Global ESCO Market Developments and Models


European Sustainable Energy Week Extended Programme, 21st September 2022
Global energy investment is picking up

Energy investment is set to rise by 7% in 2022 to reach $2.3 trillion against the backdrop of the global energy crisis, but more than half of the increase in capital spending is linked to higher costs.
2021: Record spending on efficiency and electrification in end uses

After continued stagnation, global investment in energy efficiency, electrification and renewables for end uses reached new highs in 2021, with a 27% increase from 2020 levels.
Spending on efficiency and end uses has surged in recent years...

...but annual investment still needs to almost quadruple by 2030 to keep climate goals in sight
Over USD 710 billion are earmarked for sustainable recoveries…

but the gap between advanced and emerging and developing economies is widening.
Over 60% of recovery spending earmarked for efficiency and low carbon transport

Global supply chain constraints, concerns over energy security and affordability and uptake challenges risk delaying the implementation of recovery spending.
ESCO Market on an upwards trend

COVID-19 related constraints still impact several markets, while government support policies and market pull support growth

Source: IEA calculations and estimates based on IEA annual ESCO market surveys (2022 in collaboration with the Global ESCO Network)
Building sector projects dominate in many economies

The transport sector is traditionally underrepresented, with vehicle electrification offering new opportunities.
Major drivers for growth

The current energy crisis with high prices and raised attention to energy efficiency holds promise, but also challenges related to supply chain constraints.
Market barriers & exemplary response models

New technologies and targeted business models open up possibilities to overcome persisting challenges

Main challenges for financing ESCO interventions

- Credit risk (client)
- Customer demand
- Lack of trust
- Admin barriers
- Aggregation/securitisation

Survey Score (out of 10)

Increased application of digital technologies
X-as-a-Service
Emergence of new Super ESCOs
Bulk Procurement Programmes
E.g. Energy savings or carbon reduction insurance schemes

Risk mitigation

IEA (2022). Source: IEA annual ESCO market survey 2022, in collaboration with the Global ESCO Network