

Overcoming Regulatory and Policy Barriers To Catalyze ESCO Development Globally

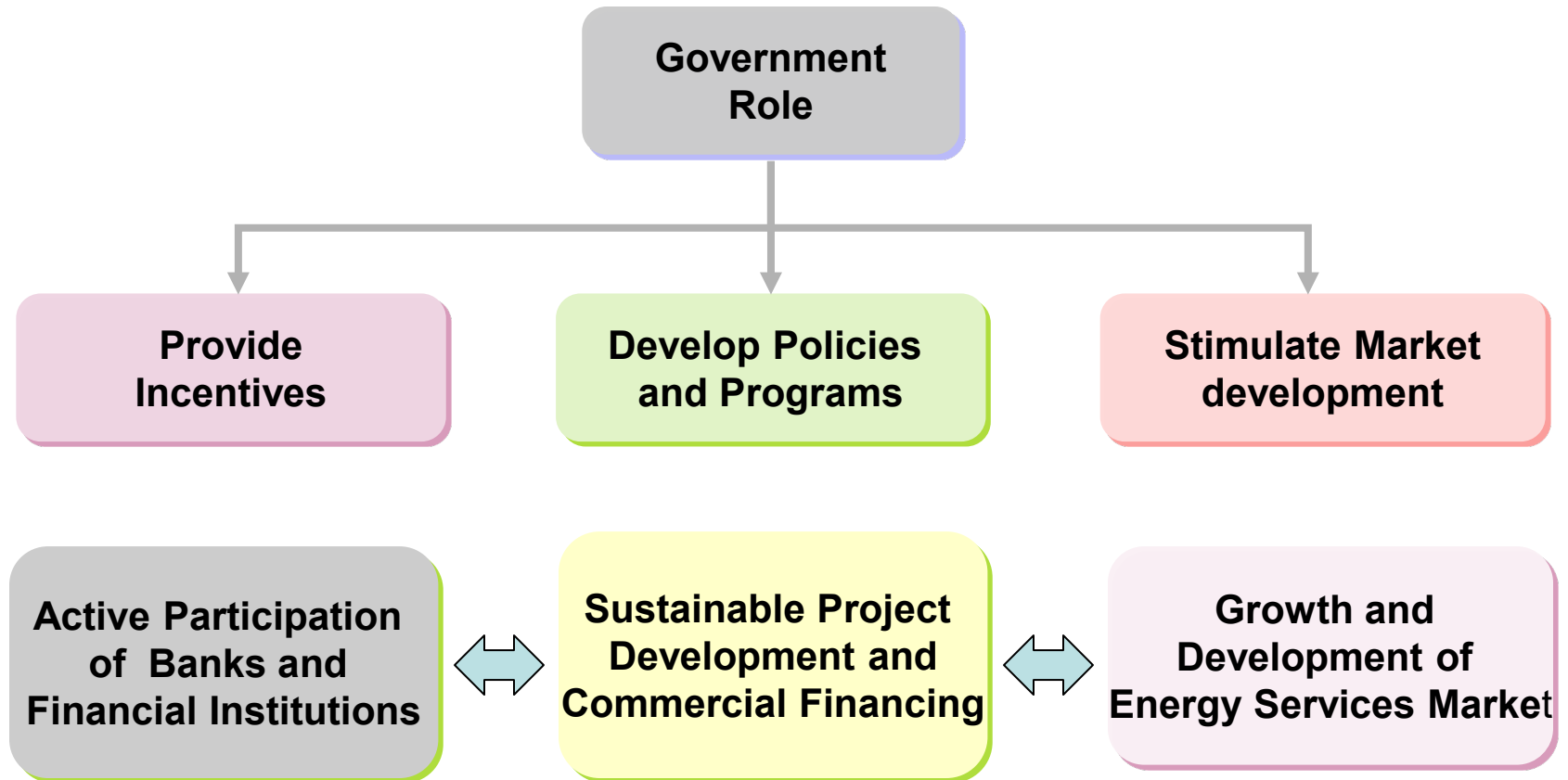


Catalyzing ESCO Development



Global ESCO Network

Government Role vs. Market Role in Energy Efficiency



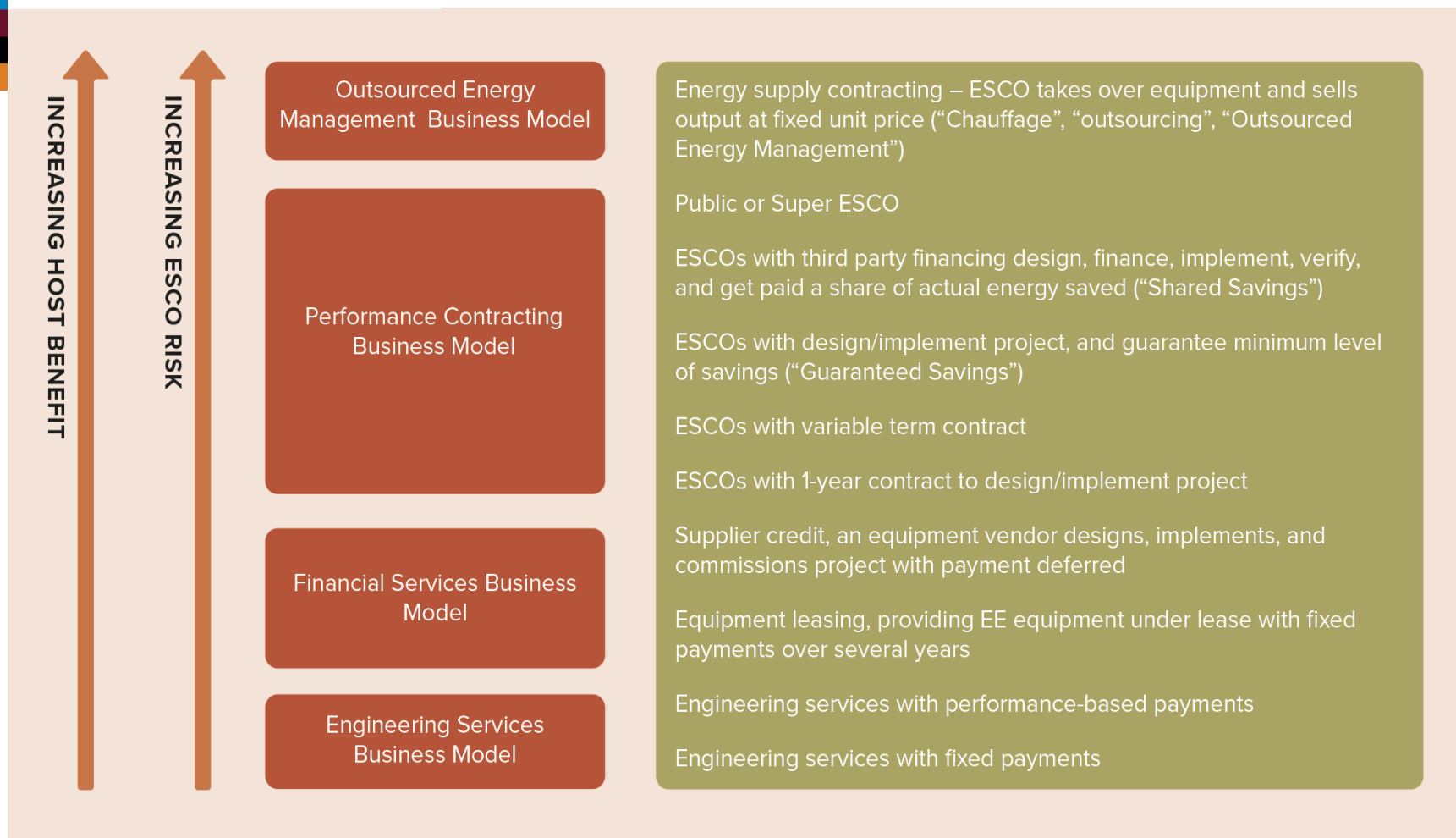
Governments need to “lead by example” to foster and promote ESCOs

The Energy Services Value Chain



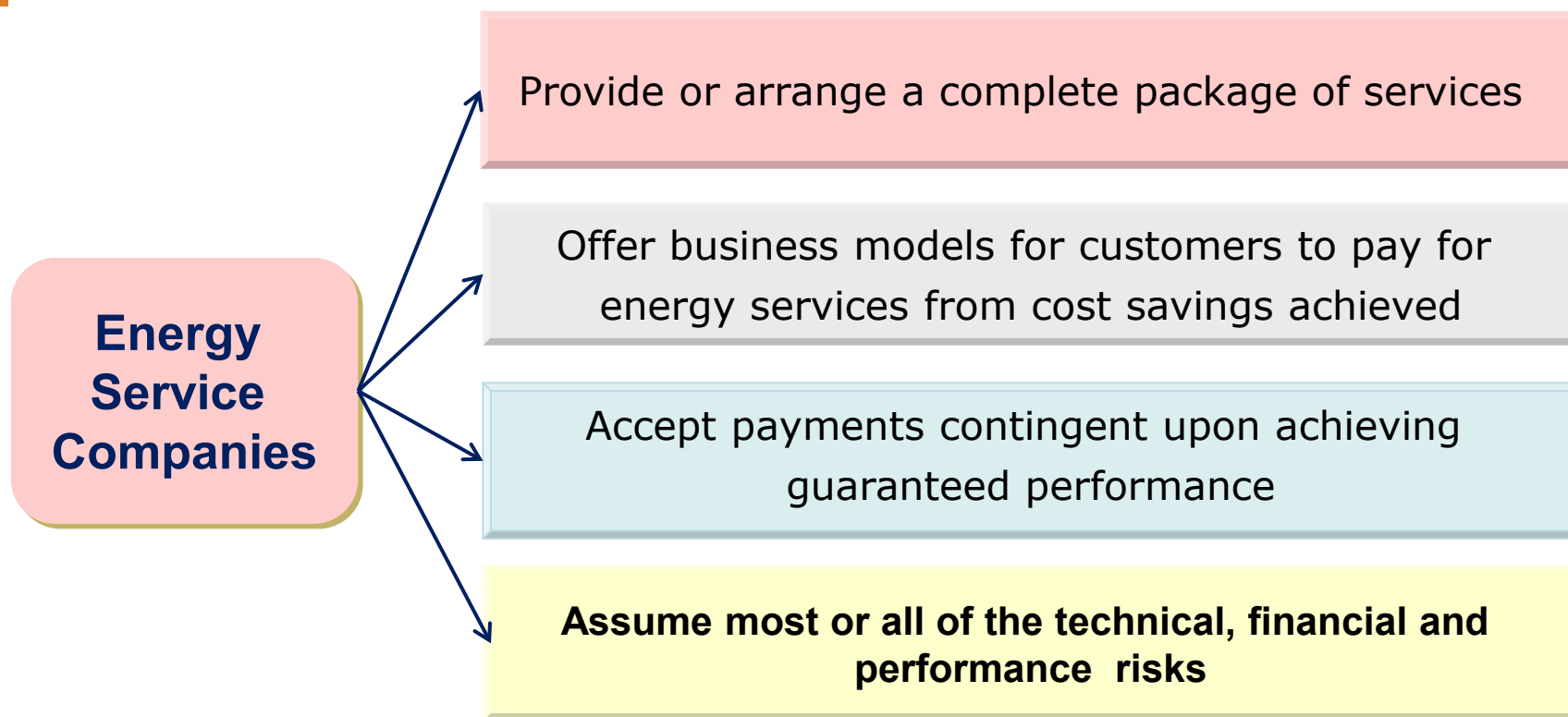
- ESCOs provide services spanning the energy services value chain, including energy auditing, design and engineering, equipment procurement, installation and commissioning, financing, operation and maintenance, facility management, and sale of energy services.
- While some companies that perform individual services can serve as ESCOs, typically the hallmark of an ESCO is the ability to integrate these services under one contract

Summary of Energy Services Business Models



Source: Adapted by authors from Limaye 2014.

Key Characteristics of ESCOs

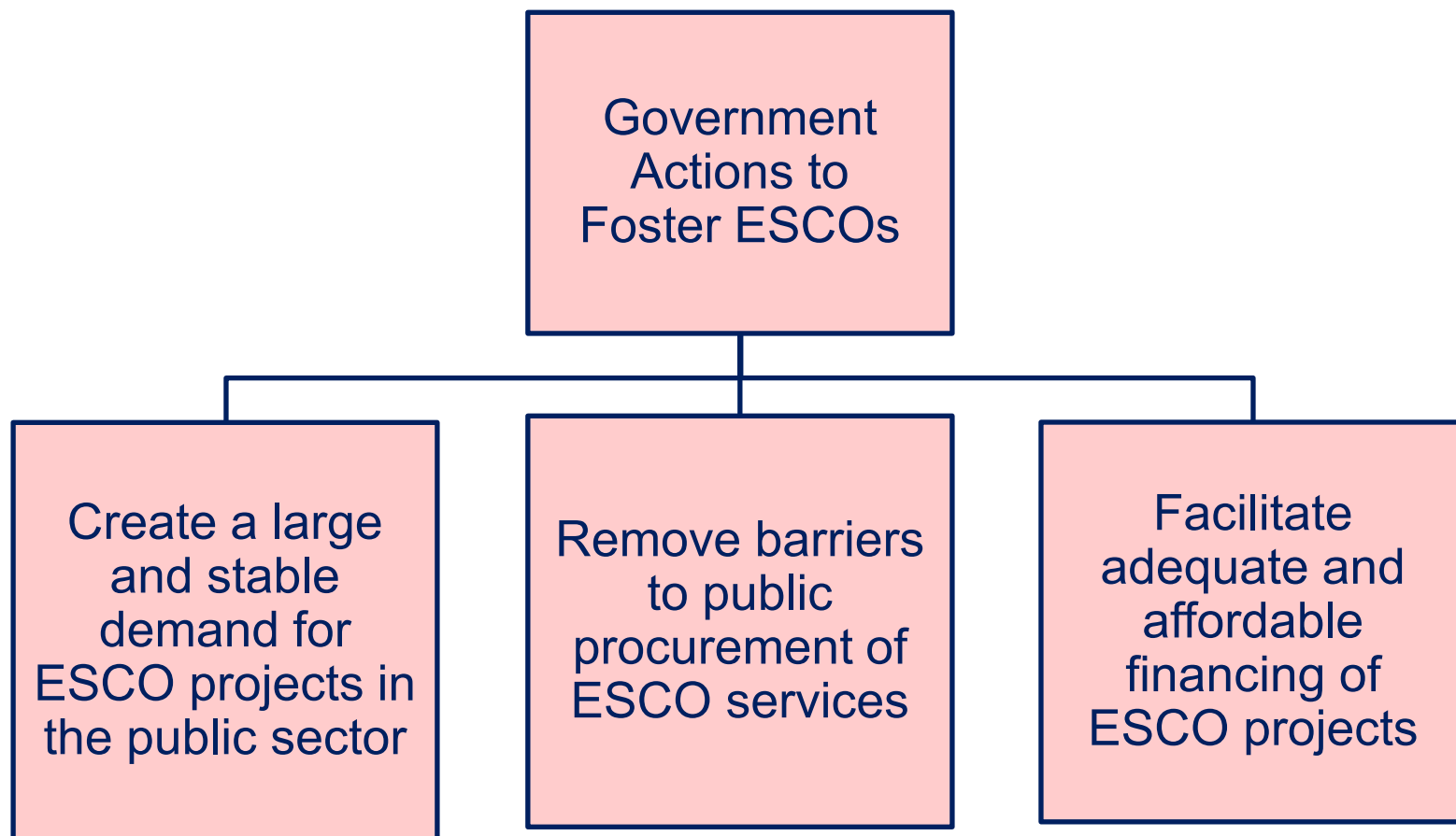


Public Sector ESCO Opportunities & Barriers

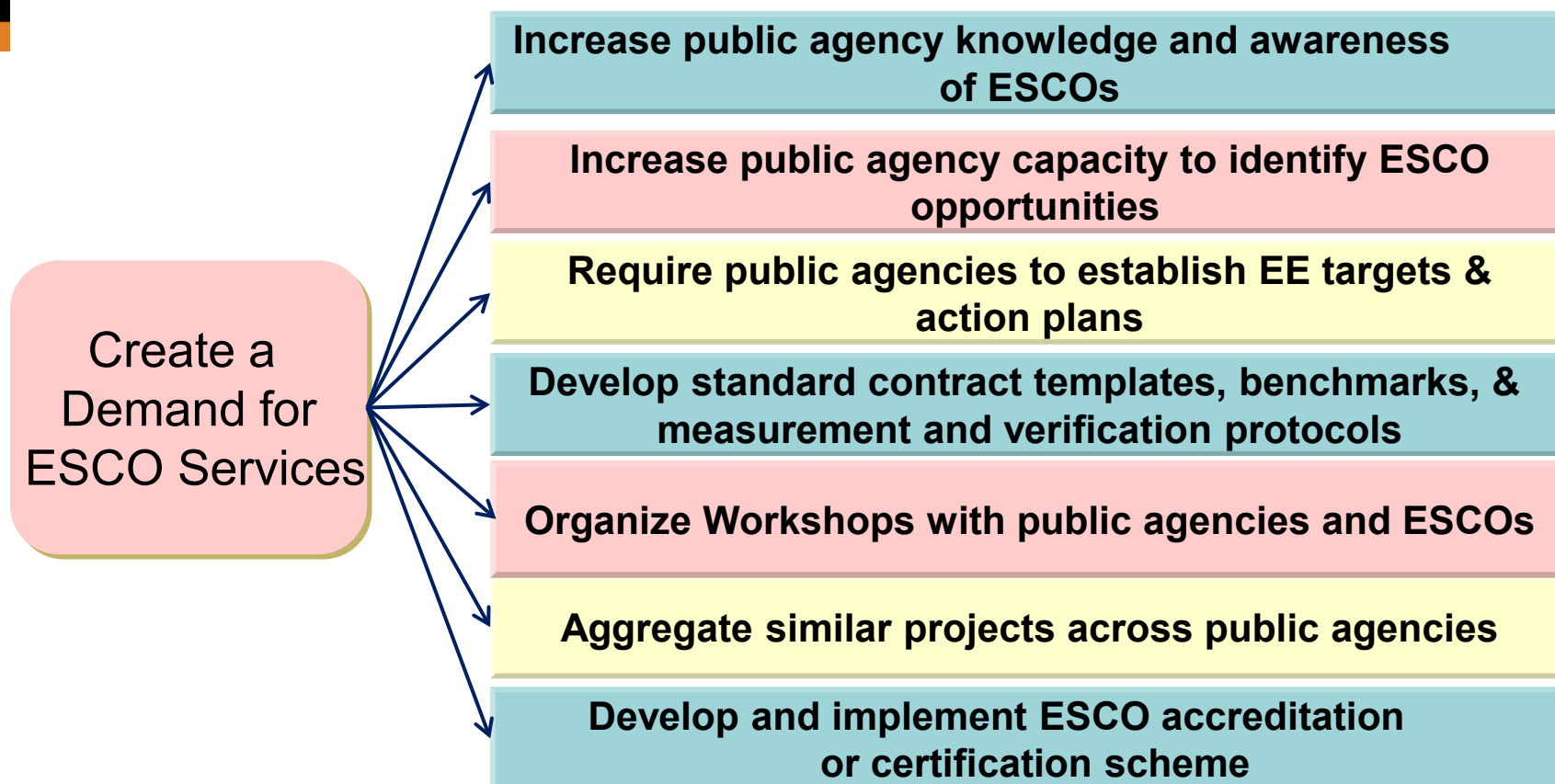
- Large opportunities for improving energy efficiency
- Public sector needs implementation assistance from ESCOs
- Barriers to ESCOs
 - Public procurement regulations
 - Limits on retention of savings
 - Inability to sign multi-year contracts
 - Limited internal capacity to implement or to manage ESCO contracts
 - Lack of availability of commercial financing
 - Split responsibilities for capital and operating budgets



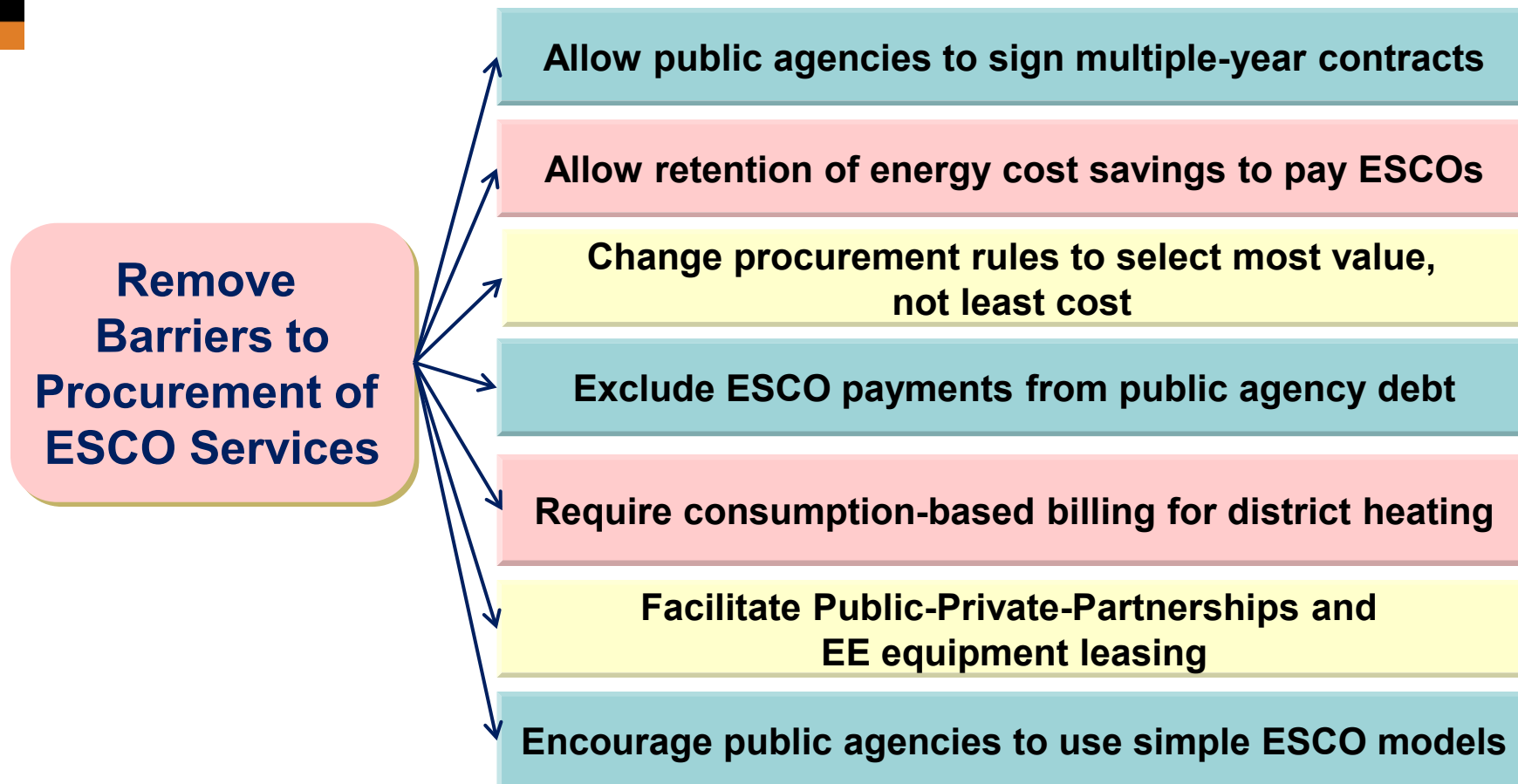
Government Actions to Foster ESCOs



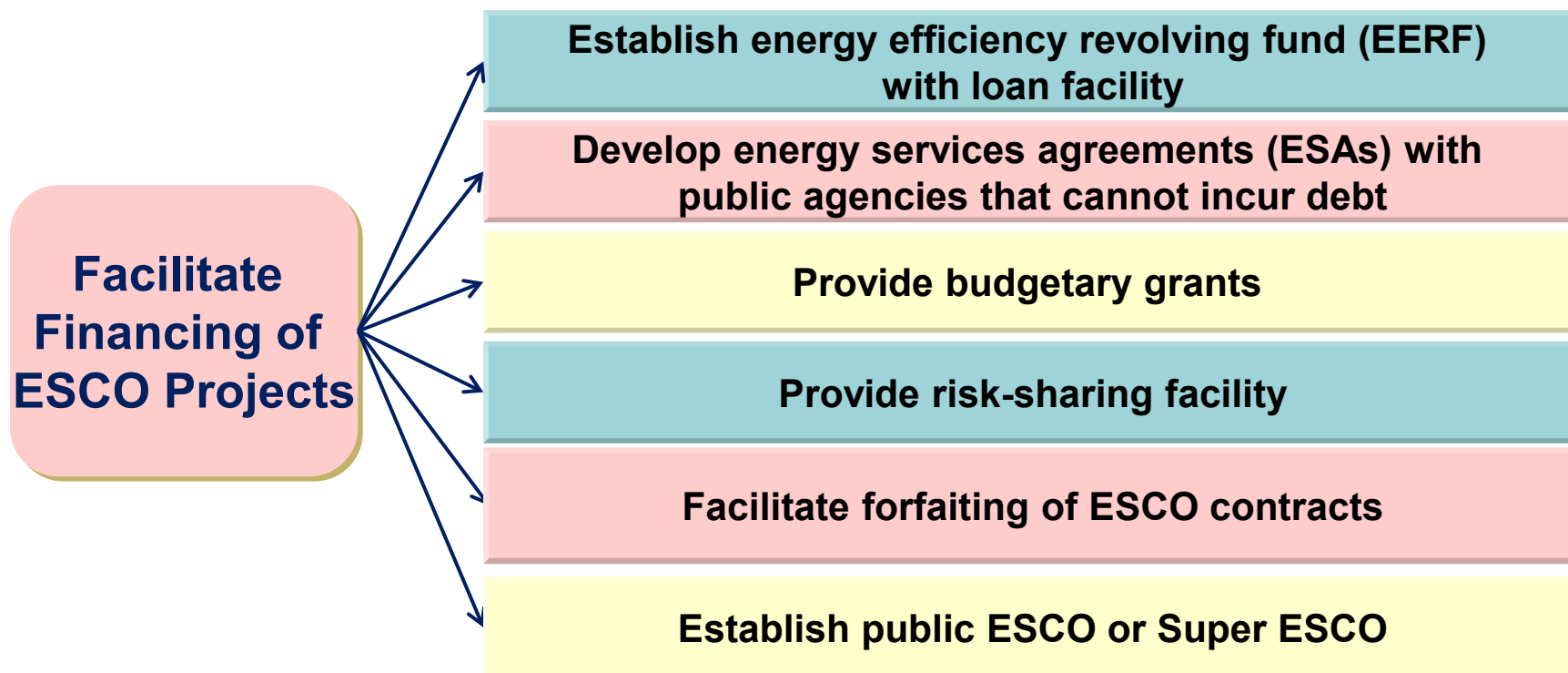
Creating a Demand for ESCO Services



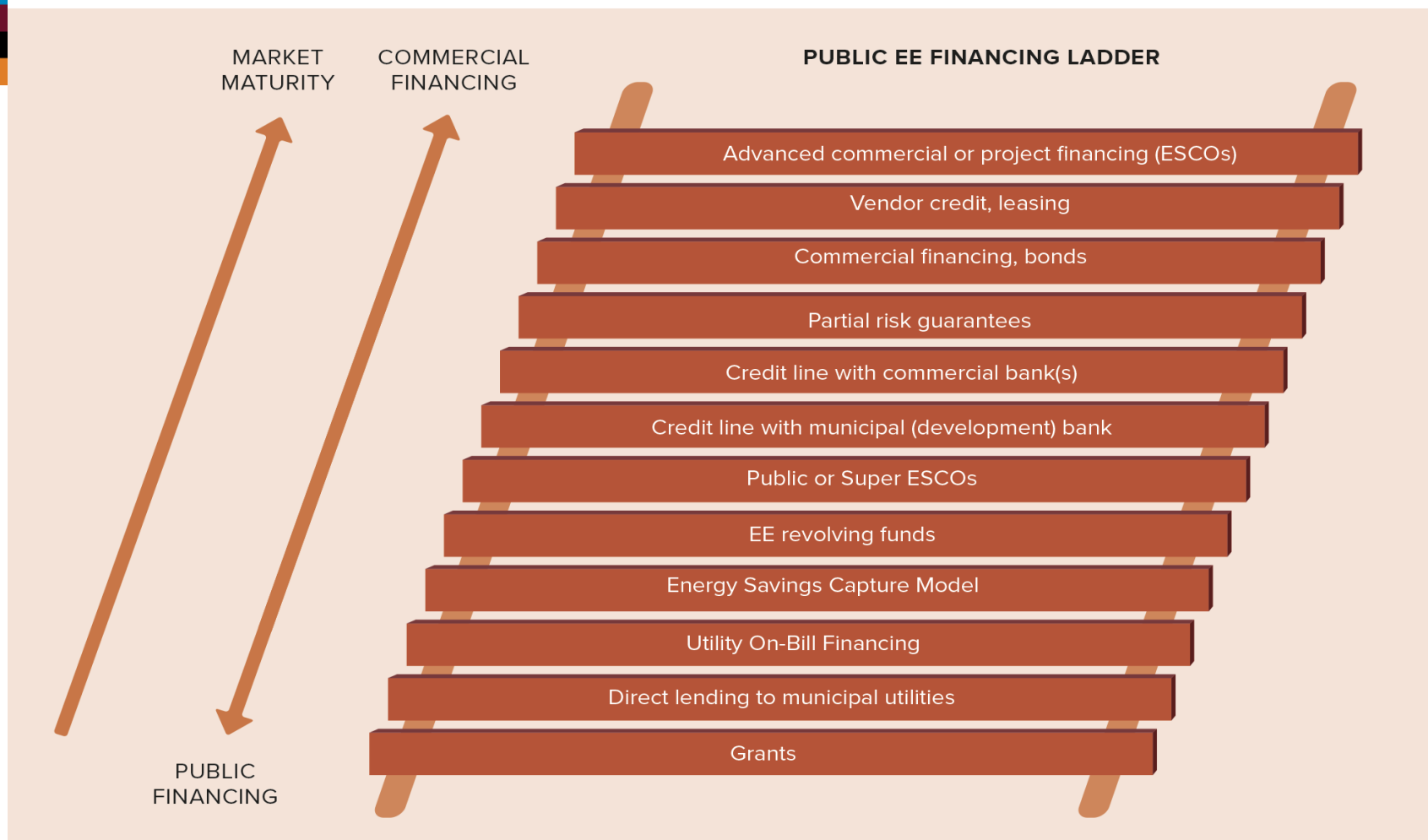
Removing Barriers to Procurement of ESCO Services



Facilitating Financing of ESCO Projects



Energy Efficiency Financing Options Ladder



Source: Adapted from Limaye, 2019

Illustrative Government Actions to Foster ESCOs

Government Action	Country	Summary Description
Procurement Agent	Germany	Berlin Energy Agency provides guidance to public agencies for procuring ESCO services
Facilitating Public Procurement	Czech Republic	Reformed public procurement procedures to facilitate ESCO contracts
Project Bundling	Hungary	Single procurement of ESCO consortium for energy services to all public schools
Forfeiting	Bulgaria	Special Fund to purchase cash flows from ESCO projects
Revolving Fund with Loan Facility	U.K.	Established Salix Finance to provide loans for public sector projects
Revolving Fund with Energy Service Agmts.	Armenia	Armenia R2E2 Fund signs Energy Service Agreements with public agencies
Public ESCO	Croatia	HEP ESCO established under national electric utility to provide energy efficiency services
Super ESCO	India	Established National Super ESCO (EESL) to develop, finance, and implement all public sector projects

Road Map for Development of an ESCO Market



Source: Prepared by Authors based on World Bank 2014a.



Thank you

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