



APSE Renewables And Climate Change Advisory Group

ESCOs – What Are They? Why Use Them?

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WALKER
MORRIS



*“The time has come to disperse power
more widely in Britain today.”*

The Prime Minister and the Deputy Prime Minister, Coalition
Agreement, May 2010

ESCO's – What Are They?

ESCO – “Energy Services Company”

No clear definition of the term.

Generally used to describe an entity established to deliver:

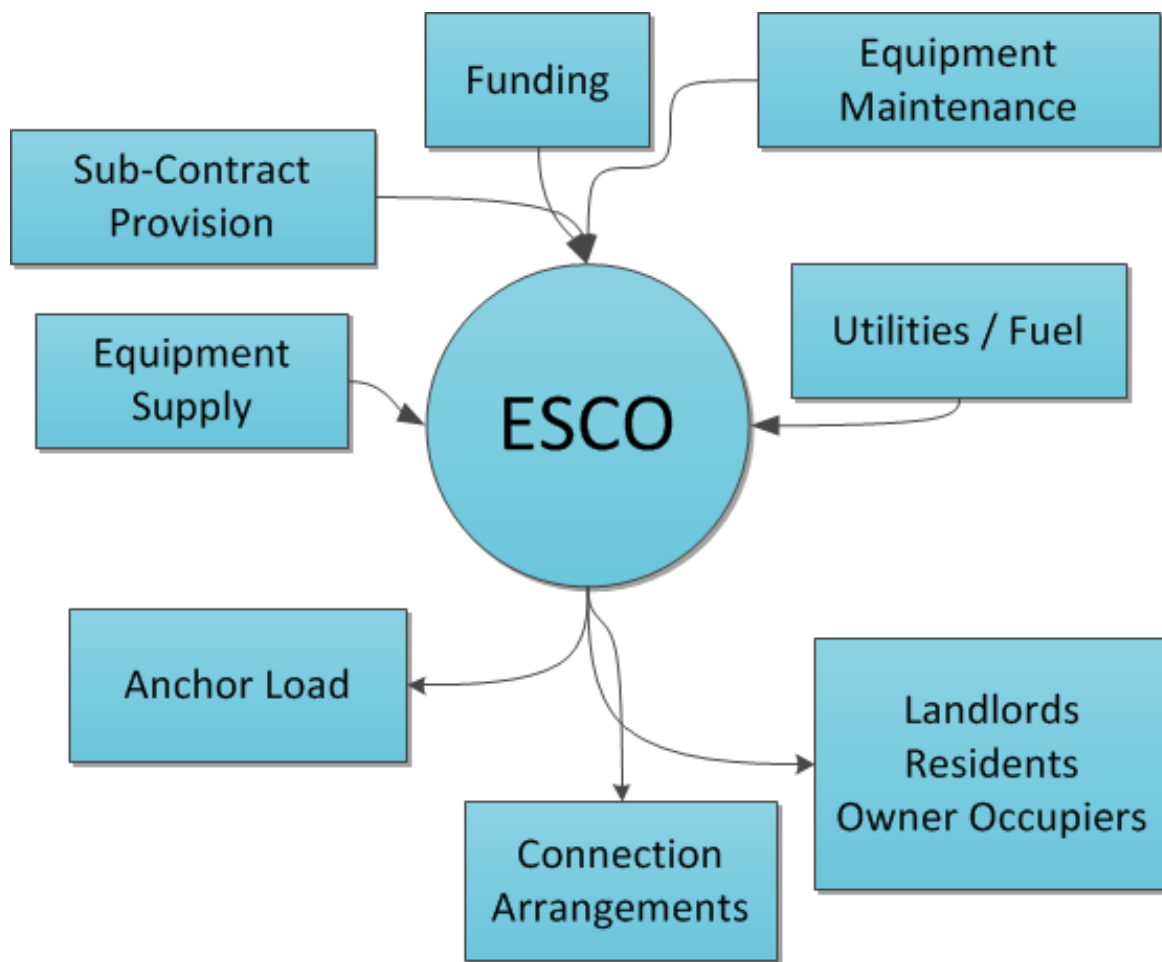
- Energy efficiency
- Energy savings
- Carbon savings

*The real purpose is the delivery
of services by a 3rd party*

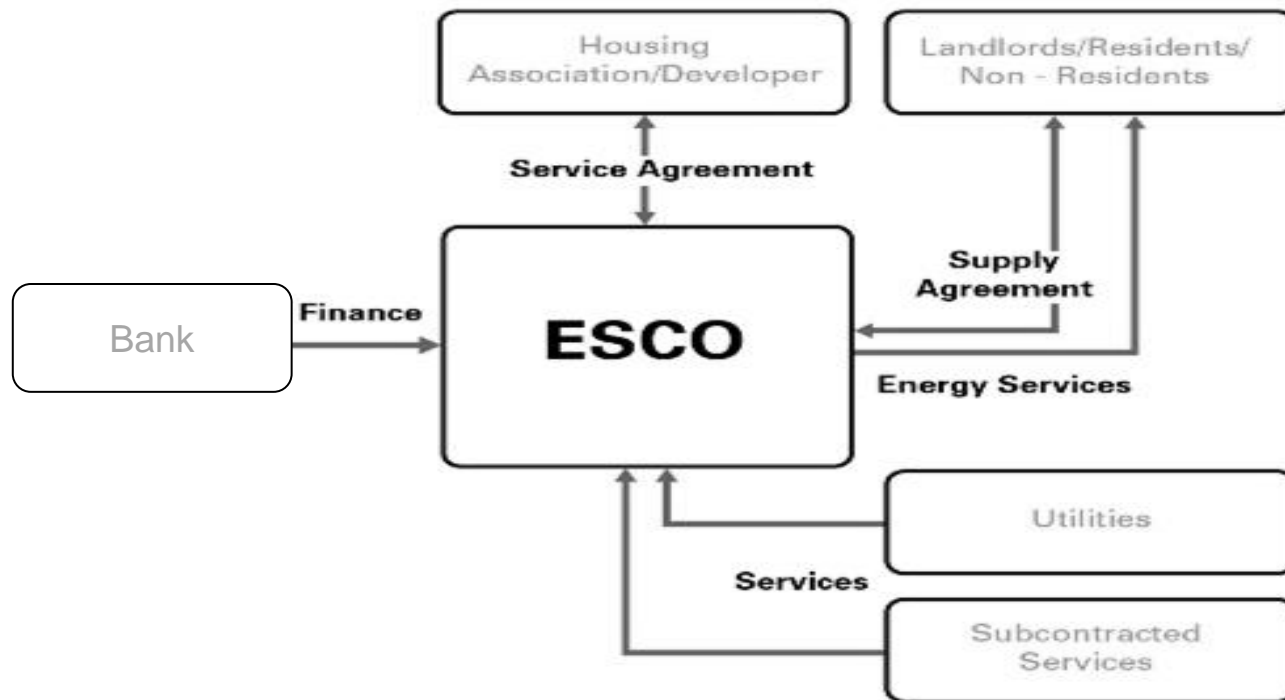
ESCO's – What Services?

	Model	Description
<p>Hi</p> <p>Energy Management Outsourcing</p> <p>Lo</p>	Energy Services Company (ESCO)	Energy efficiency improvement measures implemented by ESCO in a customer's building or facility. ESCO is paid, wholly or in part, from energy savings achieved.
	Local Energy Supply Company	Electricity and/or heat is supplied by a local supplier (not a utility) at an agreed tariff. May be associated with the supplier installing plant such as biomass boiler or CHP.
	Facilities or Maintenance Management with energy performance element	A facilities management or maintenance management contract incorporating an energy performance indicator and conditions, such as energy savings.
	Energy Efficiency Product with energy performance guarantee	Procurement of a product/ installation which will deliver a guaranteed level of energy savings. The savings may be used to pay for the product/ installation to a schedule.
	Energy Management Bureau	A structured multi-annual programme of energy management services, to deliver energy savings typically in a group of buildings or facilities.
	Energy Consultancy	Energy audits, site assessments, advice on efficiency opportunities. Typically a single site assessment and report.

Contractual Network



Example ESCO contract model



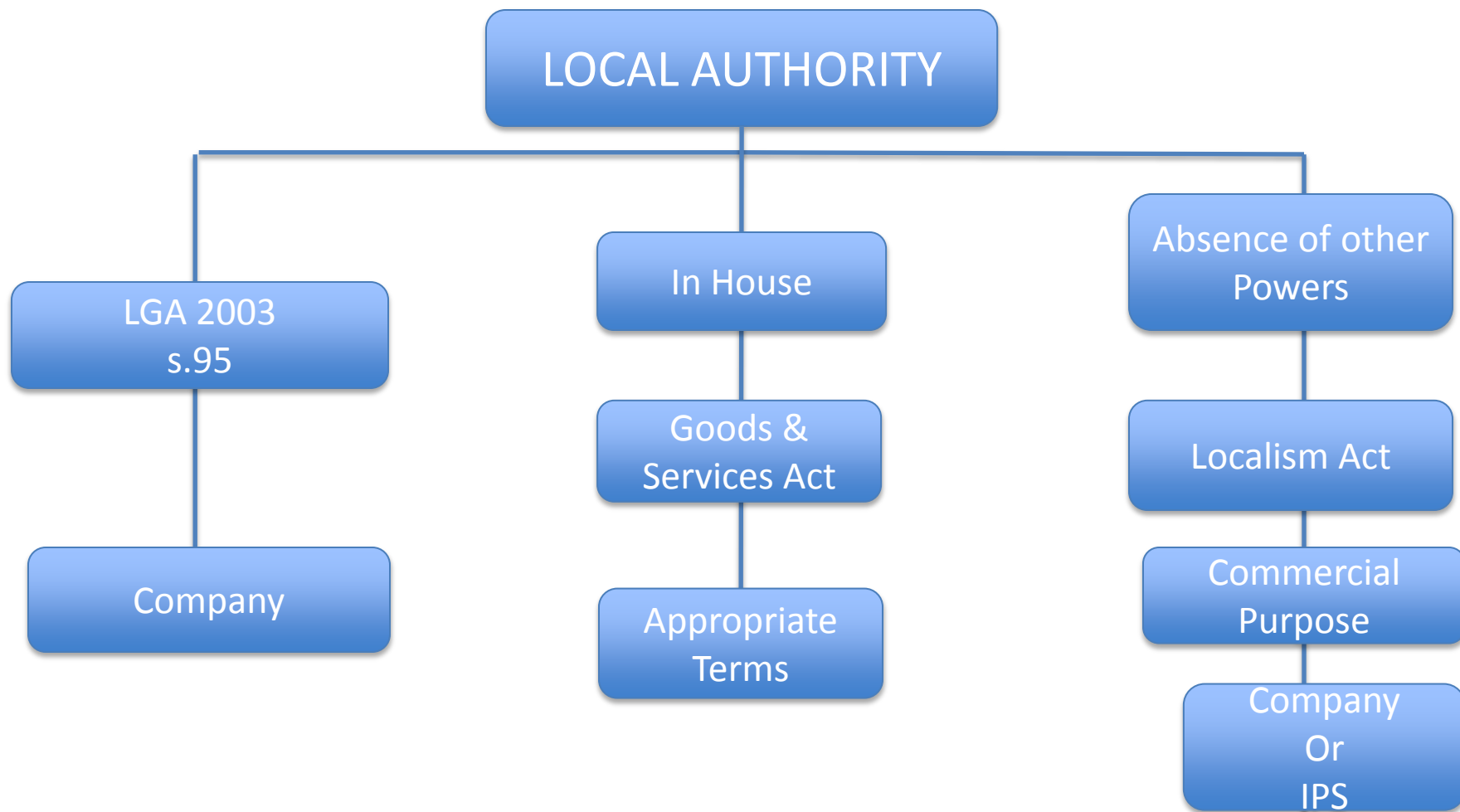
ESCOs – Why Bother?

- Compliance
- Risk and Project Focus
- Opportunity for ?

ESCOs – Local Authority Context (1)

- Powers
- Procurement
- Project Focus

ESCOs – Local Authority Context (2)



Examples of ESCO's in UK Nottingham (EfW CHP)

Entirely in-house at Nottingham City Council

Aberdeen (Gas CHP)

- Arm's length not-for-profit company limited by guarantee but embedded within Council
- Private sector involved in design and build
- Light touch

Southampton (Geothermal/Gas CHP)

- Company limited by shares
- Owned and operated by Cofely District Energy
- Joint co-operation with City Council

Barkantine(Gas CHP under BOOT arrangement)

- Company limited by shares -owned by EDF
- Appointed by LB Tower Hamlets for 30 year term after tender process
- PFI for energy services

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