

Energy, Infrastructure and Government Team

Energy Performance Contracting

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What is an EPC?

Installation only

- Installation of energy efficient plant and equipment
- No guarantees on energy consumption

Facilities Management

- Incentives to achieve energy efficiency through lifecycle and maintenance works
- Contractor takes on energy consumption risk

Combined Installation and Maintenance

- Turnkey solution to install and manage an energy efficient package for an asset or group of assets.
- Guaranteed energy savings

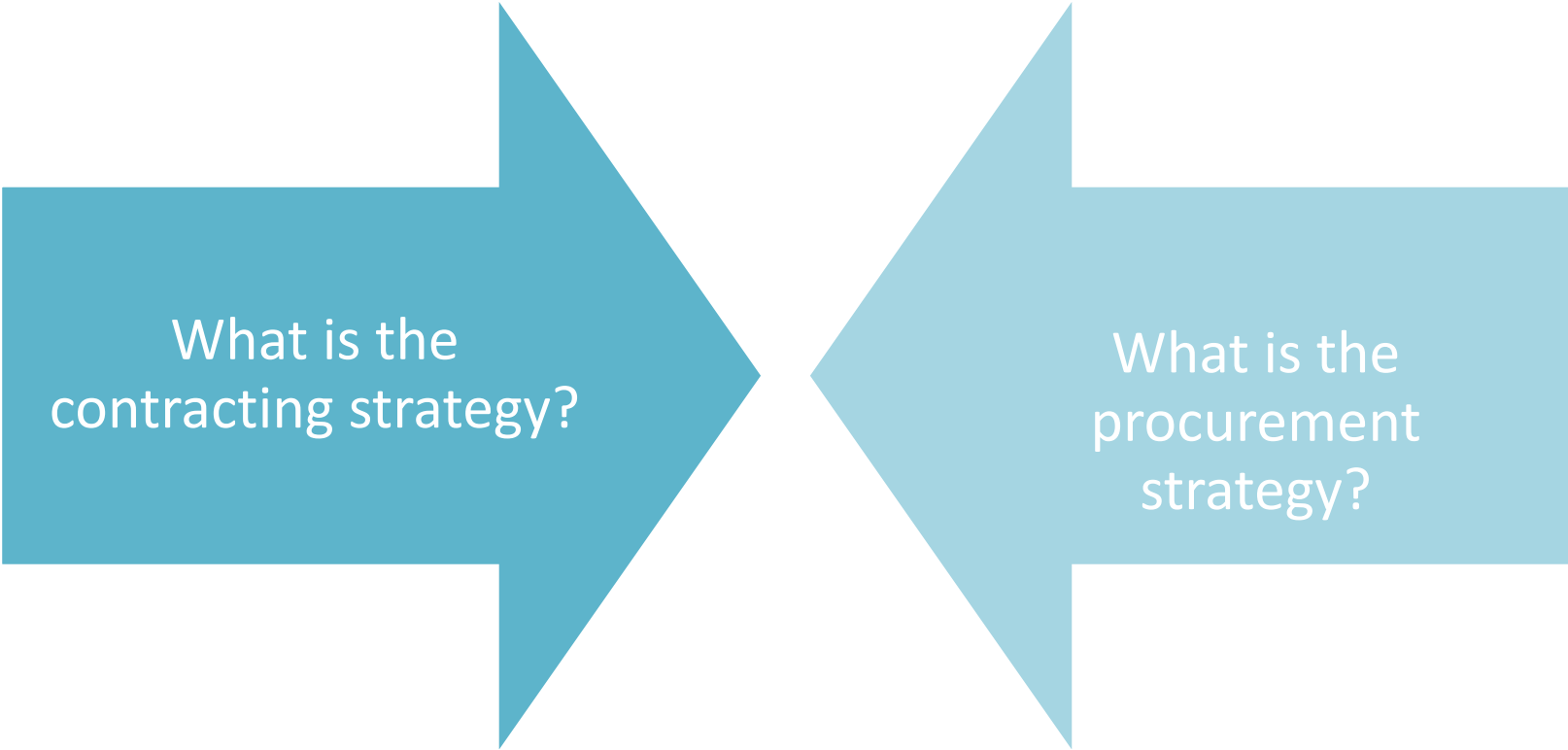
EPC Road Map

Audit to establish the baseline

Selection of ECMs

Monitoring and verification of performance

Key Decisions



What is the
contracting strategy?

What is the
procurement
strategy?

The Pre-Procurement Checklist

- What are your long term plans for the assets?
- Are the assets part of a PFI? Can you do an EPC on a PFI?
- Is the project large enough to attract suppliers? Is there the possibility to bundle a package in your area?
- Do you have sufficient data on your assets to create a baseline for ECMs?
- How are you funding the project?
- Is the value of the project worth the procurement costs? How can you get the procurement costs down?

Key Contract Issues

- Performance risk – guarantee of the minimum level of energy consumption savings against baseline
- Contract term – Is it being financed? What is the payback period on the ECM? How are lifecycle replacements and handover conditions dealt with?
- Delay – What if the project is late? What liquidated damages should be payable?
- Underperformance – What if an ECM underperforms? How do you deal with this when there are multiple ECMs?
- Interface arrangements – where does risk sit in interfaces?
- Utilities contracts – who will be contracting with utilities?

Procurement route

What are you procuring?

- Turnkey solution
- Plant and installation contract

What are your procurement options?

- Full OJEU procedure
- Use a framework

Procurement Checklist

- Check the financial standing of the supplier (even in a framework).
- Check the suppliers have experience of the type of ECMs that you want (even in a framework).
- Build flexibility into your procurement procedure –
 - Do you need to be able to negotiate?
 - Do you need to be able to accept variants?
 - Do you have any fundamental requirements?
- Programme management – be realistic!

Contact



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