



# Guideline for Green Lease Contracts

**EFFECT4buildings Toolbox:**  
Green Lease Contracting; Annex 1



The project “Effective Financing Tools for implementing Energy Efficiency in Buildings” (EFFECT4buildings) develops in collaboration with public building managers a comprehensive decision-making support toolbox with a set of financial instruments: **Financial calculation tools; Bundling; Funding; Convincing decision makers; Energy Performance Contract; Multi Service Contract; Green Lease Contract; Prosumerism.** The tools and instruments chosen by the project has the biggest potential to help building managers to overcome financial barriers, based on nearly 40 interviews with the target group. The project improves these tools through different real cases.

To make sure building managers invest in the best available solutions, more knowledge on different possibilities is needed as well as confirmation from colleagues that the solutions performs well. EFFECT4buildings mapped **technological solutions** for energy efficiency in buildings with the aim to share knowledge and experiences of energy efficiency solutions among building managers in the Baltic Sea Region.

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EFFECT4buildings project is implemented with the support from the EU funding Programme Interreg Baltic Sea Region (European Regional Development Fund) and Norwegian national funding. The aim of the project is to improve the capacity of public building managers in the Baltic Sea Region by providing them a comprehensive decision-making support toolbox with a set of financial instruments to unlock the investments and lower the risks of implementing energy efficiency measures in buildings. More information: <http://www.effect4buildings.se/>



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## Green lease contracts

A green lease contract is an agreement between the landlord and the tenant that measures must be taken to maintain or improve the environmental performance of the property. The term property is used in the guideline when the environmental performance relates to both the building and site-related issues, and when discussing the overall environmental performance of a building.

By establishing green lease contracts, the landlord and building manager can create partnerships with the tenant. The goal is to further reduce energy use through smart and coordinated measures on both sides, joint commitments to, for example, improve energy efficiency and reduce the negative environmental impact of the building.

Some examples of what the contract can result in are reduced energy use, improved waste management, reduced greenhouse gas emissions and reduced peak loads. It may be a good idea to start with a green contract before carrying out expensive energy- and peak load reducing measures.

The contract creates a shared ambition and shares responsibility between the parties. Maintaining an already high environmental performance can be a challenge in newly built or newly renovated properties. Important factors in determining the level of ambition in the contract are environmental commitment, the property's conditions and opportunities, willingness to set aside time for collaboration and the opportunity to finance solutions.



## 1. The aim

Green lease contracts promote collaboration and unite the parties to set common requirements for more efficient use of resources and energy, which contributes to more sustainable property management. Increased understanding between landlord and tenant strengthens their relationship and contributes to a more active dialogue. Dialogue is one of the key factors in making improvements possible in the property's environmental and energy performance. If the use of energy and other resources is reduced, then costs are also lowered, which can benefit both the landlord and the tenant.

Together, the parties contribute to information gathering and dissemination of key figures, which increases knowledge of the property's environmental and energy performance. This opens the opportunity to compare environmental and energy performance between different properties. Green lease contracts lead to increased transparency, which benefits genuinely environmentally engaged actors, which helps to increase their attractiveness among existing and new collaborators as well as other stakeholders.

Improving the environmental and energy performance of buildings provides a proactive competitive advantage as demand for green spaces increases, while reducing risk exposure to higher energy prices. The contracts show that the parties take social responsibility.

Energy performance is the amount of energy used annually during normal usage of a building. A building with high energy performance has a low energy consumption (amount of energy).



## 2. Types of contracts

Green lease contracts can be used by both municipal and private actors in premises or residential buildings, where there is a landlord, tenant and some kind of environmental benefit, such as energy saving, waste sorting, reuse or environmental investment where both parties are affected.

The parties need to consider the operation or activity, rental and contractual forms and other types of conditions that may affect an agreement.

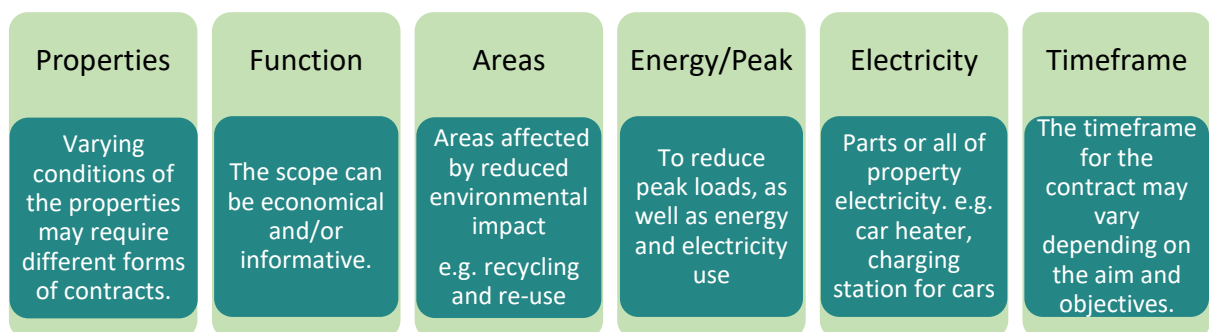


Figure 1 Intended uses for green contracts

### 2.1. Property/activity

It is important to take into account that conditions vary depending on the activity; for example, schools may easily achieve an educational approach when it comes to behaviour change, but perhaps would have more difficulty in getting into a new structured way of working. An office can set clear rules when it comes to structure but may not value spending time to get staff involved in the matter. Therefore, it is important to evaluate the situation on a case by case basis.

Gauging difference between flats and premises may be easier, as organisations usually rent premises with a certain type of activity in mind. When it comes to flats, the landlord usually has contracts with many private individuals who have different conditions when it comes to getting involved. In such a case, an active tenant association can join as a party. It has proven advantageous if the contracts with tenants are simple in their design. The landlord assumes greater responsibility and the tenant receives a supplementation in their contract regarding waste sorting, domestic hot water consumption, transport, and/or timed electricity consumption.



Domestic hot water is coming from the tap and used for hygiene and other cleaning. Separated from heating water circulating in heating systems.

## 2.2. Function

The contracts can have different types of functions, the most common is financial. But you can also aim to increase the knowledge and awareness which can be equally inspiring and lead to grate energy and resource savings.

## 2.3. Areas

Green lease contracts can include a lot more then energy for example Education, resource use, waste management and environmental behavior.

Combined with staff training the contract get a stronger impact. It provides added value that knowledge about how energy and resource use can be reduced is disseminated outside the property and into the surrounding community. Schools and preschools can easily combine energy knowledge within their teaching and can use the contracts as a basis to engage staff and parents.

## 2.4. Energy /effect

When it comes to saving energy is important to take both effect and energy use under consideration. You can often save money if you are able to lower the power load, this can be done if you spread out the energy use more evenly thru the day. With a contract it is easier to regulate this.

## 2.5. Electricity

To lower all electricity use at the same time can be a little overwhelming. That is why it is important to evaluate how the electricity on the real estate is used. If there are several different types of electricity use on the property it can be a good idea to divide them into different fractions and work with them separately. For example, laundry rooms, electric car chargers, car heaters, heating, hot water, and cooling.

## 2.6. Rental types

Rent may differ in various ways depending on the contract format, where two common forms are basic rent or full rent.

**Basic rent** means that the tenant pays for heating and domestic hot water, which results in the tenant becoming more inclined to reduce energy consumption. The landlord is usually less





motivated to take measures that reduce the tenant's heating costs. One needs to find incentives that motivate the landlord. One example is where the tenant improves at recycling and keeps the property more tidy, which facilitates property management.

**Full rent** means that the landlord pays for heat and water. This means that the tenant's motivation for energy efficiency often is low. An example of an incentive is that the profit from energy savings through behavioural changes is shared equally between the tenants.

Installing individual domestic hot water measurement and invoicing actual costs often gives the tenant reason to participate.

## 2.7. Contract forms

### A standalone contract

In the contract, the responsibility of the property owner and tenant shall be defined. It is just as important to formulate the joint responsibility. In green lease contracts, both parties' incentives should be described so that the contributors can understand how joint measures reduce the property's environmental impact. Regular meetings are required to check on the parties' compliance with the contract; during these meetings, the contract is to be revised and updated if needed.

### Supplementary contract

Supplementary contracts should be used by landlords and tenants who need a supplement to the existing lease contract. Requirements can be made regarding energy use, but can also help to reduce environmental impact in other areas. In the supplements, one can incorporate requirements from the tenant. The tenant's opinion is important as the measures must not lead to deterioration of the indoor environment.

### Provisional contracts

A provisional contract can be used when there is a need for joint energy efficiency measures that affect both parties. This could be, for example, replacement of windows, where new windows are more energy efficient and have better sun shading. The tenant receives a better and more comfortable indoor climate, reduces their cooling needs and the property owner saves heat, which means that both wins. More examples of when this form of contract may be relevant are charging poles, engine heaters, solar cell installations, lighting replacements, low-flush products, window replacements, etc.



## 3. Meetings

Meetings between the parties are considered so central that they are commented on in a separate section. To achieve the effects of a green contract, meetings and their content prove to be crucial. In interviews with property owners, it turns out that very few collaboration meetings are in practice carried out. Without a functioning collaboration, the contract risks becoming a mere paper product that the parties put aside, i.e. environmental improvement measures fail to become a reality. (Åsa Rodin 2008).

### 3.1. The initial meeting

The first meeting is when the collaboration starts; and this is when the parties are open to discussing the conditions. During the first meeting, the content of the contract is designed in a way that is sufficiently motivating and benefits both parties.

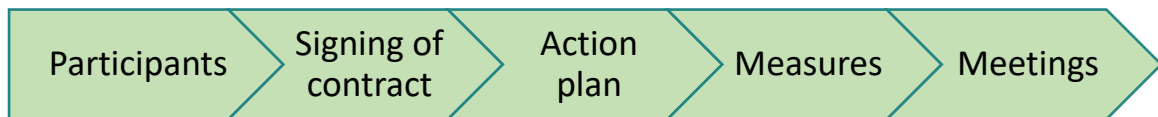
#### Arrangement of the initial meeting.



1. Participants: Tenant, landlord, property manager, property maintenance, environmental coordinator and other persons who have knowledge of the property and its activities.
2. Presentation: The initiative taker gives a presentation on the function of the contract.
3. Discussion: The presentation opens for dialogue between the parties on how the parties view the potential of a collaboration. It is very important that both parties understand each other and are open with their opinions.
4. Interest: It is crucial that both parties are interested in the collaboration and think it will lead to something important.
5. Incentives: Find good rewards that both parties are satisfied with and feel correspond to the work required.
6. Closing: Agree on the content and incentives of the contract. Decide who is to hold the next meeting and responsible for putting out an invitation

### 3.2. Start-up meeting

A start-up meeting is the first official meeting after both parties have decided to participate and a contract has been drawn up. During the start-up meeting, the discussion is more detailed on how to proceed and what the next steps will be.



- Participants: Tenant, landlord, property manager
- Signing of contract: Both parties approve the contract and their respective commitments
- Action plan: A plan is established on what will be carried out during the year.
- Decisions on what measures to take (night walk, operation, etc.)
- The number of meetings per year is established (min. 2)

### 3.3. Follow-up meetings

Typically, meetings take place on a bi-annual or quarterly basis, and the meetings are based on collaboration in regard to the property and the agreed-upon contract. Both parties present what has transpired and what measures have been taken. This is also a good opportunity to raise concerns and questions that may come up over time. The landlord may usefully present statistics on energy use or other measurable changes if available.

### 3.4. Annual meeting

The annual meeting begins with a performance report for the past year. Together, the parties make an assessment of the past year, discuss what was good and what can be improved for the future.

The next step is to develop an action plan for the coming year. Together, the parties decide how the work will proceed and what objectives they want to achieve.

The contract is reviewed and corrected during the meeting. The contract should be up-to-date and both parties should feel comfortable with the commitments listed in the contract. The agreed incentives are distributed to the parties if this has not been carried out earlier in the year. If past incentives are deemed irrelevant, then new ones should be established.



## 4. Design of the contract

A winning strategy from the outset is to establish a structure for collaboration during which the various commitments in the contract are to be discussed, meetings booked and resources covered. Importantly, from the beginning, focus on developing a joint action plan containing the measures to be implemented and who is responsible. The measures do not have to be many and large, but an action plan and information structure is important to get started with the collaboration.

The structure of the green contract may vary. The following eight points should be included:

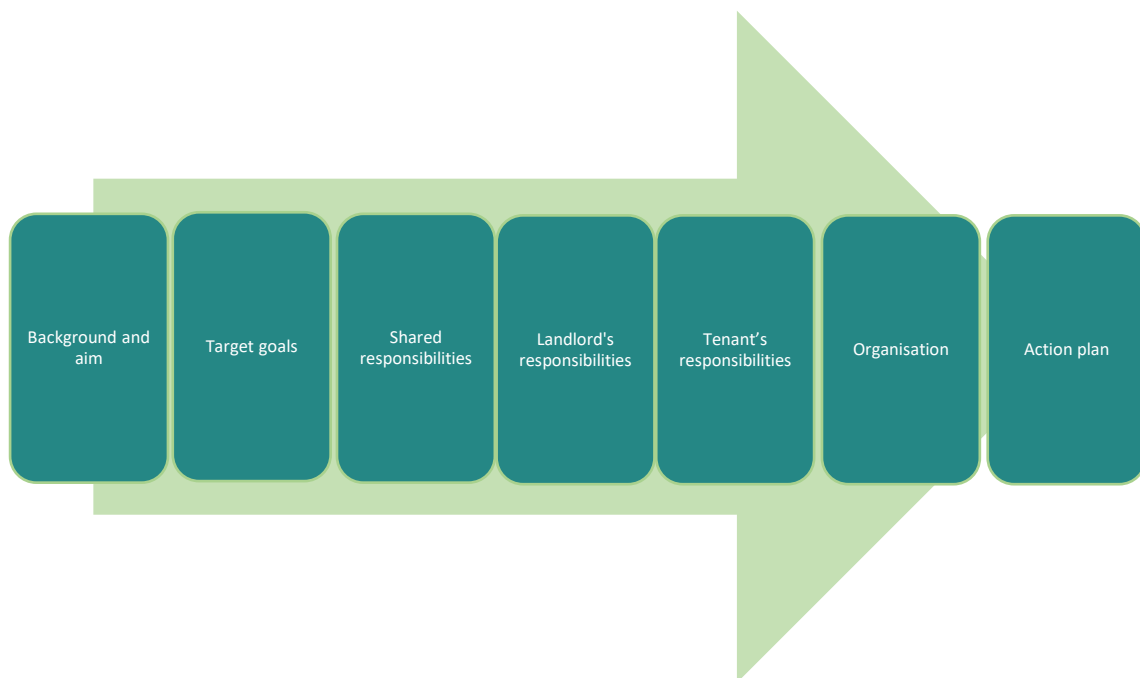


Figure1 Structure of green contracts

### 4.1. Background and aim

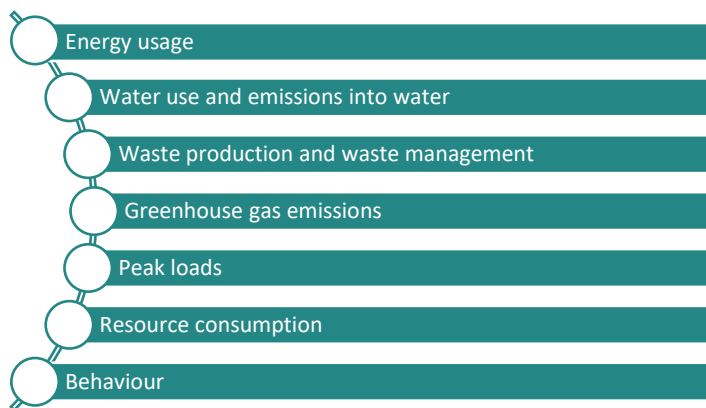
The background describes what prompted the initiative to create a green contract. There can be many different reasons, including environmental goals, creating a greener profile, better collaboration, political pressure and legal requirements. The background must be relevant in relation to the set aims and objectives.



The aim clearly shows what you want to achieve with the contract and shows a long-term vision of what you want to achieve. This may include, for example: reducing the property's energy use, resource use or climate impact.

## 4.2. Target goals

The objectives must be practical and measurable. They must be linked to the activities or overall use of the property, for example:



## 4.3. Shared responsibilities

Both parties share a common and important responsibility on a number of different points:

- Exchange of information about ongoing and planned sustainability work, use of resources, etc.
- Environmental considerations during maintenance and activities, as well as in terms of equipment and material selection. Consideration of life-cycle cost when performing calculations
- Selection of products using a sustainability perspective
- Commitment to achieve set intermediate objectives
- Update and implement agreed-upon action plan
- Adapt indoor climate based on the needs of the activity



## 4.4. Landlord's responsibility

The landlord is usually the one who has the most knowledge about the property, how the systems work and measured values. Therefore, it is only natural that they take on greater responsibility in ensuring that the contract is functional and current. Here are five points that the landlord is responsible for:

- Feedback on energy use and convene consultations and follow-up meetings
- Use and maintain systems for follow-up information and periodic monitoring
- Inform about and monitor results from agreed objectives
- Communicate emission levels of CO<sub>2</sub>, water consumption and reduced energy use at follow-up meetings
- Certain training of the parties involved in the contract

Supplementations that the landlord can encourage the tenant to consider:

- To save energy, for example by installing energy saving modes, switching off IT equipment and turning off lighting in unused spaces
- Guidelines for regulation of heat, cooling and ventilation
- Describe the systems for source sorting and waste management in the building
- The importance of following the landlord's operating and maintenance advice for fixed furnishings and surface layers to maximise its service life
- Inform about the tenant's responsibility to inform the landlord about changes in the use of the premises so that heating, cooling and ventilation can be adapted and a good indoor climate is maintained.
- Coordinate joint suppliers to reduce transport, and ensure choice of actors who employ systematic environmental work

## 4.5. Tenant responsibility

The tenant may influence their own behaviour by:

- Informing about changed property use and the number of people using it
- Ensuring that lighting is off in premises that are not in use, and introducing procedures that ensure that premises and equipment are shut off
- Enabling power saving features on office equipment and making sure that computers, chargers, etc. are shut down when not in use
- Ensuring that windows and doors are kept closed except in case of ventilation
- Involving all affected persons in the work to fulfil the various objectives of the contract
- taking environmental consideration when designing premises, for example preservation of furnishings and building parts that are in good condition and



prioritising solutions that increase flexibility and reduce the need for future renovations.

- keeping a life cycle mind-frame when choosing lighting and other energy-driven equipment
- taking environmental consideration in the choice of materials and the choice of interior and equipment

## 4.6. Organisation

A joint organisation is set up to ensure that the contract will be implemented through organised meetings, working groups and clear work duties. The scope of the contract determines how many people are involved in the organisation.

A working group is started to establish the following priority tasks:

- Coordinate the project and make the necessary decisions towards set objectives
- Analyse the strengths and weaknesses of the existing system
- Be responsible for the implementation of the joint action plan.
- Follow up on completed activities and suggest improvements
- The working group is also responsible for disseminating information to various stakeholder groups

The working group consists of people with roles that contribute to meeting the objectives of the contract, for example, landlord, operating technician, energy controller, tenant, caretaker, property manager.

One person shall be appointed as responsible for convening and arranging the meetings laid out in the contract. This is done to ensure that the meetings are carried out and structured.

## 4.7. Incentives

Financial incentives are when the parties make distinct energy savings and then share the profit according to workload and investment. The presence of incentives provides clarity, especially for less involved parties and proven to work well. However, when several measures have been implemented, it may be difficult to maintain the incentives as the savings potential has decreased. Then other types of incentives may be needed, such as hybrid or added value incentives.



## Hybrid Incentives

- Savings made together with the tenant can be used to invest in more costly energy savings that are profitable in the long run.
- Lower energy costs increase the value of the property through higher net operating income.
- The property company / property experiences improved finances thanks to reduced energy costs, which contributes to the rental value becoming more attractive.

## Added Value Incentives

- If tenants feel that the landlord is engaged and active, then loyalty increases toward the landlord and the tenants feel satisfied.
- Collaboration between tenant and landlord is necessary for successful work in energy management. Collaboration with the tenant pays off even if it is not possible to measure in exact amounts.
- Communication between the tenant and the landlord promotes the relationship, which is positive. With continuous communication, indoor climate issues can be pinpointed and addressed in a timely manner.
- Working actively with energy use leads to better control of both property management and the status of installations and equipment.
- Collaboration on energy issues can lead to better conditions in negotiations with the energy companies.

In cases where energy levels and parameters with an impact on the indoor climate are regulated, is that both the tenant and the landlord have something to fall back on in discussions. Another advantage is in terms of tenant adjustments; there are many practical issues that have already been resolved, such as climate requirements, lighting requirements, sound requirements etc., since they have already been formulated in the contract.

## 4.8. Action plan

Establishing an action plan gives a clear picture of how the work should proceed while giving the parties a better understanding of their role. The action plan contains dates for meetings, measures, activities and there should also be designated responsibility for the action plan itself, i.e. ensuring that it is followed and up to date.





It must be stated in the action plan who is responsible for the various activities. A well-planned action plan increases the chances of the contract being successful.

## 5. Implementation

How does one proceed once the contract has been signed and the work is to begin? Here are suggestions on the different steps:

### 5.1. Identification of possible measures

In the introduction, it is a good idea to summarise how the property and operations function. Specify how energy systems, ventilation and plumbing work. Determine which meters are available to document energy use in the property. It should be possible to measure heating, domestic hot water, property- and operating electricity separately. It aids in determining what measures can be taken at a later time, but also to measure the savings.

There should be at least 5 years of energy statistics to get a reliable comparison from year to year. Also, highlight if any energy measures have been carried out in the property over the past five years.

It is good to do a walking tour of the property together to see if any deficiencies can be found. Doing a night walk is a great way to discover energy thieves, lighting, computers and ventilation that are running at night. It is also good to talk to the cleaning staff about their routines as they often have good oversight of the property's lighting system.

Make an assessment of how adapted the business is to the conditions of the property. Are the rooms the right temperature? Is there cooling, and if so, how does it work together with the heating system? Is there sun shading so it doesn't get too hot in the rooms? Is the ventilation properly dimensioned and does it have correct operating times that are in line with the activity? Has obligatory ventilation control (OVC) been carried out and does this correspond to the basis of the use of the property?

OVC - Obligatory ventilation control. A ventilation control must be carried out in all premises every three to six years (depending on the type of ventilation system). The control indicates whether ventilation function is satisfactory.

Make a list of everything that has come up during the meetings and the walks.



## 5.2. Action plan

Together both parties agree on which actions to be made and how there prioritised. The slightly more challenging actions may require more time and discussion in order to find solutions. The measures should correspond with the existing aim and objectives.

Examples of actions
<ul style="list-style-type: none"><li>➤ <b>Timer on lighting appliances</b></li><li>➤ Routines for making sure that office appliances are shut off</li><li>➤ Windows and door are kept closed</li><li>➤ Adjusting the heating system</li><li>➤ Looking over operating times for ventilation</li><li>➤ Waste recycling</li><li>➤ Reusing of materials when renovating or re-modelling</li><li>➤ Possibility of charging electric cars</li><li>➤ Bicycle storage</li><li>➤ Needs-driven ventilation</li><li>➤ Educate staff on how to reduce their environmental impact.</li></ul>

There are a large number of measures that can be taken on a property to reduce the environmental impact. It is important that parties keep an open mind and think about the solutions and challenges that exist. When simpler measures are carried out, the savings can be used to perform more costly but more efficient measures such as window replacement, additional insulation, ventilation replacement.

## 5.3. Nudging

Nudging is a tool for changing people's behavior by making it easier to make certain choices. In Swedish, nudging is usually translated as "a little push in the right direction."

Nudging can be used to avoid some of the bullet points above. By using smart ways of exposing information to persuade people to make more environmentally friendly choices is a method that is in line with green contracts. Nudging methods make it easier to persuade a business to reduce its environmental impact by guiding it to the right choice. This is also appreciated by the business as it can be strenuous to keep track of what is right and what is wrong. By getting a push in the right direction, it will be easier to get into the right way of thinking and it can have a snowball effect.



Some examples of nudging tools: Clear displays showing consumption of heat, water and/or signs prompting to turn lights off or to close windows, or clear and easily accessible source sorting.

## 6. Monitoring

Each year, a profit analysis is performed where the parties review the results and what has been done during the year. The result should be disseminated to all involved to show what has been accomplished together.

It is good if the results can be disseminated to other third parties who can be inspired by the work that has been carried out and motivated to carry out their own projects

It is not crucial if the results do not reach the expected goal. It is more important to gain experience and learn valuable lessons in order to be able to continue the work effectively to improve the environmental impact of the property.

There are many reasons why things may not have gone as expected. In the long term, it is more important to find out what the result means and how to proceed. Make a summary of the result which can later be analysed to identify the causes.

Below are some examples of results achieved when a green contract works (See Figure 1).



## 6.1. Benefits

<b>Collaboration</b>	<ul style="list-style-type: none"><li>• <i>Strengthens the relationship between landlord and tenant, improves their dialogue and promotes mutual understanding.</i></li></ul>
<b>Knowledge</b>	<ul style="list-style-type: none"><li>• <i>The property's environmental impact and energy use decreases as dialogue, data collection and knowledge of key figures increase.</i></li></ul>
<b>The environment</b>	<ul style="list-style-type: none"><li>• <i>The general environmental impact of the property with a more efficient use of resources and a more sustainable property management.</i></li></ul>
<b>Cost effective</b>	<ul style="list-style-type: none"><li>• <i>Due to reduced use of energy and resources, cost efficiency for both operation and management increases; and the landlord and tenants both benefit.</i></li></ul>
<b>Prevention</b>	<ul style="list-style-type: none"><li>• <i>A contract provides a competitive force as demands for greener properties increase. It also reduces sensitivity to increased energy prices and future, stricter environmental legislation.</i></li></ul>
<b>Goodwill</b>	<ul style="list-style-type: none"><li>• <i>A contract created by the parties to work together to reduce the environmental impact can be used as a marketing tool to attract new stakeholders and increase the value of the property.</i></li></ul>

Figure 2 Benefits of a green contract

## 6.2. How to minimize risks

Understanding the symbiosis between business and property contributes to safer choices of measures that reduce energy consumption and climate impact. An active dialogue between the property owner and the landlord increases the chances that the measures will have better long-term sustainability.

The landlord becomes more likely to take care of their property and its maintenance if they have close contact with their tenant. The tenant in turn feels more involved and feels more confidence in the owner when they show responsibility for the property and a desire for it to suit the business operations. The tenant is more concerned about the building and more easily notices errors and shortcomings in the early stages.

When one has a better understanding of how the property and operations work, financial and technical risks are reduced



## 7. Maintain the contract

It is important to find new ways to save energy and improve environmental work, but it is at least as important to preserve the reduced environmental impact that has been achieved. The building will have optimised use of energy and resources over time, making it more difficult to find measures. Additionally, the pressure to maintain the standard that has been worked out as per the contract increases.

There must be some incentive for both parties to maintain the achieved environmental performance of the property. More often than not, one party receives the larger share of the savings. Who gets it typically depends on if one pays basic rent or full rent. Examples of incentives are rent reductions, investments in the property or shared savings.

### 7.1. The collaboration

As previously mentioned in this guide, it is the meetings and dialogue that determine the quality of the contract and whether the goals are reached as agreed by the parties. Without this being made a priority, the risk is high that the contract will be a paper product that sits in a box.

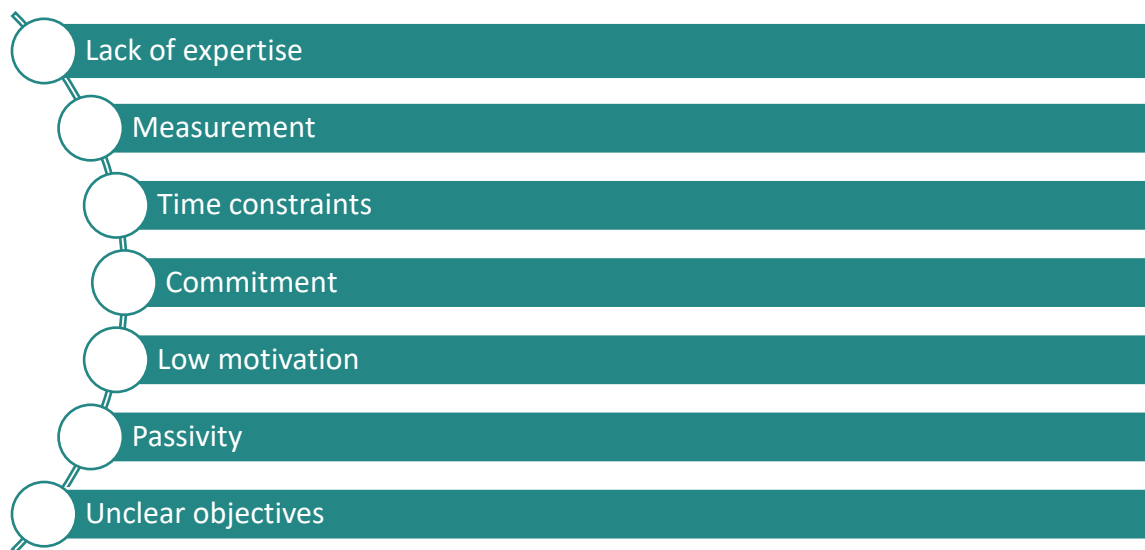
Although no new objectives are set each year, it is still of paramount importance that the dialogue exists between the various parties. New goals may emerge where the parties need to cooperate, such as for renovations or investments in environmental promotion measures in the property.

### 7.2. Problem identification

The reason why contracting parties fail to create a collaboration may be due to several underlying factors. Unclear objectives and a vague aim often create uncertainty and difficulties in measuring how much the various parties have performed, what role they have, etc. At start-up of the green contract, the owner of the property has an advantage in terms of knowledge and information compared to the tenant. It is therefore necessary that the parties trust each other in order to achieve a successful cooperation.

The landlord wants to gain financial profitability to make investments in the property, which can lead to split incentives. Split incentive means that the person who pays for an investment is not the one who benefits from the economic benefits that arise, which results in investments in improvement measures not being implemented.

Seven common problems are listed below:



**Lack of expertise:** This involves difficulties in taking the right measures for the property, which leads to passivity and reduced motivation.

**Measurement:** If one does not have access to measurement data, it will be difficult to see what the measures that are being implemented contribute to. You need to have a clear starting point with measurable goals. Measuring is knowing!

**Time constraints:** It is difficult to justify attending meetings unless both parties see a benefit in participating.

**Commitment:** Weak commitment from one of the parties leads to a reluctance on the part of the other party, as they feel like they have to do all the work on their own.

**Low motivation:** Too weak incentives and commitment leads to lowered motivation and it becomes difficult to maintain the contract.

**Passivity:** If neither party takes the initiative and convenes meetings and pushes for an active dialogue, then the work is perceived as passive with difficulties in achieving the stated aim and objectives.

**Unclear objectives:** The objectives should be clear, measurable, evaluated annually and renewed as needed.

These seven points are interdependent. The result is dependent on a dialogue that is based in openness and honest intentions between the parties. The contract and the arrangement of the work shall suit both parties involved.



## 7.3. Revising the contract

The contract is a living document and must be revised continuously. It is important not to get stuck with the goals that were set from the start. Over time, conditions will change, which requires that the contract is kept up to date. A living and accurate contract promotes motivation for the future more easily. It also provides an effective way to reduce energy and resource use when relevant measures are being implemented.

A good example of how the process can be set up is shown in the image below.

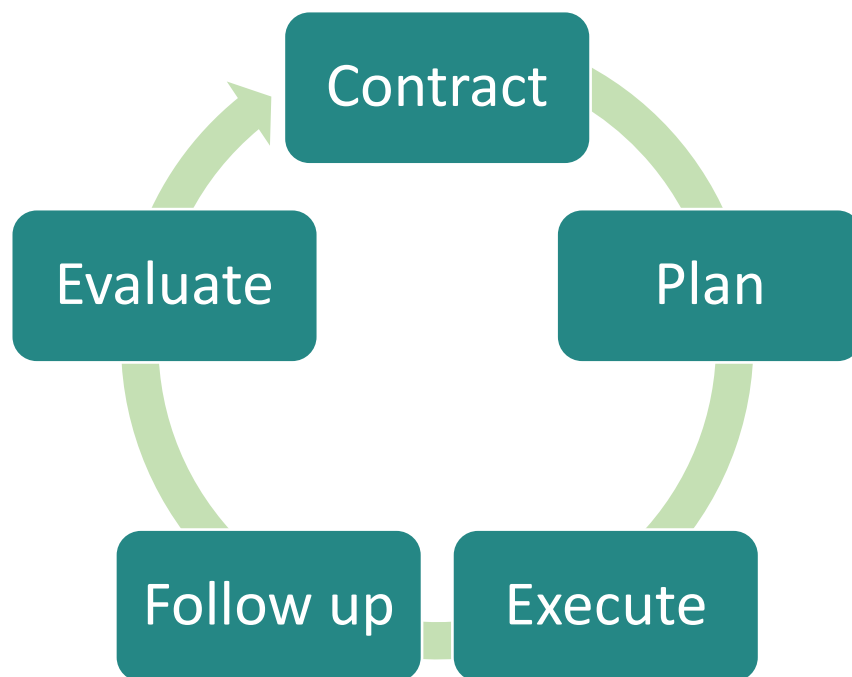


Figure 2 Working method for keeping GLC updated.



## 8. Combination with other tools

Green lease contracts can be combined with many other solutions, some of which are described below:



### 8.1. MSC

Multi services contracting is like EPC but take other aspects in to account then just energy. For example, indoor climate. A green lease contract can help the dialog between the landlord and tenant to get the best result that fits the building and the activities business.

### 8.2. Prosumers

Prosumers is when an energy consumer start producing his own energy. For some landlords the step to become a prosumer can be a big step. The profitability of the investment is depending on how is paying for the energy. A green lease contract can help to make the investment profitable for both the landlord and the tenants in those cases when te tenant pays for the energy.





### 8.3. EPC

EPC stands for "Energy Performance Contracting" and can be seen as a version of incentive contracts. Establishing an EPC requires a third party, a contractor, in addition to property owners and tenants. This contractor can be an energy efficiency company or an energy company.

The contractor identifies, implements and finances energy efficiency measures for the building. Energy savings in SEK and kWh are defined and guaranteed in a contract. The investments are financed by means of the future guaranteed savings.

EPC is a business model that also invites interaction and knowledge transfer between the parties, which means that the measures that are implemented and the products that are installed are chosen in consultation between the property owner, the contractor and the business.

With green contracts, both financial and technological risks can be reduced.

### 8.4. Financial Calculations

It facilitates the use of LCC and LCA calculations in conjunction with measures that have emerged with the help of green contracts. These calculation methods facilitate decisions about what measures can be implemented, how profitable they are and how much they reduce climate impact.

### 8.5. Bundling

By gathering measures that have emerged during the work with green contracts, they can then be combined with the total methodology to investigate how packaging energy measures together can increase energy efficiency. The aim is that the more profitable measures help cover for the less profitable. In this way, more measures are implemented on a well-established financial basis for the manager.



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