The BEEF Model
Scaling Massively Multifamily Renovations

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Who are we?
Why focus on buildings?
What is a possible model?
Its evolution over 10 years
EPC+
EES
FUNDING FOR FUTURE B.V. (F3)

- F3: Fund Manager
- finances building renovation services and supports EU member countries in their Renovation strategies:
  - pioneered first private finance investment vehicle “LABEEF”
    - co-financed - EBRD- 6 Buildings – 20 year contracts
  - Poland – NFOS priority program EPC+
  - France, Italy, Germany, Portugal: EES
Buildings – Energy Drain & Health Hazard And Shortage of homes
EU buildings: climate and societal challenge

- 40% of all energy consumption
- 36% of CO2 emissions across the EU
- Citizens live in degrading, unsafe and unhealthy buildings
- Buildings cost the EU economy approximately €194 billion annually
- Missing investment in housing: €57 billion annually
The solution is not only how to save energy!

It is, how to save Europe's housing stock!

Energy Efficiency First is the answer.
HEALTH HAZARD & ENERGY DRAIN

- Buildings in poor condition are health hazard for inhabitants and users
- Poor living and working conditions create financial burden to society
- Buildings consume 40% of energy
- Nearly 70% of buildings are build before 1990s,

Complete renovation of buildings financed by energy savings provides

Safety. Health. And Comfort™ Guaranteed Savings
LABEEF
EPC+/EES
PERFORMANCE CONTRACT:
“Complete”
Retrofit Subscription
Delivered through a digital platform
ENERGY PERFORMANCE CONTRACT Plus (EPC+)

THE CONCEPT OF EPC+ FOR BUILDINGS

Service provider prepares standardized service-package, including technical improvements and safety measures (investments) based on an EPC+

1. Implementation of energy saving measures agreed in the energy performance contract plus
2. Energy cost prior to energy saving measures
3. Reduced energy cost
4. EPC+ guarantee period
5. Guaranteed energy savings
6. End of contract

Saved energy cost of the building owners compensate (in whole or in part) for EPC+ fees

Continued savings of the building owners
BEEF OPERATIONS SCHEME

1. BEEF commits to buy energy savings and associated cash flows before design based on its’ Guidelines.

2. Renovation Service Provider designs, implements and finances project implementation.

3. BEEF forfaits the contract and provides long term financing.

Building Energy Efficiency Facility
Holistic system supporting investments in ESCO model

- **Energy advisor**
- **Commercial financing [70-90%]**
- **Financial institution (purchase of receivables) up to 80% of 70-90%**
- + analysis of other forms of financial liquidity support
- **Beneficiary** (municipalities, housing communities and cooperatives)
- Energy advisor on the pilot stage
- **RENOVATION `SERVICE PROVIDER**
- Next **RENOVATION SERVICE PROJECT**
- Energy advisor on the pilot stage

**FinEERGo-Dom**
GREY PAST 2 GREEN FUTURE
RISK MITIGANTS

EXECUTION (1-3Y)

PAYMENT (25 – 40 Y)

RISK

Provider
SHAREHOLDER
BANK

BEEF

INVESTORS
DEVELOPMENT INSTITUTIONS/INVESTORS

National or regional Incentives (grants/subsidies, guarantees)

OWNER GAINS

PROVIDER PROFIT
The investment risks are transferred from the building owner to the renovation service provider.

No up-front payment required from the building owner.

On-Bill payment for services received

Renovation service provider guarantees EE & safety/comfort improvements which serve as basis for their payments.

The productivity and value of buildings are increased through professional services.
Guarantees energy savings and the way they are measured and verified

Standardized terms of the contract

Client (apartment owners) and Contractor (Renovation Service provider) clear rights and obligations

During the construction period

Operation / maintenance / responsibilities during the contract terms

How to solve disputes, changes in conditions, unexpected problems
“SAFETY, HEALTH & COMFORT” The GUARANTEES

**INDOOR AND HOT WATER TEMPERATURE**

**guarantees**
Minimum indoor air temperature
Minimum hot water supply (> 55 °C)

**INDOOR AIR QUALITY**

Guarantees
number of air exchanges. = good ventilation of the building

**SERVICE QUALITY**

guarantees that the installed equipment and the used materials for the full length of the contract = 20-40 years
Sustainable BENEFITS FOR RESIDENTS

✔ Conservation of their apartment
✔ More comfortable and nicer looking house to live in (currently many apartments are severely under-heated).
✔ Flat owners receive 25% profit share of Renovation Service Provider’s net result
✔ 25+ year guarantee on all construction works and therefore less worries and cost for maintenance during the contract period
✔ The sales value of their apartment increases by at least 20% right after renovation
✔ After 25+ years apartment owners get all the benefits from energy savings (expected 50-80%)
THANK YOU

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What is an Renovation Service provider?

Energy Service Company is “as a natural or legal person that delivers energy building services and/or other energy efficiency improvement measures in a user’s facility or premises, and accepts some degree of financial risk in so doing. Payment of provided services (in total or partially) is based on reached energy efficiency improvements and fulfilment of other criteria agreed upon regarding these targets” - Directive EU 2006/32.

EE Service provider/renovation service provider can provide the whole range of necessary energy services – from planning, management, implementation, and monitoring of energy management services to technical improvements. The company shoulders the associated economic, technical, and administrative risks in carrying out the EE improvements.

➔ Company arranges the financing and takes on performance risk: if no energy is saved, company does not profit.
➔ The company stays involved in the measurement and verification process for the energy savings in the repayment period.
➔ There is little upfront cost for the owner. The renovation service provider will assess the efficiency opportunity, purchase equipment necessary to improve performance, and install the equipment.
➔ The company provides energy reports and energy savings records.
BUILDING ENERGY EFFICIENCY FACILITY ("BEEF")

- Standardized EPC+ agreement
- Renovation and guaranteed savings
- Fixed payments

- Financing agreement
- Fixed payments

- Development banks/ sustainable funds

- Forfaiting of successful implemented projects (after M&V)

- Long term financing
- Standardized Scaling
- Quality guidance
- Transparency
- IT Platform

BUILDING OWNER

RENOVATION SERVICE PROVIDER

BANK (< 2 years)

DEVELOPMENT BANKS/ SUSTAINABLE FUNDS

BEEF (< 2 years)
SCOPE AND SERVICES OF EPC+

RENOVATION SERVICE PROVIDER

Arrange:
- Engineering,
- Procurement,
- Supply,
- Installation,
- Start-up,
- Commissioning,
- Financing

Operation and Maintenance:
- Periodic maintenance activities
- Mid-term preventative maintenance activity
- Long term provisioned maintenance activities
- Administration, Emergency calls, building insurance
- Energy Savings Guarantee
- Comfort standards
- Measurement and verification

Cooperation:
Between flat owners and tenants and the Renovation Service Provider and subcontractors

Contractual Fees for:
- Energy and domestic hot water (metered)
- Renovation works
- Operation and maintenance

AGREEMENT
6 to 8 MONTHS

CONSTRUCTION PERIOD
3 to 12 MONTHS

SERVICE PERIOD
25 - 40 YEARS

END WORKS

END CONTRACT

CLIENT