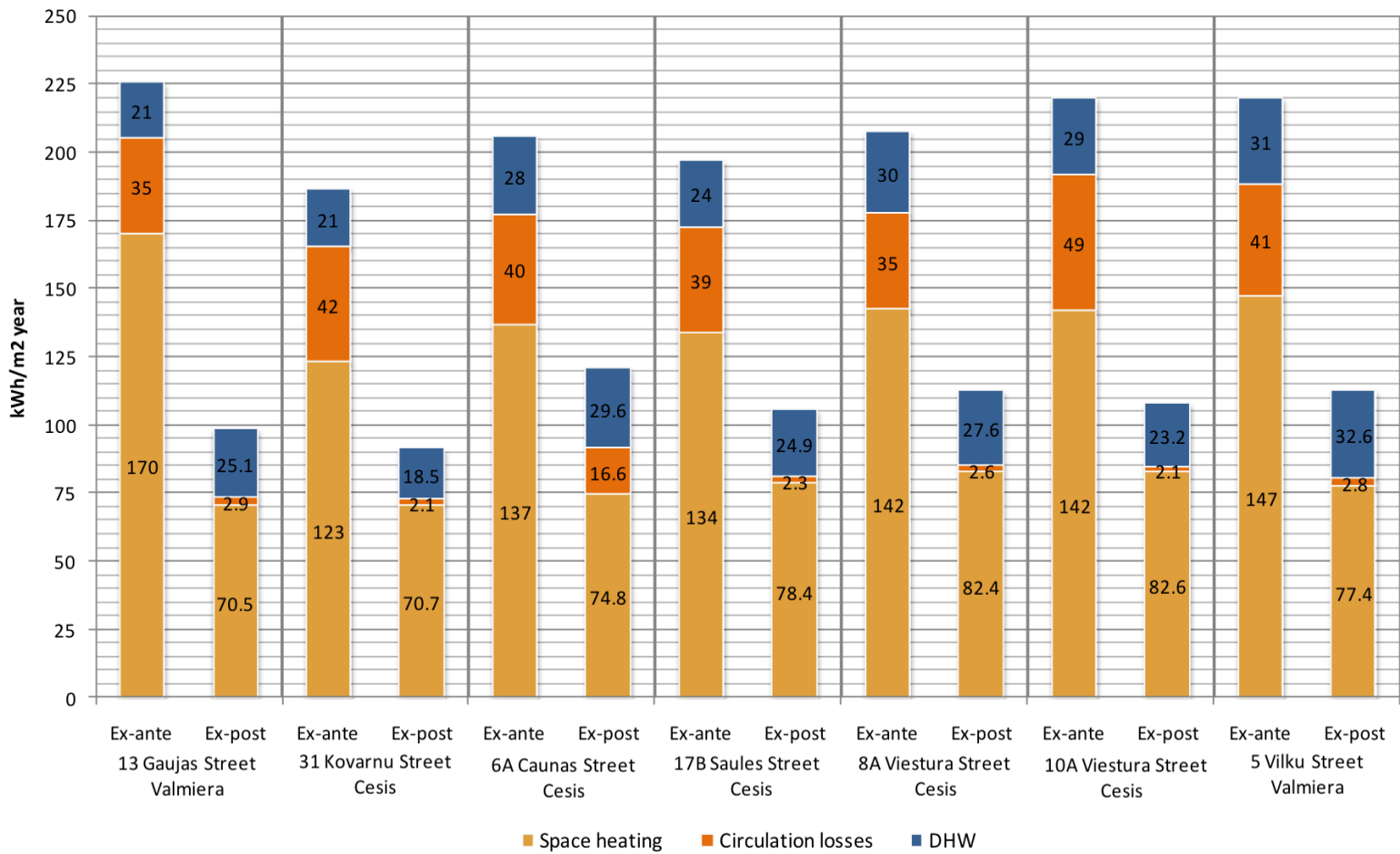
# How much do they pay?



# Over 30 years?



# HOW DO 15 BUILDINGS DO OVER THE LAST 6 YEARS?



Owners are right: they need guarantees

Safety

Guidelines

Health

Guidelines

Affordability

Guidelines

Comfort

Guidelines

# AND WHAT WOULD HAPPEN ON A MACRO BASIS?

**From the “Renesco LAB” we know:**

**Passive solutions only at buildings  
50% savings at building level – findings >60%**

**Assumptions:**

**Soviet Era buildings renovations industrialised**

**Decreases in costs due to:**

**scale**

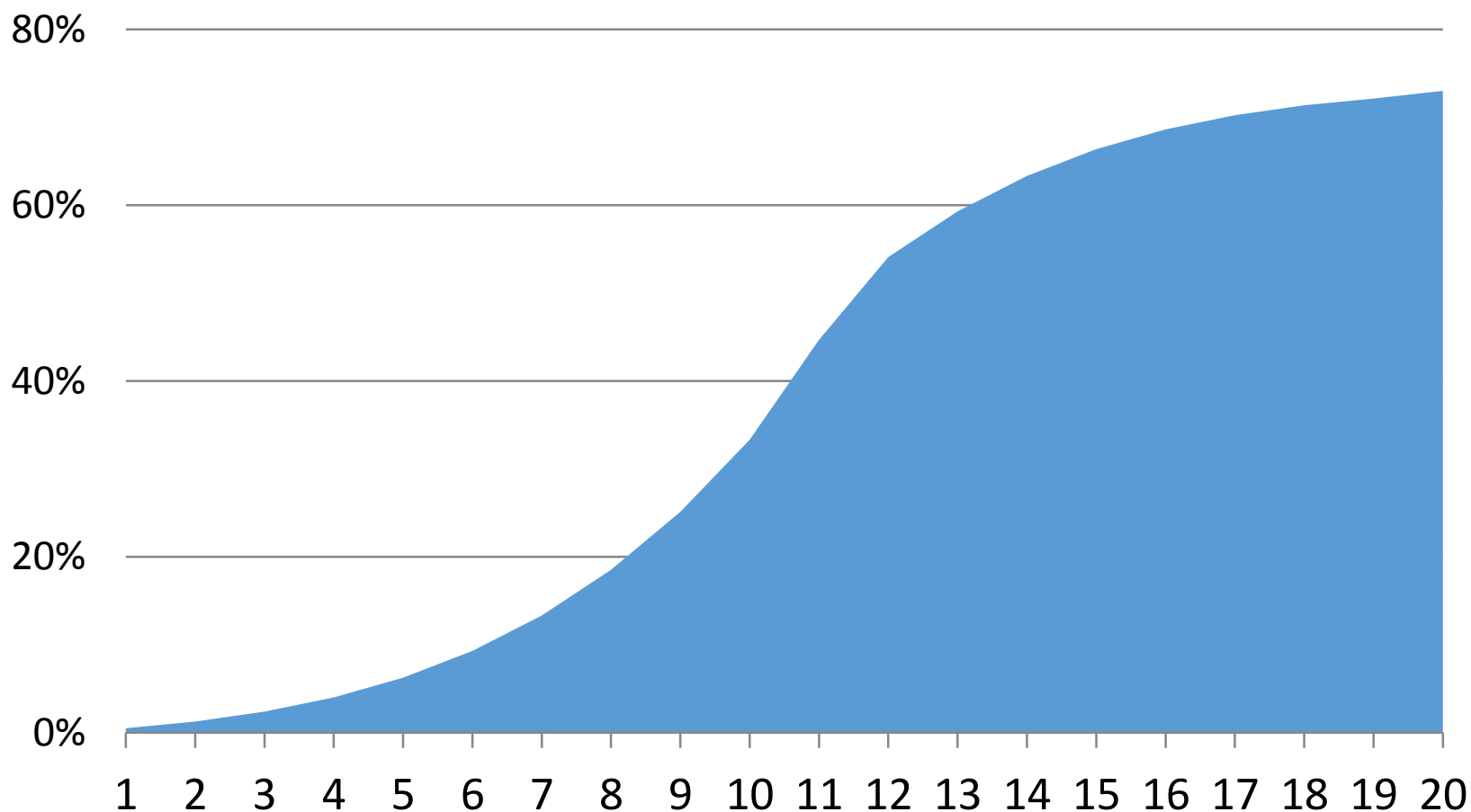
**repetition and industrialisation**

**grouped purchasing**

**decreased transaction costs**

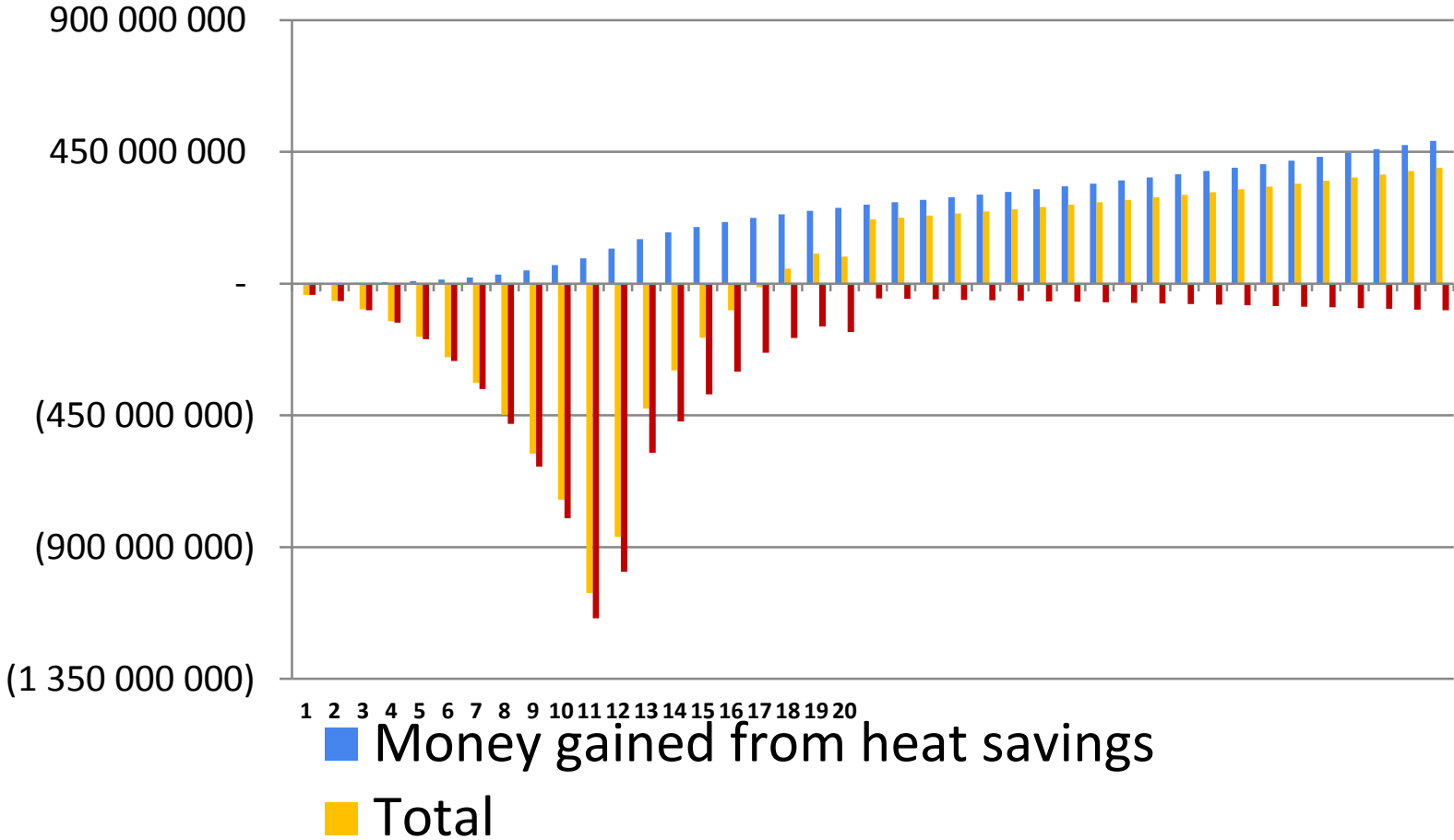
**lower financial costs**

# What if we did this for 70% of the buildings?



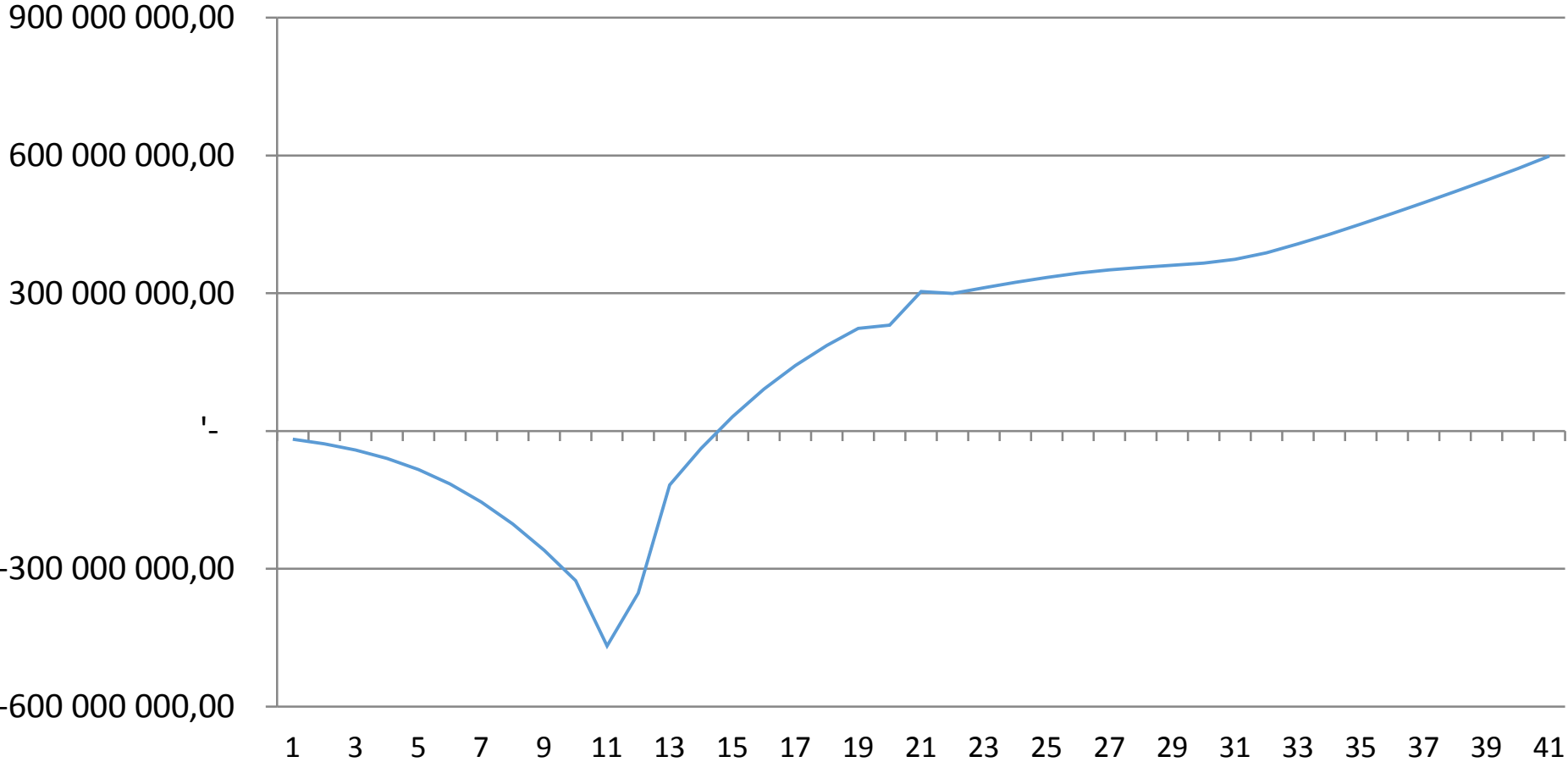


# In the FUTURE (EURO)



# IMPACT ON THE BALANCE OF PAYMENTS

(EURO)



# **WORKING TOGETHER – THE CASCADE OF STAKEHOLDER BENEFITS**

## **Citizens and stakeholders:**

- **Solving the housing crisis: 4 guarantees for 15-20 years : heat costs reduction, healthy microclimate, quality and comfort**
- **Building lifetime extended by 30-50 years**
- **Property values rise**
- **Lower liabilities**

## **Project promoters / builders :**

- **continuous work flow for the next 20 years**
- **Skilled Workforce**
- **Knowledge and models for export**

# WORKING TOGETHER – THE CASCADE OF LOCAL AND STATE BENEFITS

## **Municipalities :**

- **Well-organized , attractive and safe urban environment**
- **jobs = > return people who have moved**
- **additional taxes**

## **Country:**

- **Pensions funds stay at home**
- **people who have moved return**
- **energy security**
- **economic development**
- **knowledge and models for export**
- **Reduction of CO2 emissions**

# LABEEF?

The role of Forfaiting is to:

- **attract and provide long term finance**
- **offer Guidelines for LT finance**
- **standardise documentation**
- **be transparent**

LABEEF will:

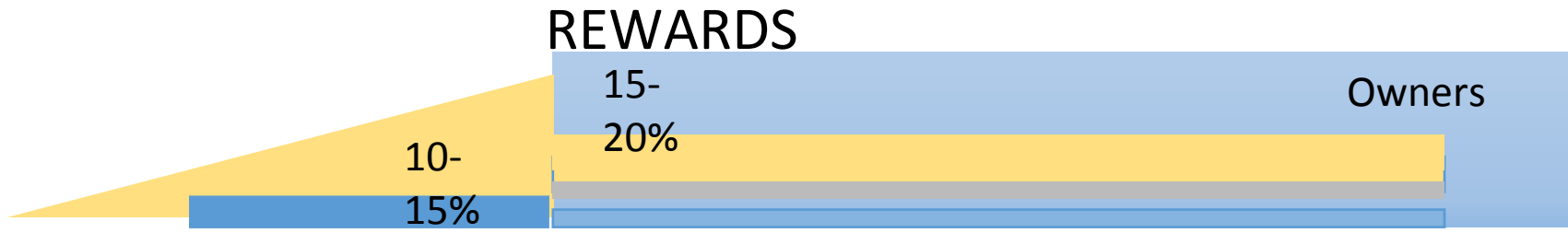
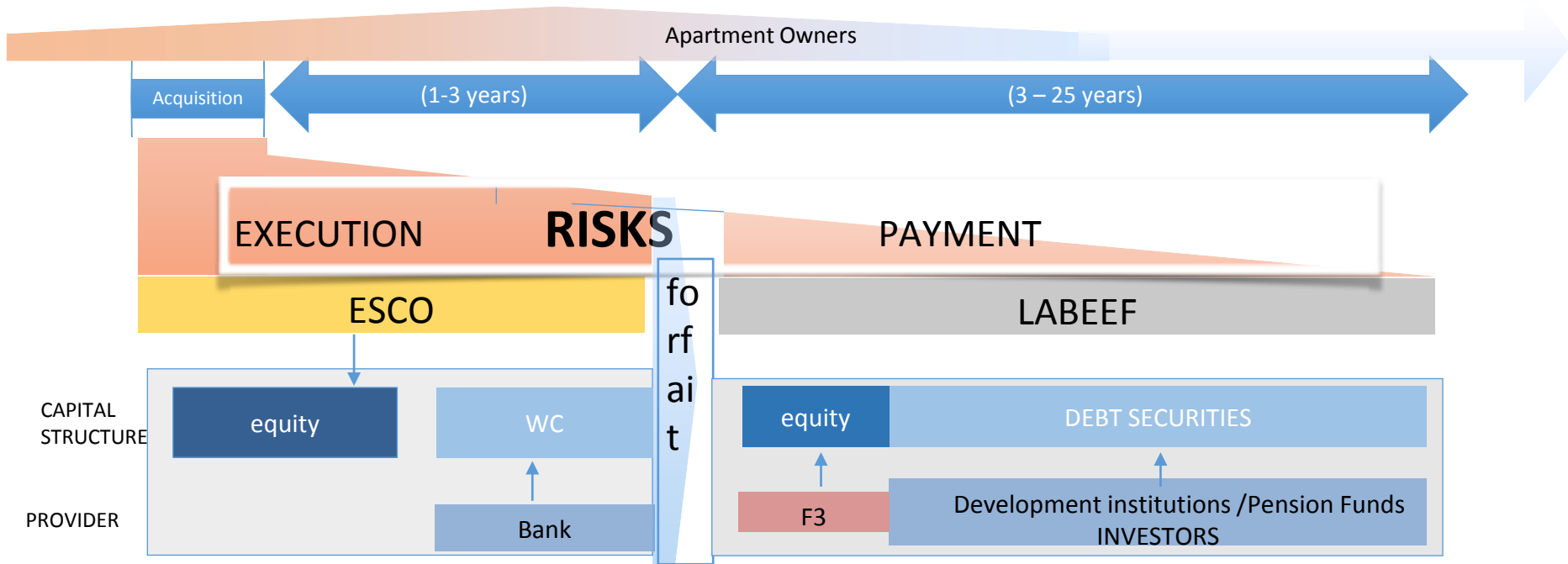
- **decrease risk and transaction costs**
- **increase quality through increased capacity**
- **speed up processing**



**The LABEEF business models ensures that the interest of the investor are the same as the owner's:**

- ✦ **1-Aligns the interest of all stakeholders on those of the final beneficiary: the owner**
- ✦ **2-Separates execution risks from payments risk**
- ✦ **3-Assigns fair returns for the risk taken by each stakeholder**

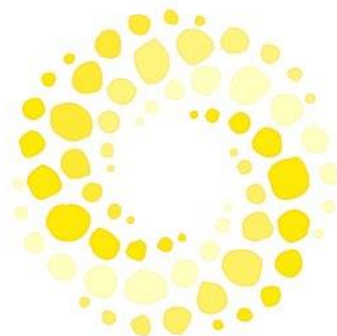
# ASSIGNING RISK AND REWARD



# GOALS OF LABEEF –

- **Over 20 years: Finance renovation of 20% of MFB**
  - ✦ Achieve energy consumption  $\leq 90$  kWh/m<sup>2</sup> per building;
  - ✦ Ensure safe, healthy, affordable and comfortable homes for next 30–50 years;
- **2018: Deliver sharex.lv for benchmarking projects**
- **2022 Prepare to be subsidy free;**
- **2022: Credit rating: Moody's, S&P, Fitch**
- **2025 Attract 100% private funding**





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*For more information visit **SUNShINE** at*

**Sharex.lv**



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