

IEA DSM TASK X Performance Contracting



Why Energy Service Contracting?

Energy service contracting, or energy performance contracting (EPC), provides a range of mechanisms to promote the installation of energy-efficient building equipment and systems. These contracts are between facility owners and energy service contractors (ESCOs) who enter into agreements to perform retrofit installations of equipment that can save money on building operations. The savings in energy bills due to the more efficient equipment are shared between the facility owner and the ESCO under the terms of the agreement. A key benefit of such an agreement for a facility owner is that the ESCO can take on the project's performance risk by guaranteeing a specified level of energy savings. The ESCO's compensation can then be directly tied to achieving these savings.

Financing for this type of project can take different forms – by the ESCO, by the supplier of the system or components, by financial institutions, by an outside party, or by different combinations of the above.

IEA DSM Work

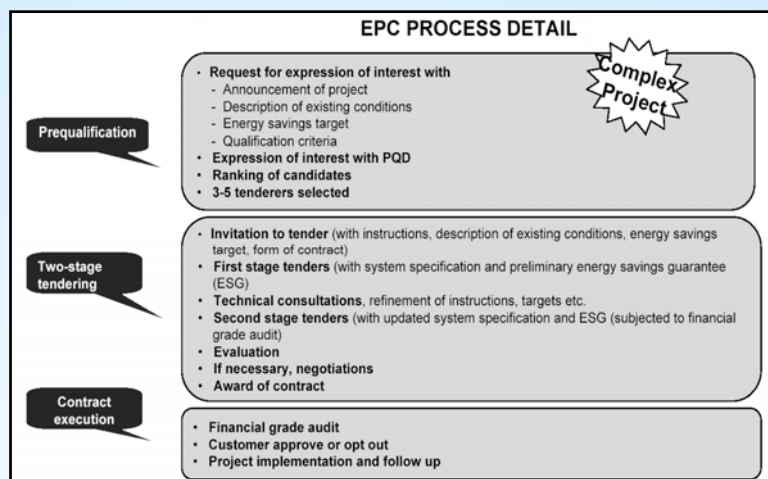
The goal of DSM Task X, *Performance Contracting*, was to facilitate the greater use of Energy Performance Contracting (EPC) and other Energy Service Company (ESCO) financial options and services. This was a 3-year business-to-business Task, limited to efforts involving the performance contracting arrangements and other ESCO-related financial options and services between client, businesses and all types of companies offering these services.

Results

By building upon the experiences of those countries familiar with performance contracting, such as Canada, the United States and some European countries, and listening to the needs of countries that are developing such systems, the Task Experts:

- Provided a better understanding of how performance contracts and other ESCO financial options and services can be used.
- Outlined the benefits of performance contracting and their potential to promote energy efficiency and mitigate global climate change.

- Outlined the regulatory and legal context for such contracts to function.
- Identified the market potential in countries that lack a mature performance contracting industry.
- Identified and shared information on potential barriers and problems associated with implementing these contracts.
- Shared success stories and solutions to problems.
- Formulated definitions of different types of performance contracting.
- Identified solutions and schemes on how to find



suitable ESCOs and how to improve the tendering process.

Reports

Two reports are available to download from the Task X page of the DSM web site:

- Performance Contracting - Summary Report
- Performance Contracting - Appendices to the Summary Report

Participants

Austria	Japan
Finland	Netherlands
France	Sweden
Greece	United States
Italy	

Task X Web Site

<http://dsm.iea.org/ViewTask.aspx?ID=17&Task=10&Sort=1>