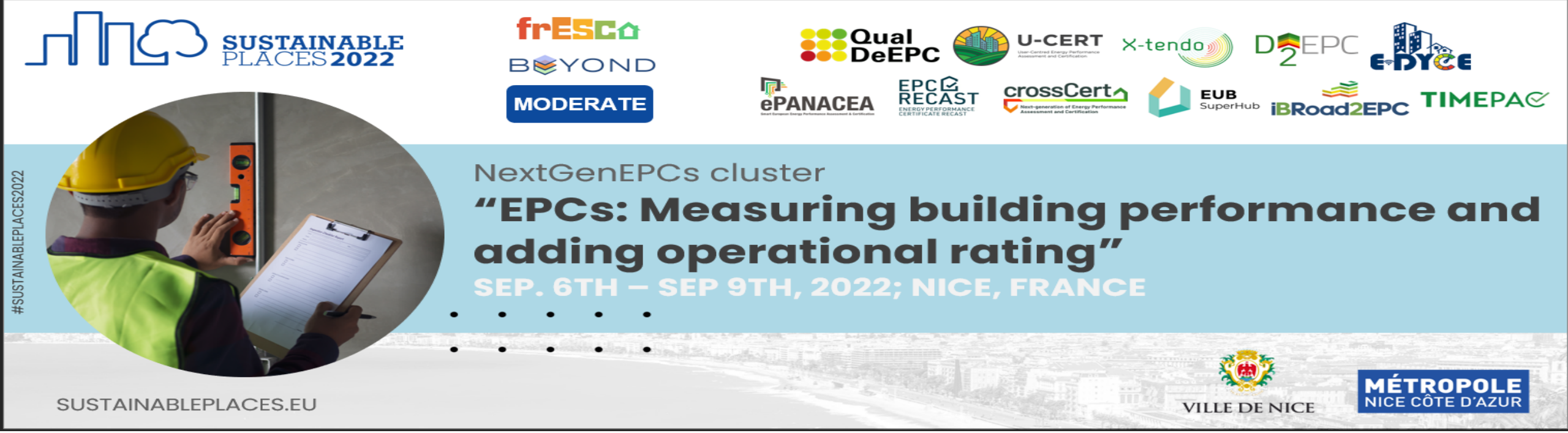


frESCO Innovative Energy Services and Business Models for the Residential Sector

frESCO has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 893857

https://www.fresco-project.eu/

- frESCO Project
- New frESCO Energy Services
- New frESCO Business Models
- frESCO Regulatory Barriers

frESCO project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 893857.

Barriers to Current EPC in Residential

- Low penetration of the ESCO EPC model in the residential sector.
  - Low absolute saving potential per user.
  - High transaction costs.
  - Owner – tenant dilema.
  - Low generation and storage levels in the residential sector at present.
  - Low smart readiness level in the residential sector at present.
- Limited scope of the EPC services in the residential sector.
- No active participation of the residential consumers in the energy markets beyond the retail company and tariff choice.
- No or limited use of the demand response source for grid management and balancing.

frESCO Solution

NOVEL HYBRID SCHEMES that reduce payback thanks to simultaneous cost savings (from energy efficiency) and revenues creation (through demand response)

NEXT GENERATION of EPC

Building retrofitting (installation of smart equipment for metering, sensing, actuating)

Installation of distributed generation and storage (PV&batteries/EVs)

Flexibility services

Energy efficiency measures, spanning behavioral transformation

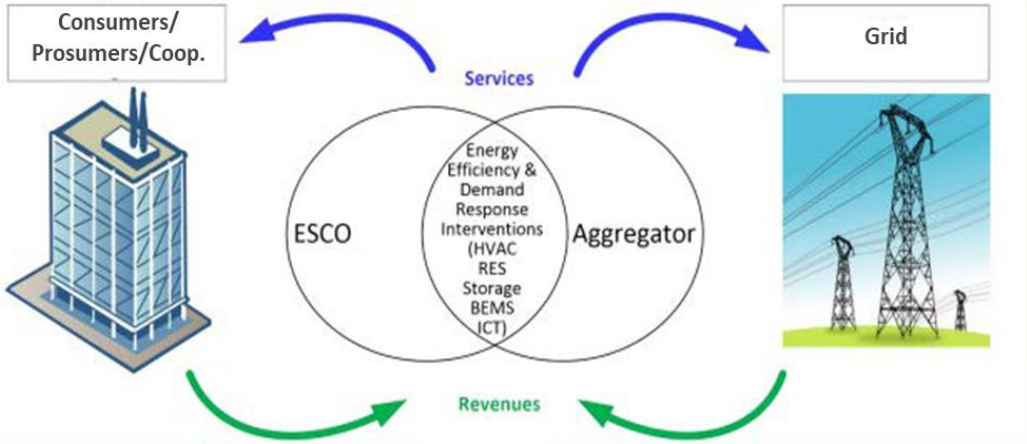
Self-consumption optimization (smart automation at both building and energy community level)

non-energy services (Comfort preservation, IAQ, Security, Well-being, etc.)

frESCO Innovative Service Concept

Consumers/Prosumers/Coop.

- Cost reduction thanks to Demand adaptation to tariff
- Improvement of comfort conditions
- Favorable offers for installation of smart meters
- Empowerment through active participation in Energy market and energy autonomy



Grid

- Operation stability, Resilience and Security of supply
- Cost reduction avoiding network reinforcement
- Congestion reduction and network losses minimization
- Planned maintenance facilitation

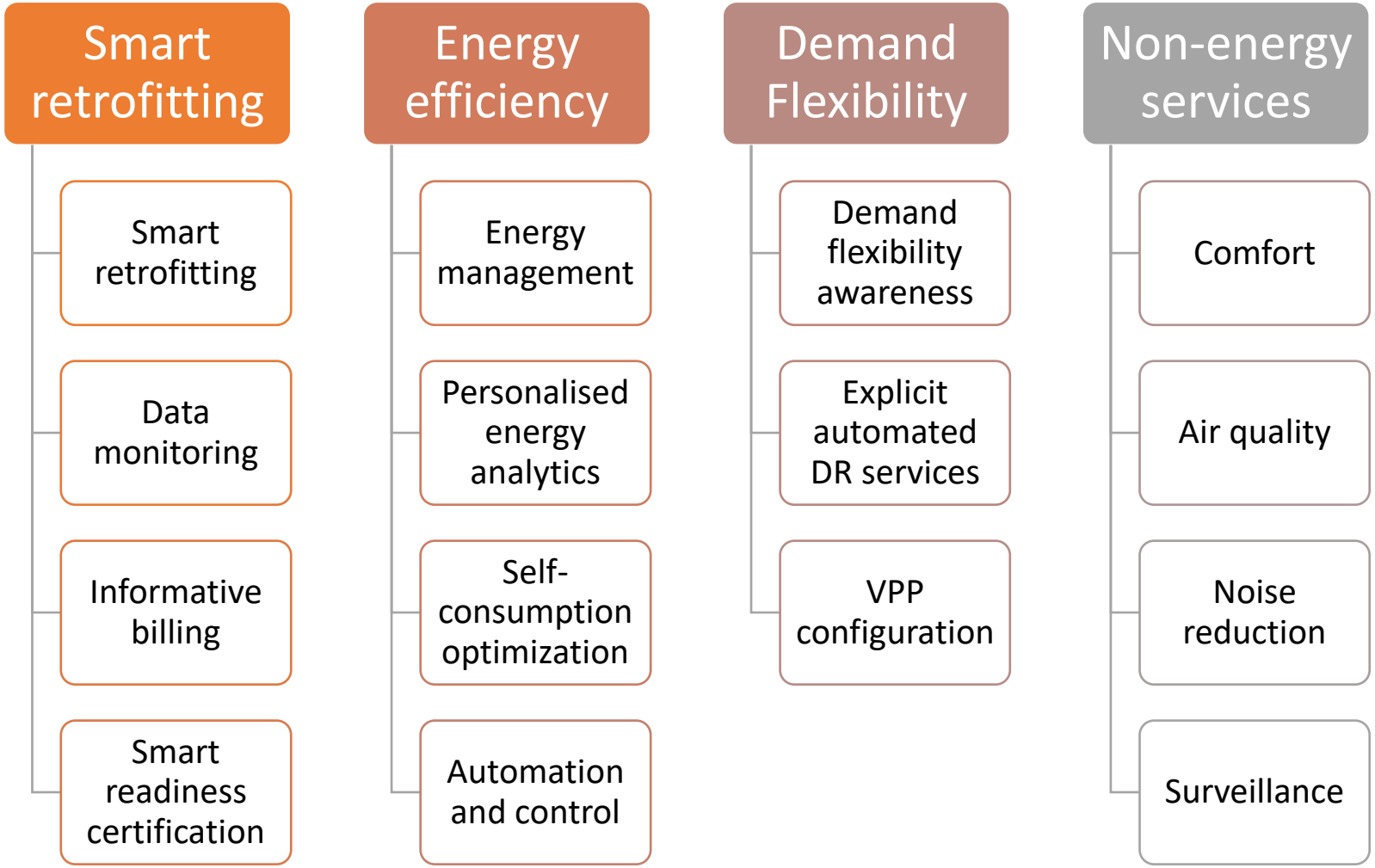
ESCOs

- New Savings from user behaviors improvement
- New Savings from Self-consumption optimization
- New Revenues from flexibility analysis → selecting best energy deal → bid excess flexibility in energy market
- Higher savings thanks to enlarged portfolio and enter in a new market

Aggregators

- New Revenue by utilizing stand-by flexibility to provide EE services that improve performance
- New Revenue by monetizing non-energy services (e.g. human comfort, health and security aspects)
- Higher revenues thanks to an enlarged portfolio (and market sector) for flexibility provision

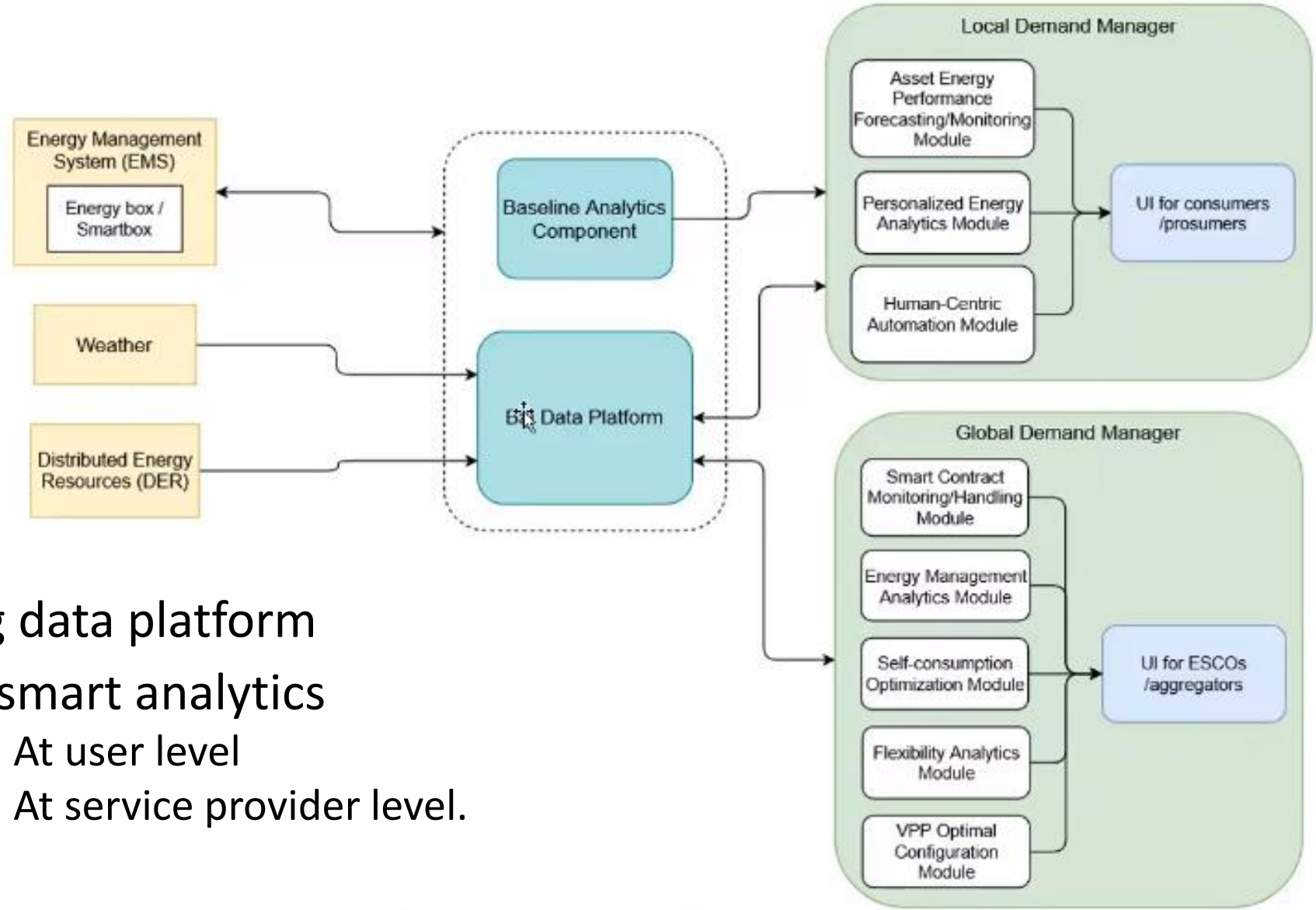
frESCO Energy Services Proposal



P4P Approach

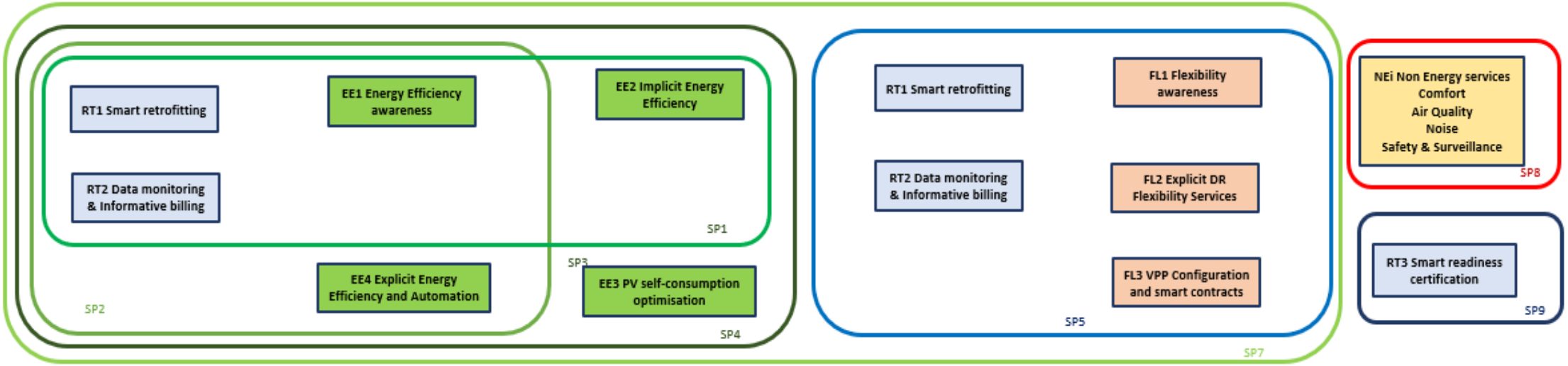
- Specific PMV methodology for energy efficiency and flexibility
- Data driven baselining and forecasts
  - Efficiency PMV: Holistic dwelling assessment with seasonal baseline and possible regular adjustments. Payments derived from verified energy and economic savings.
  - Flexibility PMV: Load-based assessment with short term baseline and no adjustments. Payments derived from market revenues from the trading of verified demand flexibility

frESCO Technological Solution Architecture



- Big data platform
- AI smart analytics
  - At user level
  - At service provider level.

frESCO Energy Service Bundles



ESCO

- SP1: Energy monitoring and implicit energy efficiency pack
- SP2: Energy monitoring and explicit energy efficiency pack
- SP3: Energy monitoring and holistic energy efficiency pack
- SP4: Energy monitoring and holistic energy efficiency for prosumers

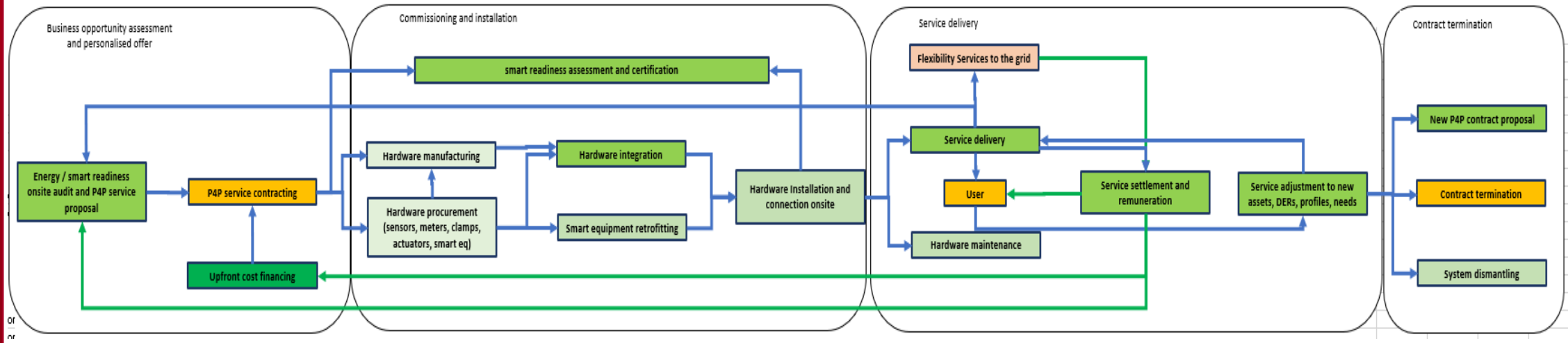
Aggregator

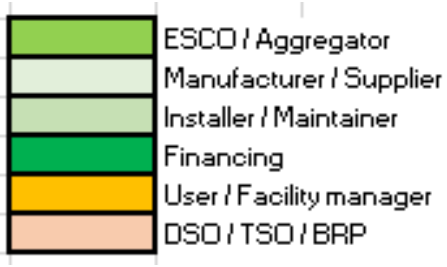
- SP5: Energy monitoring and demand flexibility pack

ESCO/ Aggregator

- SP6: Energy monitoring, energy efficiency and demand flexibility pack
- SP7: Energy monitoring, energy efficiency and demand flexibility for prosumers
- SP8: Non-energy service pack.
- SP9: Smart readiness assessment and certification

frESCO Service Value Chain

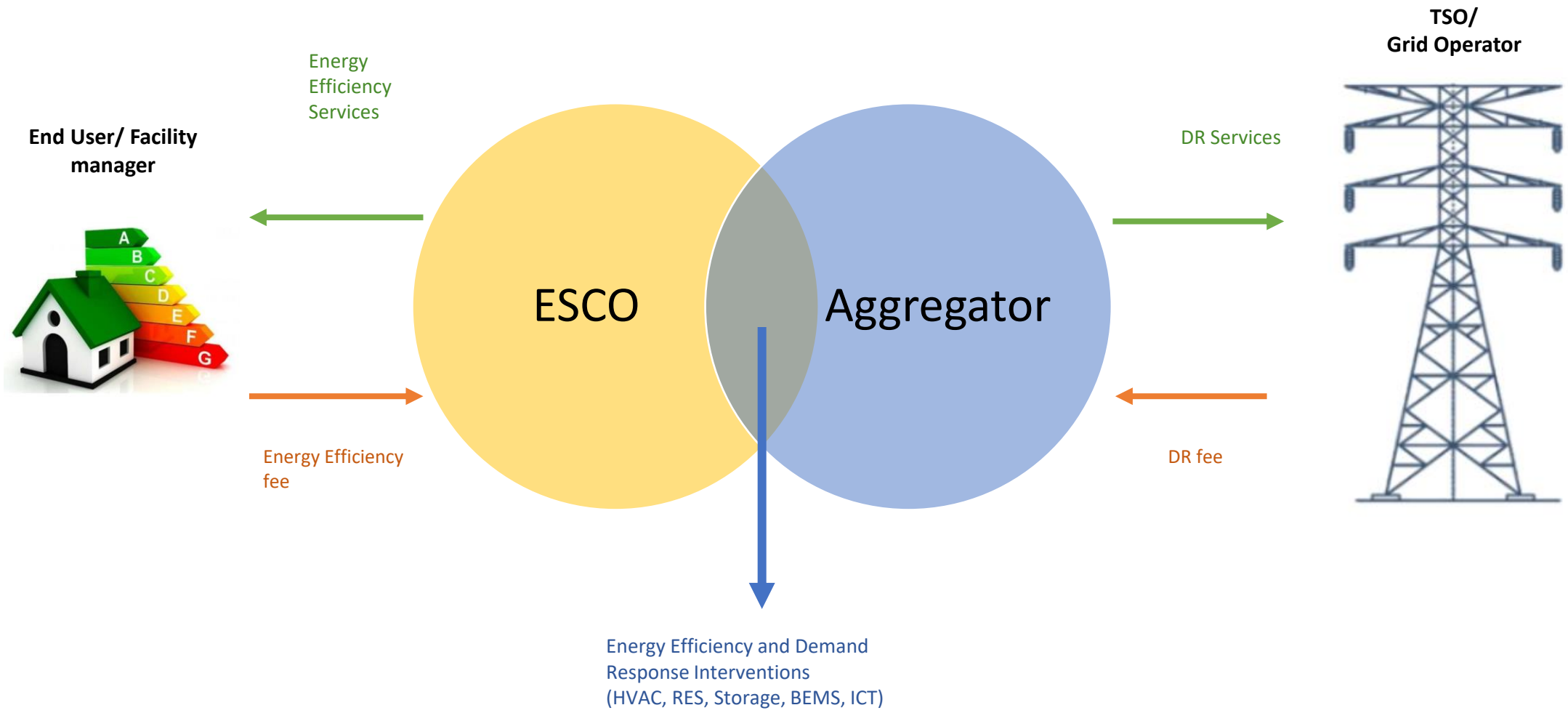




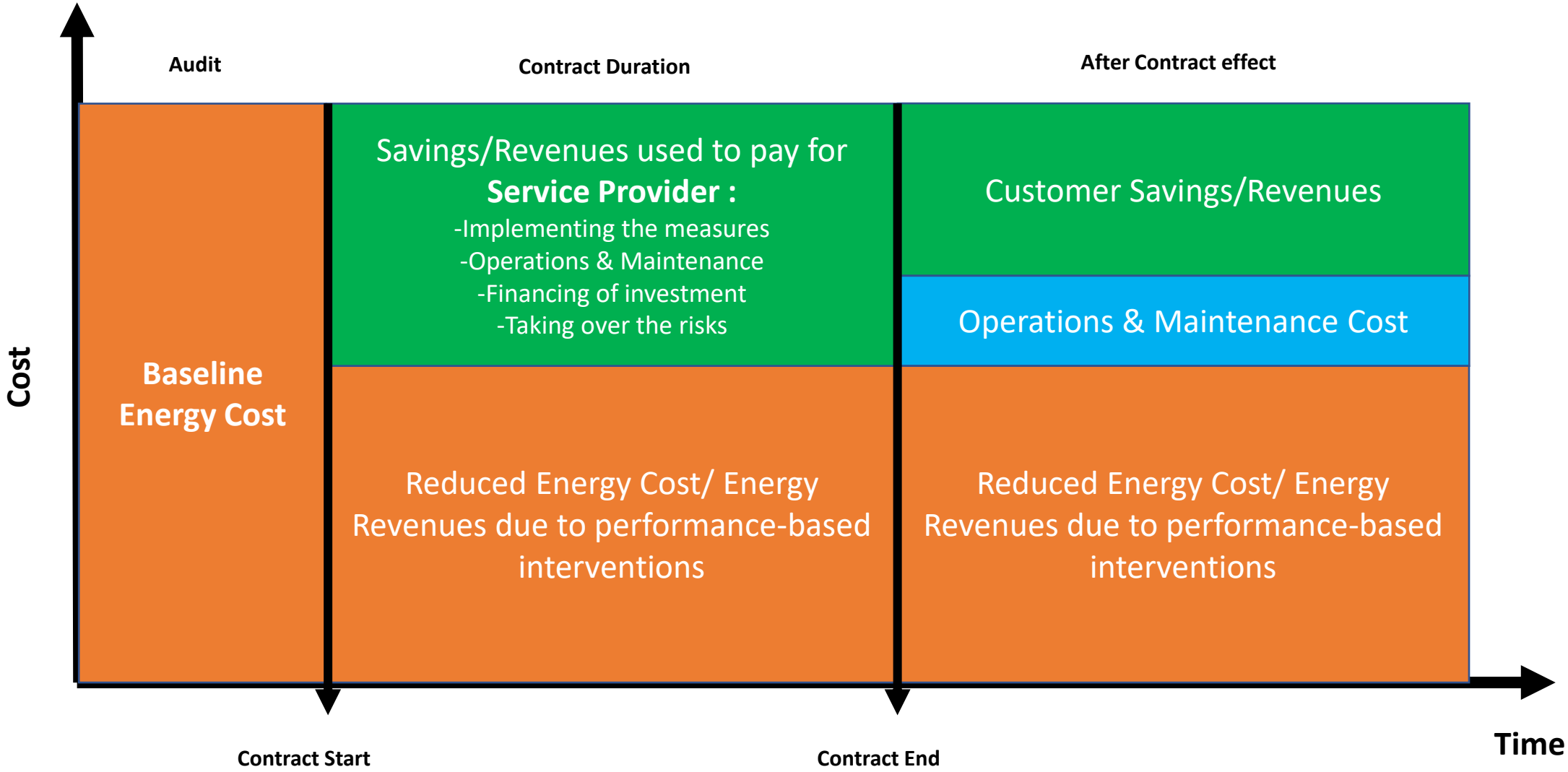
frESCO Proposed Business Models

- Thassos island (Greece): green hotel bungalows with PV generation and storage
- Krk Island (Croatia): single-family residential buildings
- Gironde (France): Social housing single family residential buildings
- Madrid (Spain): Block of apartments residential building with collective PV

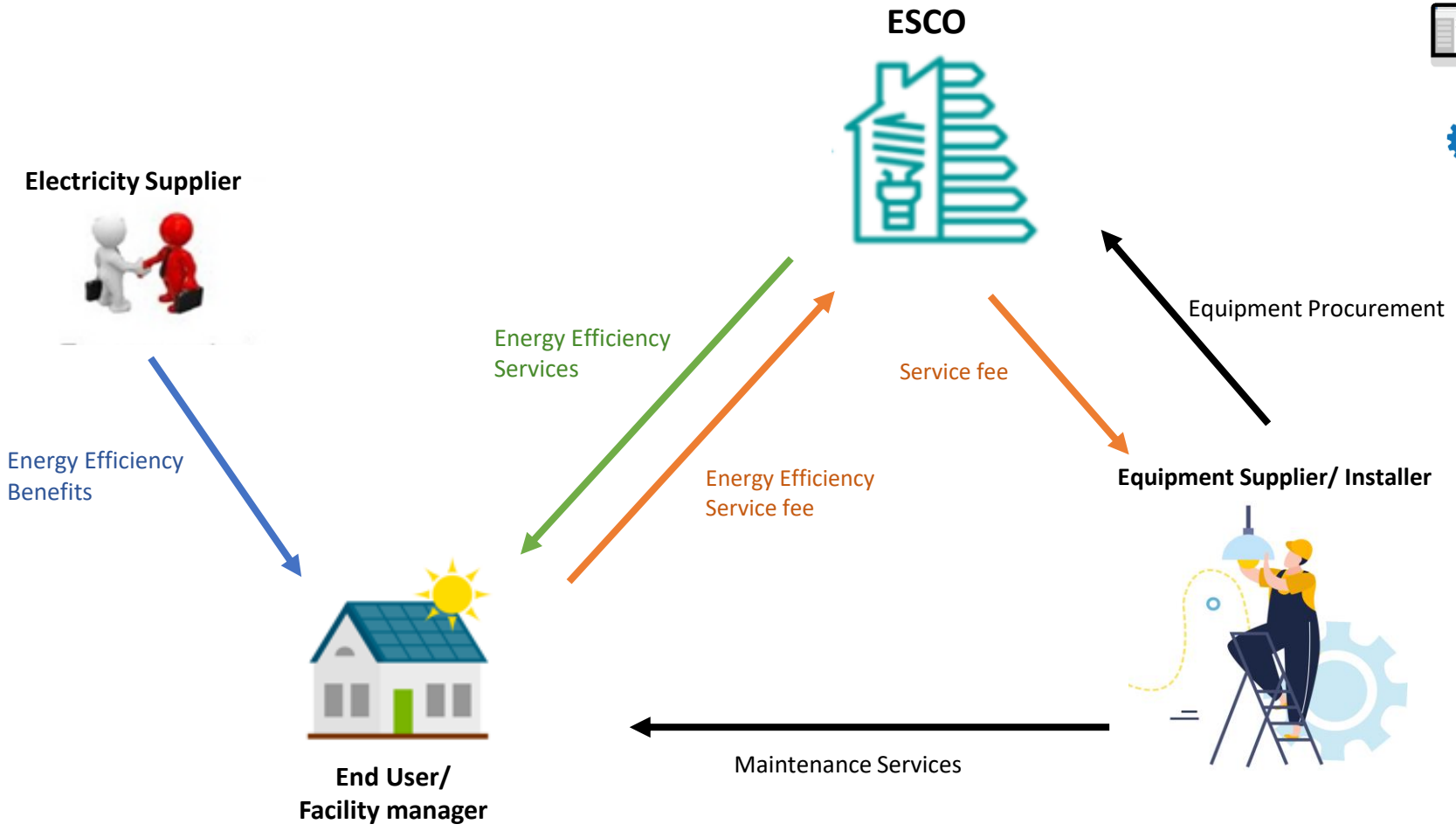
frESCO Business Model Categories



Pay-for-Performance framework proposition



The ESCO BM (1)

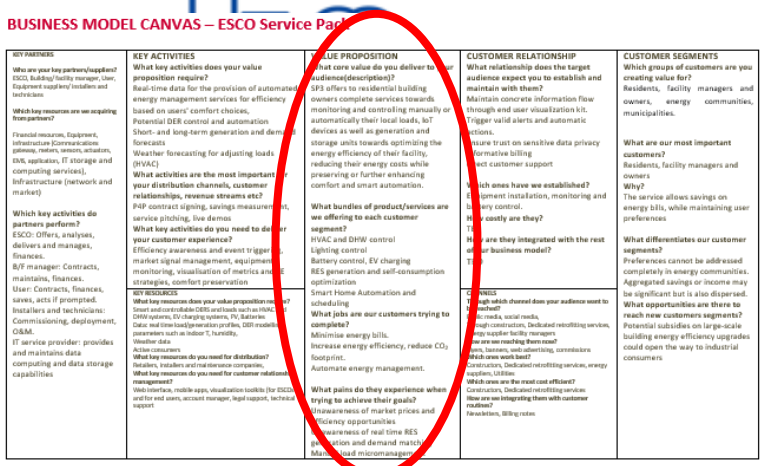


Real time PVM

Data Monitoring

Automation

The ESCO BM (2)



Value Proposition

Core Value

- Complete services towards monitoring and controlling manually or automatically local loads IoT devices as well as generation and storage units
- Optimization of energy efficiency of the facility,
- Reducing energy cost
- Preserving or further enhancing comfort and smart automation

Pains Experienced

- Unawareness of market prices and efficiency opportunities
- Unawareness of real time RES generation and demand matching
- Manual load micromanagement

Services

- HVAC and DHW control
- Lighting control
- Battery control, EV charging
- RES generation and self-consumption optimization
- Smart Home Automation and scheduling

Jobs to complete

- Minimise energy bills
- Increase energy efficiency, reduce CO_2 footprint
- Automate energy management

The ESCO BM Value Proposition Canvas

PRODUCTS/SERVICES	GAIN CREATORS		GAINS	CUSTOMER JOBS
Automated energy management services based on user comfort choices. Real time condition monitoring and adjusting of loads. Optimisation of RES production. Weather forecast integration. Alerts/ suggestions. Price signal integration.	Load control according to price signals. • Energy savings obtained from user behavioural change • Energy Savings obtained from automatic operation of loads • Economic savings by price-based optimal scheduling Same level of comfort with less demand Optimisation of RES production	frESCo	Energy savings by reducing eventually the energy consumption, implicitly or explicitly Economic savings by price-based optimal scheduling Increased revenues from optimal self-consumption management	Energy bills are one of the major concerns of dwellers. The market is open to incorporate technology to make energy savings. However, not all users are willing to lose control of their decisions and mistrust new technology. Many want to keep the control of their decisions or, at least, be informed of automated events and be able to override them at will.
	PAIN RELIEVERS Minor disturbance in terms of time Option to delete Partial control option SA incentives P4P contract		**PAINS** Onsite domestic access Data sharing Partial or total automated control over loads or DER There have to be significant loads (EV, storage, DWH etc for the savings to have an impact There has to be a minimum smart readiness level	

The Aggregator BM (1)

Real time Data

Market Signals

Electricity Market/ Network Operator

Flexibility Services

Flexibility Fee

Aggregator

Demand Response service

Demand Response fee

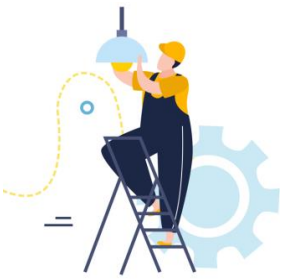
Service fee

Equipment Procurement

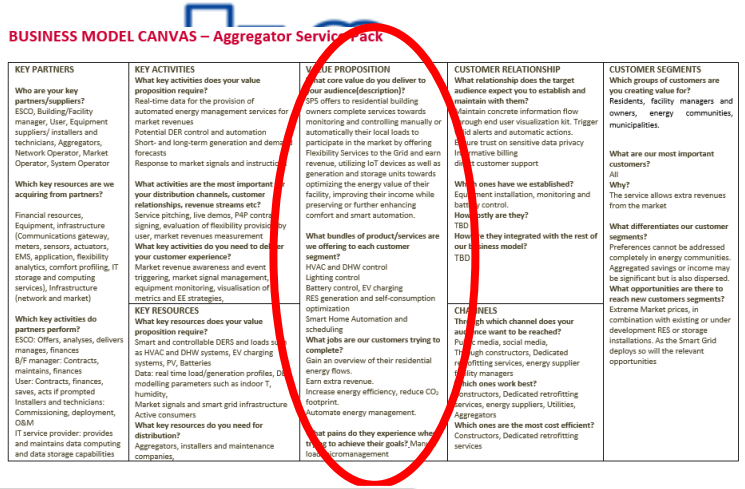
End User/ Facility manager

Maintenance Services

Maintenance Service fee



The Aggregator BM (2)


BUSINESS MODEL CANVAS – Aggregator Service Pack

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION	CUSTOMER RELATIONSHIP	CUSTOMER SEGMENTS
Who are your key partners/suppliers? ESCO, Building/Facility manager, User, Equipment suppliers/ installers and technicians, Aggregators, Network Operator, Market Operator, System Operator **Which key resources are we acquiring from partners?** Financial resources, Equipment, infrastructure (Communications gateway, meters, sensors, actuators, EMS, application, flexibility analytics, comfort profiling, IT storage and computing services), Infrastructure (network and market) **Which key activities do partners perform?** ESCO: Offers, analyses, delivers manages, finances B/F manager: Contracts, maintains, finances User: Contracts, finances, saves, acts if prompted Installers and technicians: Commissioning, deployment, O&M IT service provider: provides and maintains data computing and data storage capabilities	**What key activities does your value proposition require?** Real-time data for the provision of automated energy management services for market revenues Potential DER control and automation Short- and long-term generation and demand forecasts Response to market signals and instructions **What activities are the most important for your distribution channels, customer relationships, revenue streams etc?** Service pitching, live demos, P4P contract signing, evaluation of flexibility provision by user, market revenues measurement **What key activities do you need to deliver your customer experience?** Market revenue awareness and event triggering, market signal management, equipment monitoring, visualisation of metrics and EE strategies, **KEY RESOURCES** **What key resources does your value proposition require?** Smart and controllable DERS and loads such as HVAC and DHW systems, EV charging systems, PV, Batteries Data: real time load/generation profiles, DER modelling parameters such as indoor T, humidity, Market signals and smart grid infrastructure Active consumers **What key resources do you need for distribution?** Aggregators, installers and maintenance companies,	**What core value do you deliver to your audience(description)?** SPS offers to residential building owners complete services towards monitoring and controlling manually or automatically their local loads to participate in the market by offering Flexibility Services to the Grid and earn revenue, utilizing IoT devices as well as generation and storage units towards optimizing the energy value of their facility, improving their income while preserving or further enhancing comfort and smart automation. **What bundles of product/services are we offering to each customer segment?** HVAC and DHW control Lighting control Battery control, EV charging RES generation and self-consumption optimization Smart Home Automation and scheduling **What jobs are our customers trying to complete?** Gain an overview of their residential energy flows. Earn extra revenue. Increase energy efficiency, reduce CO_2 footprint. Automate energy management. **What pains do they experience when trying to achieve their goals?** Manual load micromanagement	**What relationship does the target audience expect you to establish and maintain with them?** Maintain concrete information flow through end user visualization kit. Trigger valid alerts and automatic actions. Ensure trust on sensitive data privacy Informative billing direct customer support **Which ones have we established?** Equipment installation, monitoring and battery control. **How costly are they?** TBD **How are they integrated with the rest of our business model?** TBD **CHANNELS** **Through which channel does your audience want to be reached?** Public media, social media, Through constructors, Dedicated retrofitting services, energy supplier utility managers **Which ones work best?** Constructors, Dedicated retrofitting services, energy suppliers, Utilities, Aggregators **Which ones are the most cost efficient?** Constructors, Dedicated retrofitting services	**What are our most important customers?** All **Why?** The service allows extra revenues from the market **What differentiates our customer segments?** Preferences cannot be addressed completely in energy communities. Aggregated savings or income may be significant but is also dispersed. **What opportunities are there to reach new customers segments?** Extreme Market prices, in combination with existing or under development RES or storage installations. As the Smart Grid deploys so will the relevant opportunities

Value Proposition

Core Value

- Complete services towards monitoring and controlling manually or automatically local loads to participate in the market by offering Flexibility Services to the Grid and earn revenue
- Utilizing IoT devices as well as generation and storage units towards optimizing the energy value of the facility
- Improving income while preserving or further enhancing comfort and smart automation

Pains Experienced

- Load micromanagement
- Non-access to flexibility markets without an aggregator
- Unawareness of market prices and efficiency opportunities
- Unawareness of real time RES generation and demand matching

Services

- HVAC and DHW control
- Lighting control
- Battery control, EV charging
- RES generation and self-consumption optimization
- Smart Home Automation and scheduling

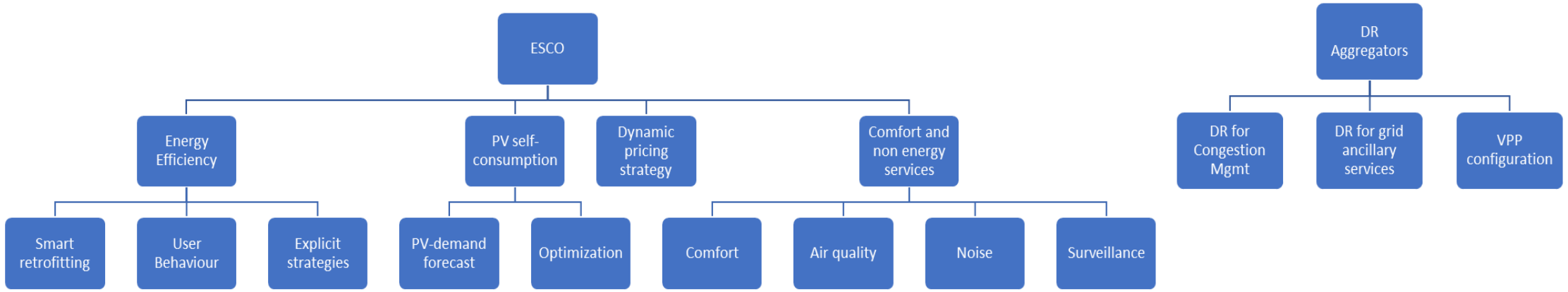
Jobs to complete

- Gain an overview of residential energy flows.
- Earn extra revenue
- Increase energy efficiency, reduce CO_2 footprint.
- Automate energy management

The Aggregator BM Value Proposition Canvas

PRODUCTS/SERVICES	GAIN CREATORS		GAINS	CUSTOMER JOBS
Automated energy management services based on user comfort choices Real time condition monitoring and adjusting of loads Optimisation of RES production Weather forecast integration Alerts/ suggestions Price signal integration Adjust of loads and production (via storage) to meet FL demands	Load control according to price signals. • Revenue obtained from user behavioural change • Revenue obtained from automatic operation of loads • Economic savings by price-based optimal scheduling and responsiveness	→ frESCo ←	Revenue by providing FL services to the network operator, implicitly or explicitly Economic savings by price-based optimal scheduling Increased revenues from optimal market allocation of DER production	The market is open to incorporate technology to make energy savings but also energy revenues as well. However, not all users are willing to lose control of their decisions and mistrust new technology. Many want to keep the control of their decisions or, at least, be informed of automated events and be able to override them at will.
	PAIN RELIEVERS		PAINS	
	Minor disturbance in terms of time Option to delete Partial control option Market incentives P4P contract		Onsite domestic access Data sharing Partial or total automated control over loads or DER There have to be significant loads (EV, storage, DWH etc for the FL services to have an impact There has to be a minimum smart readiness level	

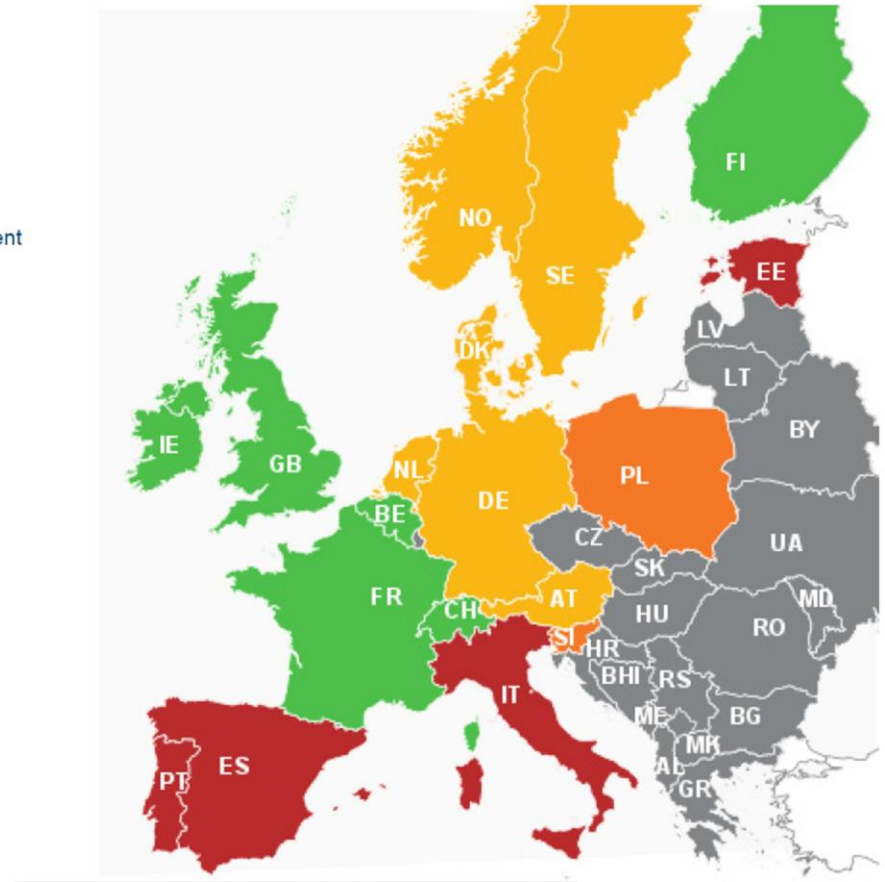
frESCO Regulatory Barriers



frESCO Regulatory Barriers

Explicit Demand Response market situation in Europe. Source SEDC 2017

Markets are still closed for aggregated DR in Spain, Greece and Croatia, but they are already open and operating in France, with limitations



frESCO Regulatory Framework: Barriers & Enablers

- ✓ Low cost of silicon-based PV and new favourable self-consumption regulations enable a fast and likely burst of this technology.
- ✓ Revised Technical Building Regulation sets mandatory minimum RES contribution for new buildings.
- ✓ National regulation of EP in buildings rely on increasing use of RES, self-consumption and the participation of domestic users in energy markets.
- ✓ Default regulated domestic retail tariffs move towards ToU tariffs enabling Dynamic pricing strategies.

- x Demand Response aggregation is not permitted in many national energy markets and constrained in others.
- x Delays in REPB directive transposition in many countries and the downturn of the construction sector in Europe slows down the nZEB policy expansion.
- x The lack of a complete smart meter network and the difficulty to obtain real-time metering hinders the implementation of data-driven solutions in the residential sector.
- x Consumer mistrust to share data and allow the deployment of explicit DER control strategies.
- x Low level of M2M communication standardization to incorporate legacy systems.

frESCO Regulatory Framework:
How frESCO contributes to barrier mitigation?

- ✓The frESCO hybrid energy services that combine a twofold revenue stream (savings and DR market remuneration) help reduce the usually long ESCO payback times in the residential sector.
- ✓The Optimal VPP configuration and aggregation services enable to meet easily the minimum bid amounts to participate in DR markets by residential consumers. (France: 1 MW)
- ✓Data anonymization and encryption procedures ensure data privacy and security.
- ✓The specific frESCO PMV protocols and methodology based on short term dynamic forecast and baselining based on continuous data collection enable a fair, transparent, accurate and trustful performance measurement for the P4P contract approach.
- ✓The varied frESCO living labs ensure a smooth and precise testing of the solutions in different type of buildings, users, countries, climates and technologies.

Conclusions

- Big data and AI are proven technologies that open a world of possibilities for the development and implementation of innovative energy services in the domestic sector
- The residential sector has a huge but still unexplored energy performance potential for ESCOs
- The combination of Energy Efficiency and Demand Response based on data usage improve the economic feasibility of the EPC and reduce investment payback time.
- P4P contracts and the new PMV methodologies enable a fair, trustful, transparent and accurate settlement of savings and revenues.
- Regulatory framework is moving towards barrier abatement, market opening and use of data for new service models.

NextGenEPCs cluster

"EPCs: Measuring building performance and adding operational rating"

SEP. 6TH – SEP 9TH, 2022; NICE, FRANCE

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