

ESCO Accreditation

Pierre Langlois, President, Econoler
Timothy Unruh, executive director, NAESCO

Speakers

Pierre Langlois, President, Econoler

Econoler is an international consulting firm specialized in the energy efficiency sector and has 40 years of experience in supporting the development of the EPC concept from the institutional and regulatory framework to the technical and financial aspects as well as supporting the creation and development of ESCOs in over 60 countries

www.Econoler.com

Timothy Unruh, Executive director, NAESCO

The National Association of Energy Service Companies (NAESCO) is the leading US advocacy and accreditation organization for Energy Service Companies dedicated to modernizing America's building infrastructure through performance contracting

Timothy.Unruh@naesco.org



Content

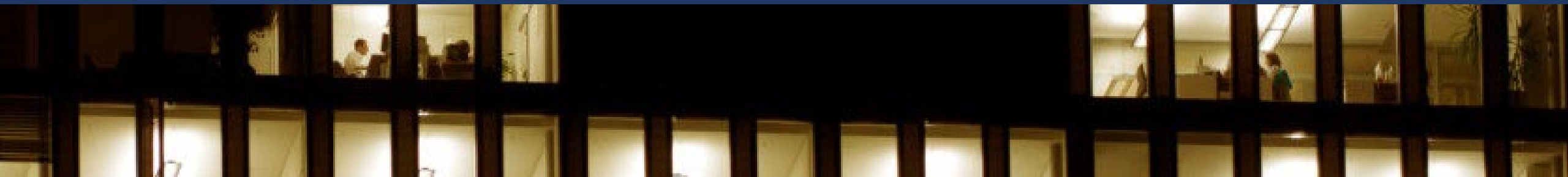
1. Introduction
2. Rationale for an ESCO Accreditation Process
3. Type of ESCO Accreditation
4. ESCO Accreditation Process-Requirement recommendations
5. Using accreditation



Introduction to the accreditation concept

- Address ESCO market development barriers including:
 - Lack of legal or regulatory framework that addresses the use of EPCs and ESCOs
 - Obligation of ESCOs to work under commercial laws
 - Lack of knowledge and comprehension of ESCO roles and operations
 - Incorrect picture of the performance ability of ESCOs
- Assess and accredit all companies wishing to operate as ESCOs and implement EPCs
- Recognize the competency towards certain standards of performance
- Helps create a trusting environment for the development of an EPC market

Different from a certification which guarantees the qualification of an organization

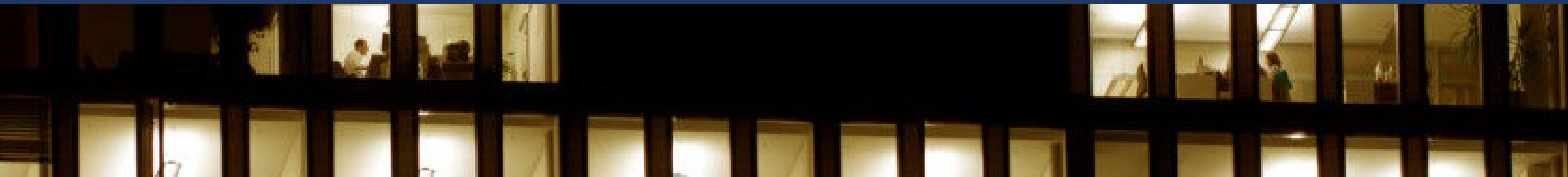


Rationale for an ESCO Accreditation Process

- Promote and expand ESCO business in the local market
- Reduce transaction costs for both customers and ESCOs by identifying a limited pool of qualified providers
- Build the necessary market confidence and help end users easily identify a competent ESCO partner
- Create an industry environment of integrity.
- Contribute to the country's economic development through creating more jobs in a stable ESCO business sector

Incentives and benefits of accreditation process for ESCOs

- Protection for technically and financially sound companies against unfair competition from unqualified companies
- Recognition from the clients
- Easier access to financing
- A higher awareness of the impact of poor performing projects

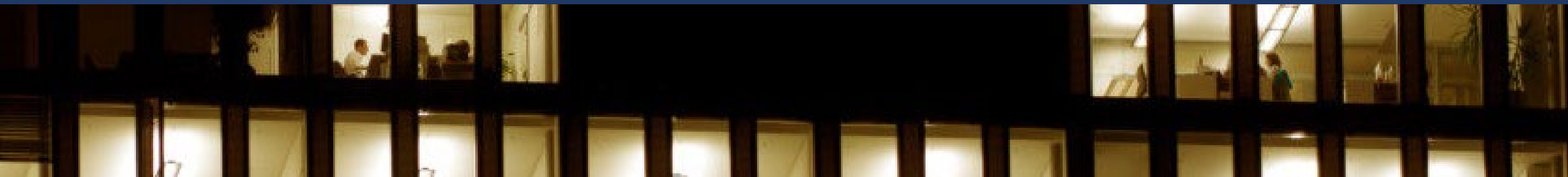


Example of ESCO Accreditation criteria

Business Financial Technical		China	Canada	Dubai	India	Singapore	United States
B	Longevity Requirement	X	X	X	X	X	
B	Project Completion Investment Amount	X					
B	Demonstrate Staff*	X	X	X	X	X	X
B	Insurance Verification (General Liability)		X				
B	References from clients			X		X	X
B	Membership in Accrediting Association						X
B	Ethic Agreement						X
B	Legal Action Description						X
F	Financial Strength	X	X	X	X		X
F	Financial Statements for 2 Years		X				
T	Number of Projects	X	X	X	X		X
T	Demonstrate Ability**	X	X	X	X	X	
T	Auditing Equipment Ownership			X		X	
T	Safety Requirements			X		X	
T	M&V Demonstration						X

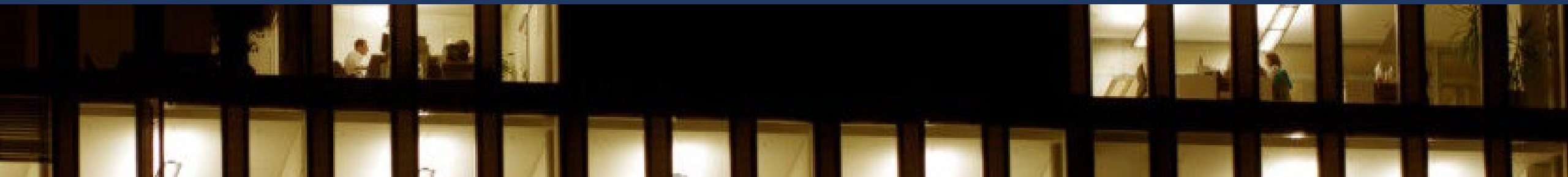
Type of ESCO Accreditation – Business criteria

- **Longevity requirement** (length of time that the ESCO business has been in operation)
- **Project completion Investment Amount** (total amount of projects in monetary value that have been completed by an ESCO)
- **Demonstrate staff** (staff experience, competency, capacity and organizational structure)
- **Insurance verification** (construction and business maintenance)
- **Reference from clients** (to evaluate the perceptions of performance from clients perspective)
- **Membership in Accrediting Association** (good standing as a member of the accreditation body)
- **Ethics agreement** (signature of ESCO Code of Ethics of the accrediting organization)
- **Legal action description** (monitoring point of ESCO performance and issues with project fulfillment)



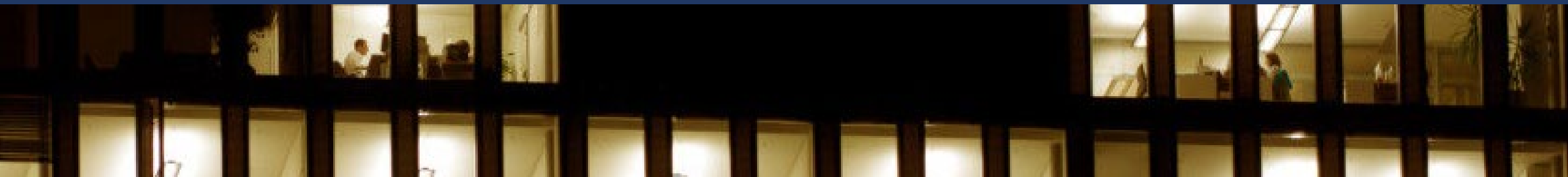
Type of ESCO Accreditation – Financial criteria

- **Financial strength** (Examining ESCO's profitability and evaluation of debts, timely payments, capital availability, and general bookkeeping practices)
- **Financial statements** (reviewing of audited financial statements)



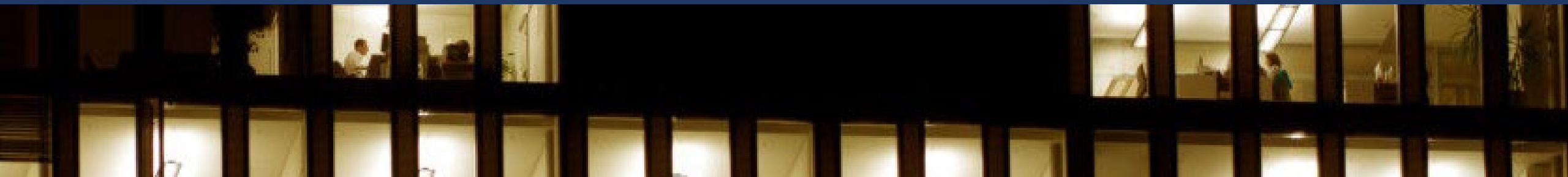
Type of ESCO Accreditation – Technical criteria

- **Number of projects** (evaluate the competency of an ESCO to deliver projects)
- **Demonstrate ability** (evaluate the ability of an ESCOs staff to perform certain aspects of project delivery)
- **Audit equipment ownership** (availability of equipment for the staff to utilize in project development phases)
- **Safety requirements** (governments safety requirements for workers)
- **Measurement and Verification Demonstration** (competency to guarantee project's performance as predicted in detailed energy audit). Example: CMVP from EVO



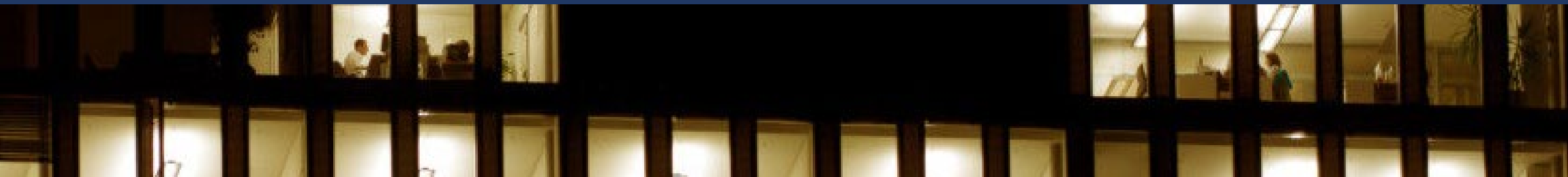
ESCO Accreditation Process – Requirement Recommendations

- The purpose of accreditation is to enhance the professionalism and quality of services offered by ESCOs
- A reliable and transparent accreditation process increases confidence in the energy services sector and helps promote growth of the industry
- To foster the development of a viable energy services market, any scheme should develop its ESCO accreditation process by establishing a set of criteria that would serve as a basis for ESCO accreditation



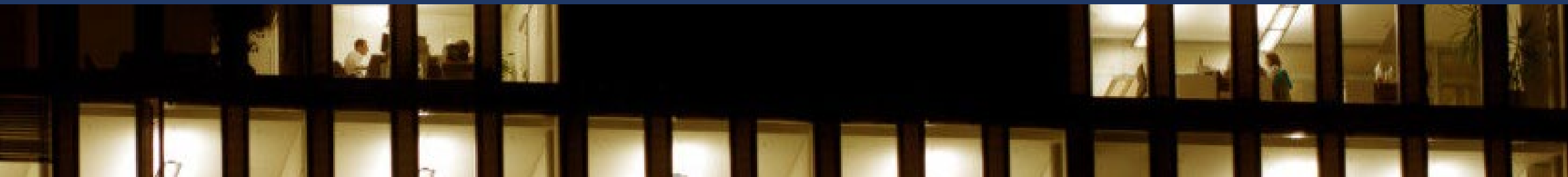
ESCO Accreditation Process – Requirement Recommendations

- **Alternate Accreditation Requirements**
- A “provisional” accreditation process that allows for ESCOs to seek accreditation providing a reduced set of documentation
- Provisional accreditation is an acceptable process for developing markets and new market entrants but should only be offered once for a short period of time (2-3 years)
- Areas that should be relaxed include:
 - Number of years in operation
 - Projects available for reference
 - References from clients



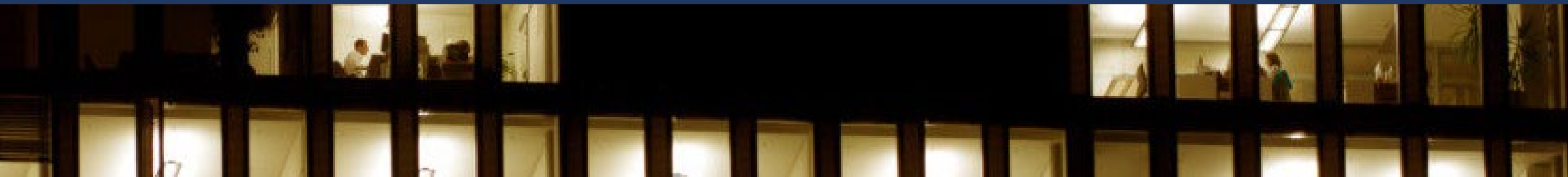
ESCO Accreditation Process – Requirement Recommendations

- **Process of Accreditation – Creation of an Accreditation Board**
- Accreditation Board manage the process and carry out the accreditation
- The Board may consist of :
 - Government experts
 - Academics
 - Representative (s) of the accrediting body
 - Professionals from the financial sector
 - Professionals from the legal sector
 - Other experts as may deemed necessary



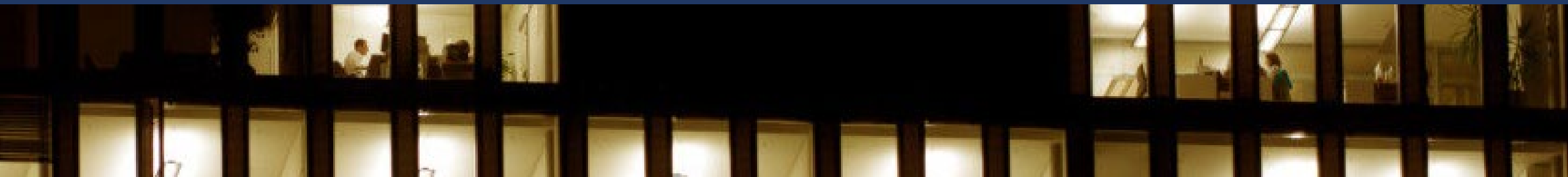
ESCO Accreditation Process – Requirement Recommendations

- **Process of Accreditation – Application submission**
- Necessary documents and information an applicant should provide include:
 - A completed application form
 - All relevant information needed to prove that the company meets the requirements of the accreditation program
 - Payment of the application fee



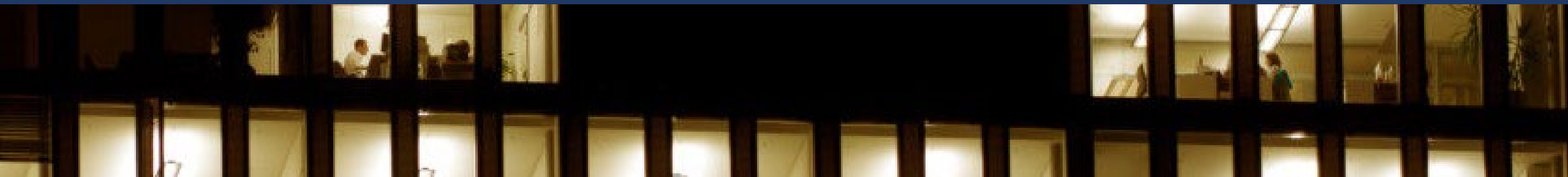
ESCO Accreditation Process – Requirement Recommendations

- **Process of Accreditation – Issuance of certificate**
 - Upon successful accreditation an Accreditation Certificate is issued
 - The accredited ESCO is then registered on a list of accredited companies and posted on the accreditation body's website
 - The successful applicants shall be expected to conduct their business in a professional and ethical manner according to the applicable national laws and regulations
 - An accredited organization may have the accreditation withdrawn or suspended for not conducting business in a professional and/or ethical manner as determined by the accreditation board



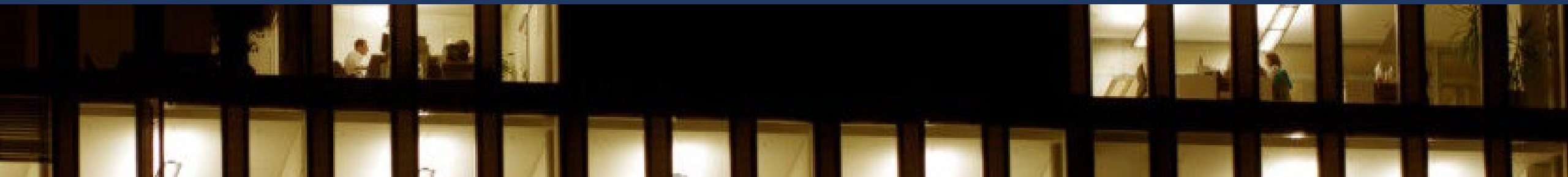
Using Accreditation

- Energy Service companies
- It is recommended that the following criteria are applied to the use of the accreditation designation:
 - Accredited organizations may list their accreditation status as represented on their official documentation on their website and printed materials.
 - An accredited organization may not represent or imply any level of warranty or validation that be attributable to the accreditation body.
 - An accredited organization agrees not to comment on the validity or offer opinions about the accreditation status of other organizations and must refer any issues that arise to the accrediting body.
 - An accredited organization cannot extend their accreditation status to any other entity or any division within their own company that was not a part of the accreditation process.



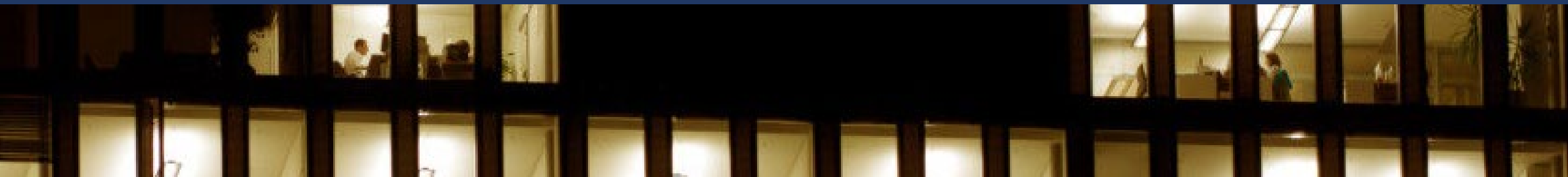
Using Accreditation (continued)

- **ESCO Market Stakeholders**
- Policy makers should feel comfortable that the accreditation process was done with integrity, and without conflict of interest
- Policy makers should review the information about accreditation to assure themselves that these requirements have been achieved
- This can be done through the:
 - Creation of Pre-selection Lists
 - Using Accreditation in Specific Project Selection



Using Accreditation (continued)

- **Accreditation Bodies**
- Accrediting bodies are often trade associations or non-profit entities that operate on a membership basis. They must:
 - adhere to a proper use of the accreditation process
 - be aware that they should avoid taking on project liability by making statements in print or verbally that indicate that accreditation status conveys some type of assurance or guarantee of an accredited organization's performance



THANK YOU

Pierre Langlois, President, Econoler

planglois@econoler.com

Timothy Unruh, Executive director, NAESCO

Timothy.Unruh@naesco.org



The Global ESCO Network Secretariat

Søren Lütken, Senior Researcher, Copenhagen Centre on Energy Efficiency

snlu@dtu.dk,

Pierre Langlois, Board member, Efficiency Valuation Organization

planglois@econoler.com



The Global ESCO Network website

<https://globalesconetwork.unepdtu.org/>

