



Logical Buildings closes \$110 million virtual power plant project with Keyframe Capital

April 25, 2023 - Front Section



Jeff Hendler

New York, NY Logical Buildings has closed a \$110 million virtual power plant (VPP) project facility with Keyframe Capital. The facility will be used to pursue VPP projects within New York City- and New Jersey-based multifamily residential buildings, providing thousands of operators with reputational and financial incentives to invest in initiatives that will drive energy savings, lower greenhouse gas emissions, and establish new channels for grid services revenue. This funding, which will be repaid through energy savings and grid revenue, establishes a channel for deploying energy transition projects in the large, previously untapped multifamily housing market at a time when many operators seek solutions to comply with upcoming emissions reduction and energy efficiency regulations.

NYC and NJ multifamily buildings can use this project facility to deploy connected smart thermostat upgrades which integrate with Logical Buildings' two proprietary demand response platforms: GridRewards for residents and SmartKit AI for operators. The building's utility smart meters, recently installed by Con Edison as part of their \$2 billion infrastructure upgrade, will link to each apartment's smart thermostat and record temperature changes and related impacts in 15-minute increments, generating grid services revenue in utility and wholesale grid level programs.

With no upfront capital required, upgrades facilitated by the project facility will instantly reduce carbon emissions and create revenue-earning opportunities for residents and building owners alike. During the 2022 summer peak pricing season, GridRewards users earned record utility cost reductions paid in cash by participating in Con Edison demand response events in New York City, Westchester, and Orange and Rockland Counties. Operators will also benefit from access to Logical Buildings' engineering expertise to help identify the highest ROI projects and measure, verify, and continuously maximize the VPP operational value for each building.

"Imagine providing residents with smart thermostats that reduce building energy usage, lower resident utility bills, and generate cash rewards, while simultaneously enhancing comfort and convenience. With our new project facility this is now a reality," said Jeff Hendler, CEO at Logical Buildings.

Logical Buildings and Keyframe are leading a paradigm shift in how energy use is viewed in multifamily buildings. Through this project facility, rewards are available to both residents and operators. By aligning incentives in this way, the project facility addresses the "split incentive" problem commonly found in multifamily energy efficiency efforts in which operators invest in upgrades, but residents accrue most of the benefits through comfort and cost reductions.

Fully-financed fixed turnkey costs for energy transition projects make it possible for building owners to bundle several projects within one building or use project facility funding to pursue upgrades across an entire portfolio, maximizing utility, state and federal incentives as well as tax credits. The innovative structure also enables Logical Buildings' clients to implement decarbonization measures, aligning incentives across all stakeholders.

Buildings are the largest contributor of greenhouse gas (GHG) emissions, with energy-related emissions from both residential and commercial properties representing 34% of total emissions in

the U.S. With the Climate Mobilization Act and its many equivalents going into effect on January 1, 2024, every kilowatt-hour and therm used by a multifamily building and its residents will count against new carbon emissions caps. With the introduction of this VPP Project Facility, Logical Buildings is expediting these efforts by unlocking access to decarbonization projects for thousands of building operators with no upfront funding required.

“We’re thrilled to be part of this transformational energy story; Logical Buildings’ breakthrough software provides hugely important environmental and financial benefits to building owners and residents, while simultaneously enabling all categories of real estate to experience smarter, tech-enabled comforts,” said Alex Brown, partner at Keyframe Capital. “It’s a win for owners, a win for residents, and a win for the planet.”

“The multifamily market remains largely untapped when it comes to impactful decarbonization and energy transition projects. Our project facility provides building owners with access to new opportunities to create thousands of grid-connected smart apartments at once, instead of the traditional ‘one home at a time’ approach to residential energy savings,” said Hendler.

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