Module 1: English

REFINE

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ENGLISH

Part 1: Introduction to the EES Market

Energy service

The energy service is a physical benefit, utility or good derived from a combination of energy with energy-efficient technology or with action, which is delivered based on a contract. Such a service should result in verifiable and measurable energy efficiency improvements or primary energy savings.

An energy efficiency service provider company offers energy services and by doing that guarantees energy savings and provision of the same level of energy service at a lower cost. The remuneration of energy efficiency service providers is directly tied to the energy savings achieved.

Financing energy services

Energy efficiency service providers can act as a link between financial institutions and different client categories. They seek to address the clients' reluctance to commit financial resources by including financing into their service packages. Financial institutions can provide third-party financing to Energy efficiency service companies and avoid taking over the full share of the investment risk.

In this case, the EES provider prefinances the investment and gets repaid through yearly remunerations which are dependent on the actual savings achieved.

The main source of repayment of any EES project financing is the cash flow generated by agreed and guaranteed energy savings.

However, there is a catch: EES providers have to respect their own credit limits and depending on their financial capacity, they will be able to finance only a limited number of projects.

The two most commonly used contract models are the Energy Performance Contracting (EPC) and the Energy Supply Contracting (ESC).

Part 2: Energy Supply Contracting

In **energy supply contracting**, the provider implements efficient supply (from fossil and/or renewable sources) in new and existing buildings of the public, industrial, commercial and large residential sectors.

In the case of energy supply contracting, provider's remuneration depends on the useful energy output delivered, such as heat, compressed air or electricity delivered to the building. Therefore, the energy supply contracting model motivates both the

provider and the building owner – the provider to increase the efficiency of the energy conversion and to reduce primary energy demand, and the building owner to improve the energy efficiency of the building.

Part 3: Energy Performance Contracting

In Energy Performance Contracting, the customer benefits from new or upgraded energy equipment and the provider's remuneration is directly tied to the savings achieved by the reduced energy consumption. Energy Performance Contracting combines energy efficiency measures that when implemented in buildings, deliver real energy savings through improvements in building fabric, heating, cooling and lighting systems. All implemented energy-saving measures are financed through the realized savings without additional costs.

A guarantee provided through the EPC model by the provider eliminates risks for the client: energy and monetary savings are achieved gradually based on the guarantee clauses defined in the EPC contract.

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