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## // The Metered Energy Efficiency Transaction Structure - MEETS coalition USA

### Short description of the solution

The Metered Energy Efficiency Transaction Structure (“MEETS”) was designed to overcome the split and partly uncoordinated incentives for building renovation projects. MEETS’ solution introduces the role of the Energy Tenant™, which is an investor in energy efficiency. The Energy Tenant™ signs a long-term lease with the building owner and pays for building retrofits. The Energy Tenant™ then sells the energy saved to the utility by way of a power purchase agreement (PPA), just as generated energy would be sold. The utility then bills the building for both the energy used and the energy saved. This way, the building tenants’ or owner’s costs remain at pre-retrofit levels, meaning building owners avoid the retrofit costs but have an improved and higher energy efficiency building.

### Period // Duration

2013 - ongoing

### Objective

The objective is to achieve deep energy efficiency improvements in commercial buildings by aligning interests of all stakeholders.

### Baseline

Conventional approaches to energy efficiency investment rely on a building owner to make the investment, while savings from lower energy bills flow mostly to the tenants. However, it is not attractive to owners to make investments in deep energy conservation (corresponding to more than 35 per cent savings) if they do not profit from the projects. Tenants on the other hand are reluctant to make investments in a building they do not own. On top of that, gaining a level of accuracy and certainty about actual savings usually requires costly detailed energy modelling during the design phase, followed by costly Measurement and Verification (M&V) after completion. Furthermore, utility companies are not interested in increasing energy efficiency of a building, as their revenue would decrease.

### Implementation & measures

The first pilot was implemented in Seattle City for Bullitt Center and Seattle City Light to test the measuring concept in real life cases. No actual retrofits were done, calculated savings referred to the baseline, that is, buildings like Bullitt Center.

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The goal was with the pilots to validate the process (measuring concept).

### **Conclusions**

The structure provided showcases the benefits that stakeholders may receive from applying MEETS. The pilot and related independent validation at Bullitt Center shows that this “transactable measurement” is possible, as DeltaMeter®’s (MEETS coalition’s savings calculation tool) inverse engineering model has accurately predicted baseline future use as well as identified reductions in the performance of the building relative to its design.

One potential drawback is that the tenants’ focus will be solely on energy savings and not also on additional safety and health issues. On the other hand, this drawback can be turned into a strength as tenants will at the same time want to ensure improved results through the efficiency measures. Finally, the long-term presence of the Energy Tenant™ will minimise the rebound effect by collaborating directly with tenants.

### **Parties involved**

Seattle City Light, Bullitt Center, Oregon BEST and the Northwest utility industry’s technical energy efficiency group, the Northwest Energy Efficiency Alliance (NEEA).

### **Beneficiary parties**

Investors of the Bullitt Center, Bullitt Center tenants, the utility company.

Scaled up, the energy tenant model would help all stakeholders: society through reduced CO<sub>2</sub>, institutional owners of both residential and commercial properties and homeowner associations through a simple to implement low-risk solution, and given proper incentives, utilities could benefit long term from optimized load balancing.

Finally, investors and tenants would benefit from a low-risk, long-term green investment.

Furthermore, the solution could be generalised to single homes as a long-term service contract.

The main obstacle is convincing the utilities to commit to the process as they measure the

change in consumption and return the difference minus a commission to the Energy Tenant™.