VARIATION D.1

Building type	Social Housing
Occupation model	Individual Collective
Type of DR	Implicit
Owner/Tenant relation	Owner lessor & Social tenant
Financing	ESCO Financing

This variation of the Business Model is particular in the sense that the ESCO contracts the AEPC with a single building owner, i.e. the Social Housing Company (SHC), who has several social tenants who benefit from the energy and cost savings. This often relates to large numbers of individually occupied homes in a social neighbourhood or development. But it could also apply to a single apartment building with multiple social tenants. This latter case bears some resemblance to the previous case of a privately co-owned apartment building but is much simpler because of the unique owner, i.e. the SHC, and the fact that all occupants are social tenants. There is no mix of occupant types.

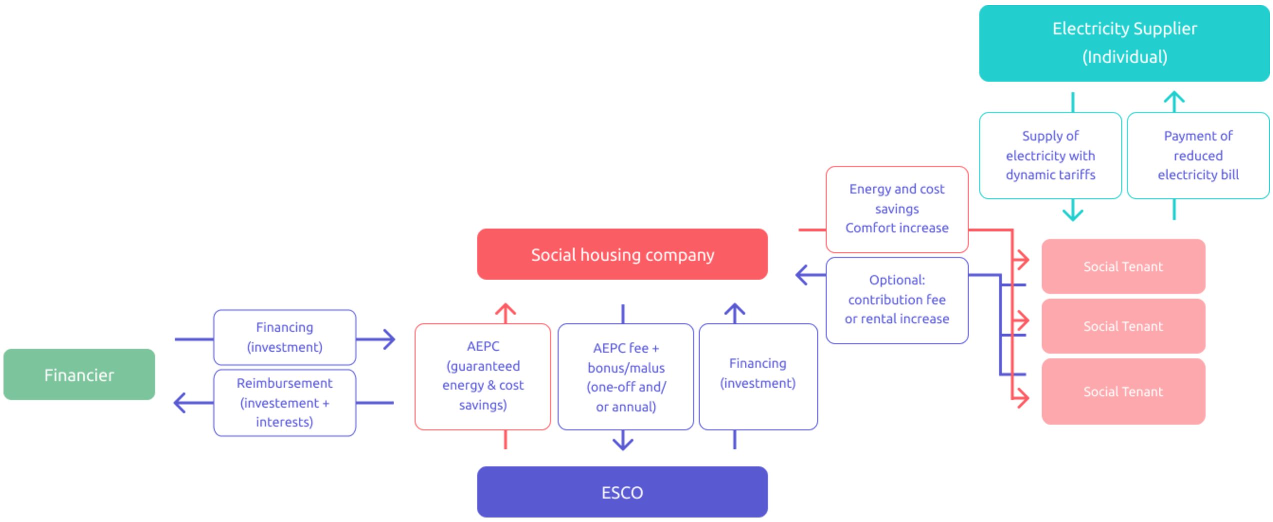
Sometimes, in the case of multiple houses, some houses may have been sold to some tenants, which complicates any common renovation strategy but it does not affect the Business Model as such.

The Business Model variation is similar to the general model of one (public) building owner from the point of view of the ESCO, but it is much more complicated for the SHC to build a profitable business case. As the energy savings from energy renovation and renewable energy or cost savings from flexibility benefit entirely the social tenant (similarly as with tenants in case of privately co-owned apartments), there is no real return on investment for the SHC.

This means that for this Business Model to be successful, there needs to be either some level of funding from the government or public authority in charge of the social housing sector financing or some level of retribution from the social tenants. This retribution can take the form of an AEPC fee (as has been demonstrated for classical EPC-like models in projects like “Stroomversnelling”, “Energiesprong” or “REnnovates” in the Netherlands and other countries) or of an increase in the monthly social rental based on the overall energy performance of the building after renovation (as is being envisaged in the “Sociale Energiesprong” project in Belgium). Such retributions generally need to be agreed by law or decree, as to create equal conditions to all social tenants.

Another element of the Business Model of this type of configuration is the capacity of the ESCO to industrialize the design, build and installation of the building renovation in case of multiple identical or very similar social houses.

The financing option depicted here is ESCO financing, but this scheme can also apply to FI financing, depending on the financing possibilities that the SHC has.


Electricity Supplier (Individual)
Supply of electricity with dynamic tariffs
Payment of reduced electricity bill
Energy and cost savings Comfort increase
Social housing company
Optional: contribution fee or rental increase
Social Tenant
Social Tenant
Social Tenant
Financing (investment)
Reimbursement (investement + interests)
Financier
AEPC (guaranteed energy & cost savings)
AEPC fee + bonus/malus (one-off and/ or annual)
Financing (investment)
ESCO