



**SUNSHINE**  
SAVE YOUR BUILDING  
BY SAVING ENERGY

# SUSTAINABLE LIVING ENVIRONMENT – LATVIAN ALTERNATIVE

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Member of the Board

Building and Energy Conservation Bureau (Association)

Latvia

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



9/11/2017



EKU SAGLABAŠANAS UN  
ENERGOTAIPIBAS BIROJS



ATKAL JAUNS NAMS

# BUILDING AND ENERGY CONSERVATION BUREAU – WHO WE ARE?

## We advocate on behalf of residents:

- Our goal is to ensure citizens with long-lasting homes: safe, healthy and warm
- Only possible with deep renovations
- Proposed solution: Energy Performance Contracting (EPC)



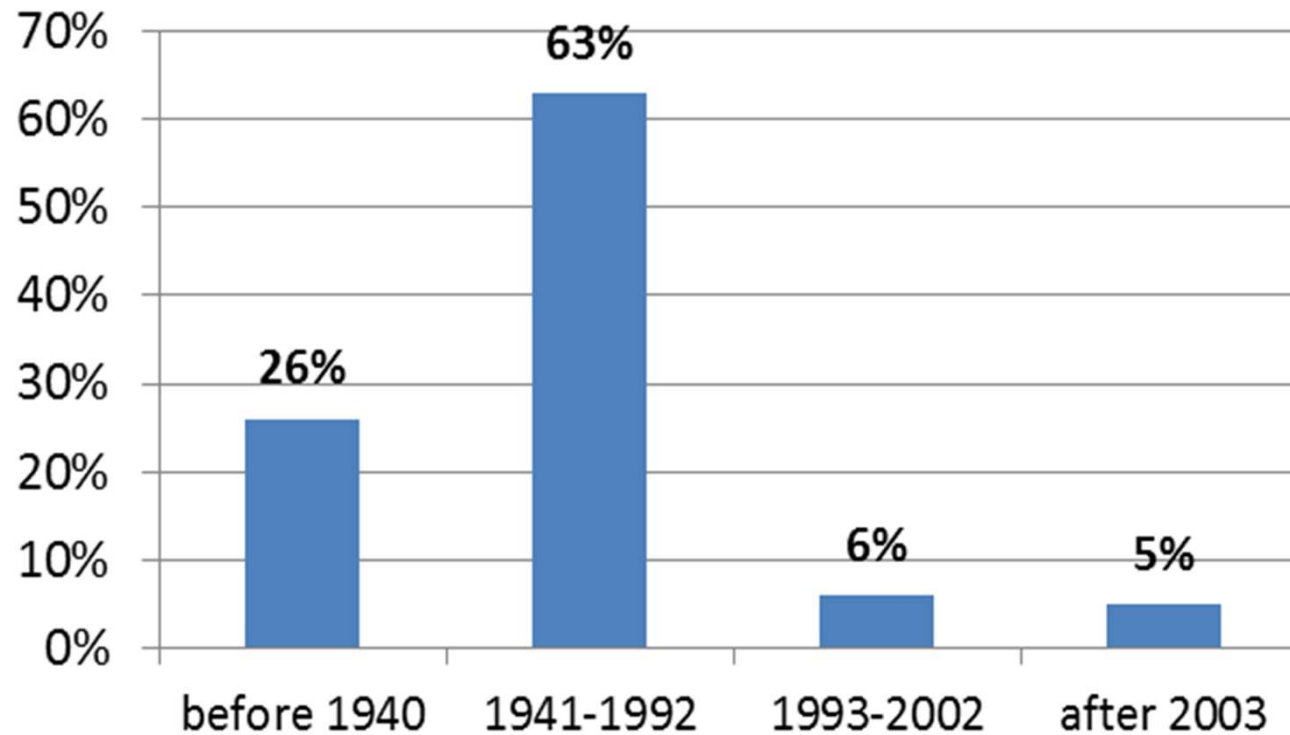
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# LATVIAN MULTI-FAMILY BUILDING STOCK



# WHAT ENVIRONMENT IN HOUSING WE HAVE?

## PROBLEM

50% of Latvian housing stock will wear out in the next 20years time

## CAUSE

Consistent lack of maintenance and investment

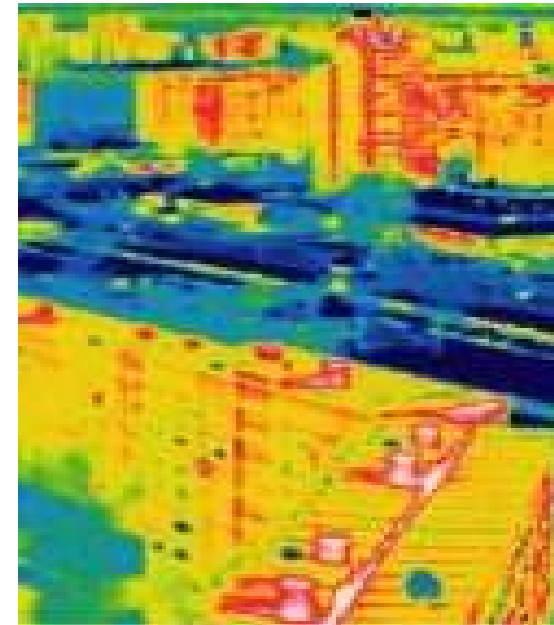
## ANSWER

Capital repairs of buildings and decrease in energy consumption

## BENEFITS

Building lifetime. Financial savings. Comfort. Health. Value. Environment. Economy. Social. Energy dependence.

Use proceeds from energy savings to finance large scale renovation



**SCALE EXCEEDS EUR 4 BILLION IN LATVIA ALONE!**

# PROBLEM

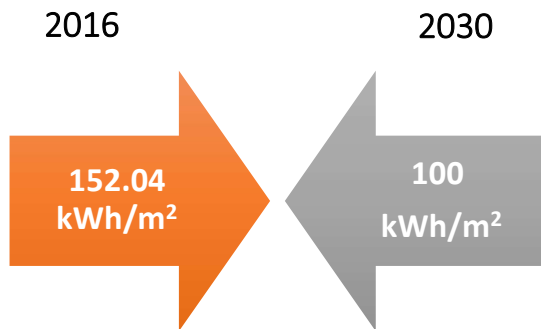


**38 000**  
Multifamily buildings

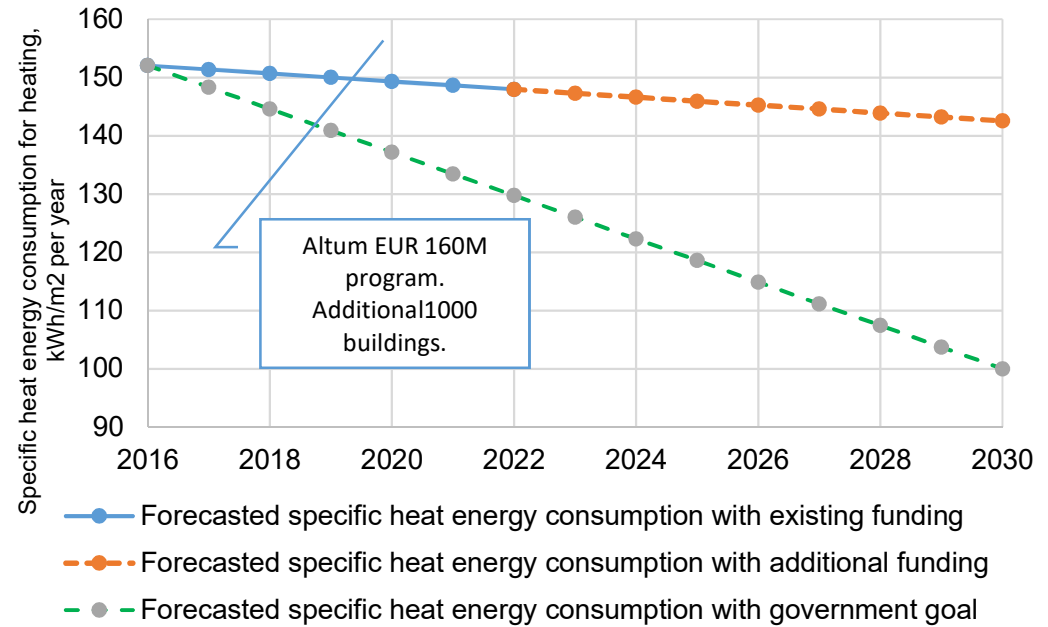
**1500**  
Renovated buildings  
4% of total

**85%**  
Do not correspond to  
current heat consumption  
requirements

## LATVIA ENERGY STRATEGY 2030



**Required financing – EUR 4.3 billion**



Source: Gatis Žogla.

# RENOVATION RATES AND FINANCING IN LATVIA 2009-2020

- **2009-2013 EU funds were available – up to 50% grant**
- **740 implemented projects (average savings 40%)**
- **Total EU funds financing - 63M EUR**
  
- **Total EU funds financing 150M for the next period 2014-2020:**
  - Up to 50% grant
  - Energy consumption for heating <90 kWh/m<sup>2</sup> year
  - Renovated ~1700 buildings

# HOW TO PROCEED?

- **Apparently, to speed up housing renovation we need new solutions for financing refurbishment projects in dwelling houses.**
- **Meanwhile we have to take into account specifics of housing stock in Latvia, that is, most of our dwelling houses are built in soviet era and consist of several types of series. For each of series we need to develop standard solution for house refurbishment using industrial methods and approach. That will help not only to save costs, but also speed up execution of projects.**
- **Most likely in a such way only energy service companies (ESCOs) can deliver the outcome we are expecting, but only if several market conditions are in place.**

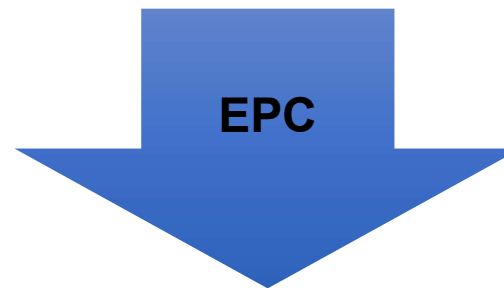


# WHAT SOLUTION DO PEOPLE NEED?

**GUARANTEED RESULTS**

**FINANCIALLY VIABLE**

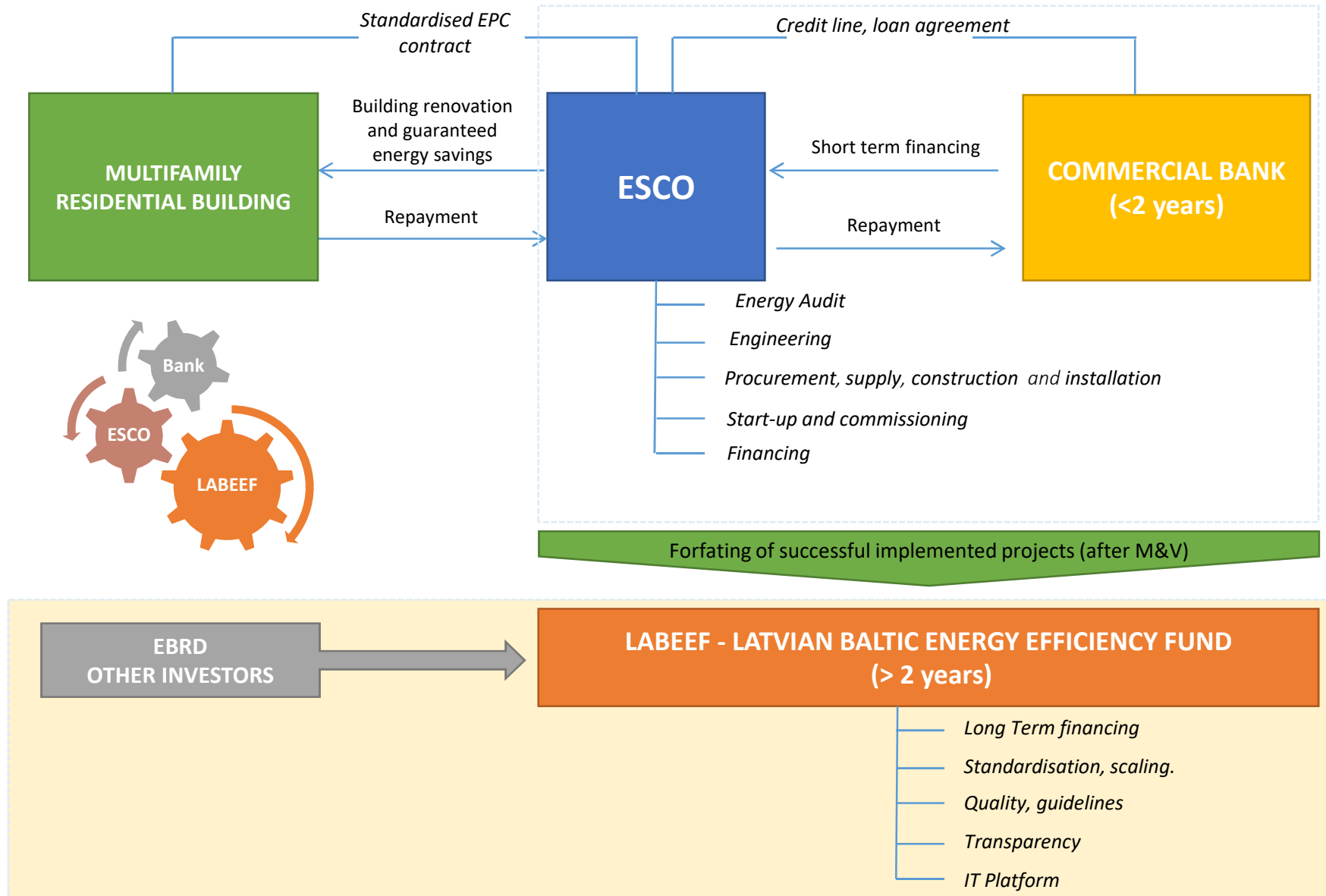
**SIMPLE**



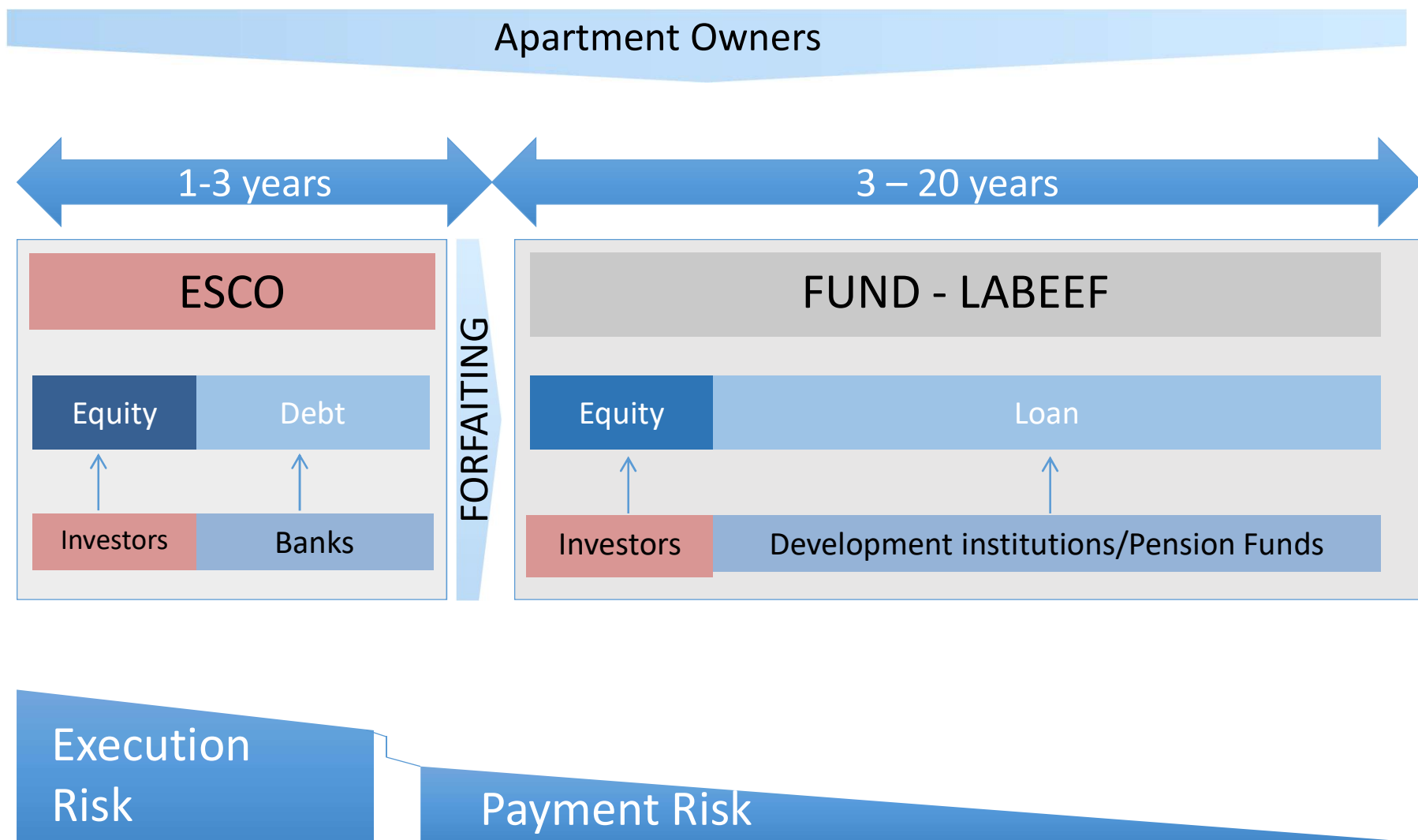
**ESCOs USE EPC TO IMPLEMENT BUILDING RENOVATION  
WITH 20 YEAR ENERGY SAVING PROJECTS**



# LABEEF SOLUTION – GENERAL ECOSYSTEM



# FINANCIAL MECHANISM



# LABEEF PROJECT: 5 YEARS IN PERSPECTIVE

2016

- **Latvian Baltic energy efficiency facility (LABEEF) is established.**
- Seminar with key stakeholders, ESCOs, banks.
- **LABEEF initiates 2nd term sheet with EBRD**
- ALTUM €160M program approved
- ALTUM program amended to include ESCO
- EBRD business forum in Riga
- **Loan agreement between LABEEF and EBRD signed**

2015

- Government sets aside **€10M matching EBRD's proposed term sheet.**
- Support visit from Mr. Peterschmitt, CEO Banking EBRD. Support from Ministry of Finance, Ministry of Economics.
- Forfeiting fund docs reviewed by key stakeholders and international experts
- ESEB extended sector socio-economic study
- **EBRD proposes to go forward. Invite ALTUM (of which is now part) to participate.**

2014

- **EBRD sets out its schedule: T/S by end May**
- **EBRD provides term sheet to LGA**
- **KPMG London initiates technical Due Diligence** (15 buildings renovated in Latvia using EPC). **Result: Owners get 30% better value. Building life extended by 30Y, energy saving exceeds 50%.**

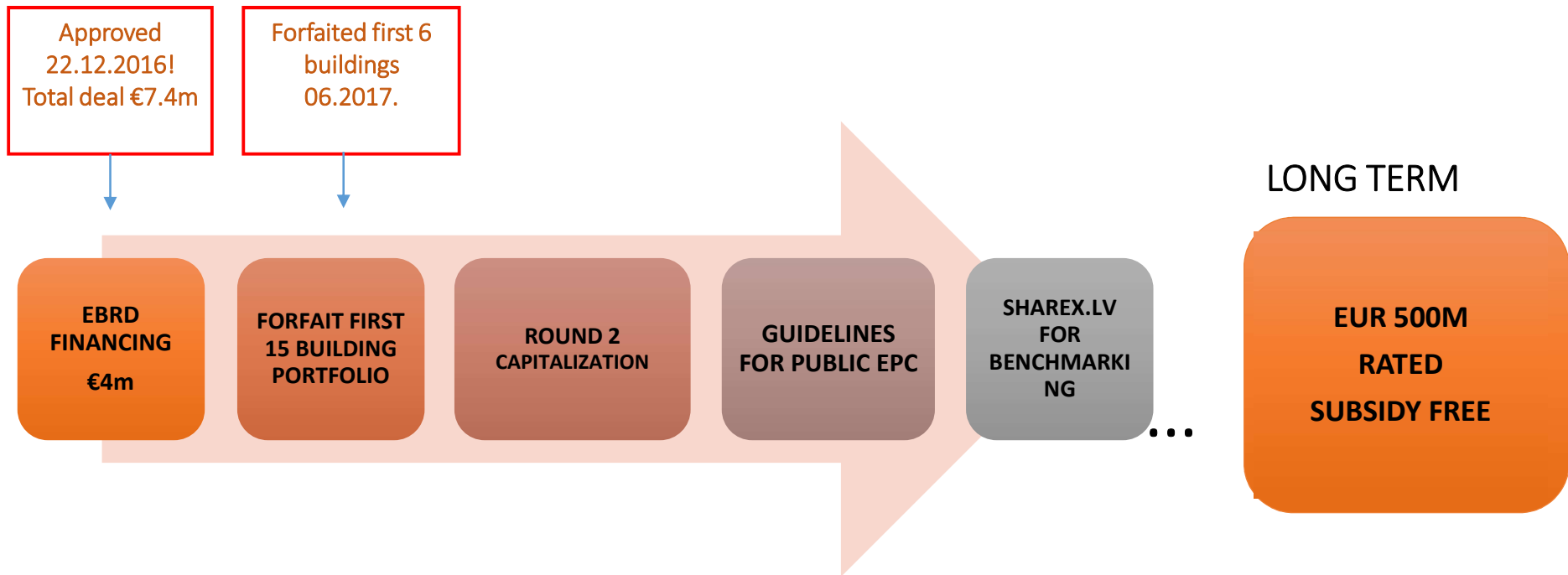
2013

- Ministry of Economy visit to Berlin energy agency
- Banking workgroup established
- ESEB deep renovation study supports Latvia's case
- **Ministry of Economy, Latvian Guarantee Agency (LGA), EBRD meeting on energy efficiency projects**

2012

- First discussion with Ministry of Environment
- Review of deeply renovated RENESCO buildings
- EBRD agrees on the need of long term strategy
- Building and Energy Conservation bureau (ESEB) established
- **Fund proposal to EBRD**
- Conference

# GOALS FOR THE NEXT YEARS...





THANK YOU!

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