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COMBATING COVID-19 IN SCHOOLS THROUGH ENERGY EFFICIENCY

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Minimise Québec, a new subsidiary of U.S.-based Minimise Global, a company specializing in energy efficiency, says it can help the Legault government limit the spread of COVID-19 in the province's schools thanks to its fi-nancing formula that allows air purification equipment to be installed without any initial capital investment.

"We could quickly modernize or install air-purifying ventilation systems in schools thanks to our agreement without capital investment," François Gagnon, General Manager of Minimise Québec, told Les Affaires. The company, which has been registered with the Enter-prise Register since June 11, is also interested in mar-kets in other Canadian provinces such as Ontario.

Minimise Global has subsidiaries in Mexico, South Afri-ca, the United Arab Emirates, the Philippines and New Zealand. However, it does not currently have a pre-sence in Europe.

François Gagnon believes that Minimise's business model would allow Quebec schools to kill two birds with one stone during the pandemic: finance - without spending a penny up front - the installation of new air filtration equipment to limit the spread of COVID-19, while improving the overall energy efficiency of schools.

A fairly unique funding formula

Minimise's No Capital Investment Agreement (**NCOPA**) is quite unique in the market because the client does not need to invest or spend additional money to achieve energy efficiency gains.

In fact, payment for the services and equipment that Minimise installs at a customer's site is financed from the customer's future savings in energy expenses.

However, for this model to be viable, the client must be able to improve its energy efficiency by at least 17% in a building or group of buildings.

If the potential gains are only 15%, for example, Mini-mise will not be able to carry out a mandate with this client.

Some might say that this business model is too good to be true.

Questioned by Les Affaires on this subject, Pierre-Olivier Pineau, energy specialist at HEC Montréal, says he was familiar with the concept of financing, but not pushed to this level.

"It's obviously a great way to go," he says. It removes one of the barriers to entry" - cost - to achieving energy efficiency gains in organizations.

He points out, however, that the money it usually takes to invest in energy efficiency at the outset is not the only barrier to entry. "The internal culture is also a barrier, and it's not the 'free' investment that's going to fix everything," says the academic.

In October, Forbes magazine's website also published a report on energy efficiency services in which it discussed, among other things, the Minimise no-capital-investment agreement (NCOPA) formula.

How does its business model work in practice?

56-day project audits

If a company has a potential of at least 17% energy sa-vings, Minimise will spend the money to install the equipment needed to reach this goal," says François Gagnon.

To evaluate this potential, the company conducts audits over two 28-day periods according to the IPMVP (International Performance Measurement and Verification Protocol) standard. This is a method developed by the Efficiency Valuation Organization (EVO), a Washington-based non-profit organization.

Minimise even claims to be able to pay the customer an amount of money up front to pass on future energy savings.

How does Minimise make its income?

Minimise's partners, **an international bank and RSF Capital Partners, a UK -based private equity firm**, are reimbursing Minimise for the costs incurred by Minimise in this first phase.

Then, when the customer actually starts saving money on their energy bill, a portion of that money is paid to the bank on a monthly basis over a period of several years so that the bank can recover the money it lent to Minimise.

"In fact, this type of monthly payment is similar to the bill we pay each month to Hydro-Quebec to have elec-tricity in our homes," says François Gagnon.

But instead of paying for electricity, you pay for energy efficiency gains, but without having invested a penny in the first place. In short, everything is self-financing from the reduction in customers' energy bills.

To demonstrate that this business model works, François Gagnon gives the example of the contract that Minimise signed with a school board in Florida in 2018.

Under this agreement, Minimise USA paid a cheque for more than US$1.7 million in December 2018 to the Hillsborough County Public Schools (HCPS) in Tampa, Florida.

In Quebec, schools are not the only sector in Mini-mise's sights. Eventually, the company would also like to offer its services in three other sectors: street ligh-ting, the health system (hospitals, CLSC, CHSLD) and the Quebec government's real estate stock.