



Newsletter TransparensE

No 2, October 2014, page 1

Introducing the Code of Conduct to make energy performance contracting markets more transparent across Europe

Energy Performance Contracting (EPC) is an energy service allowing the client to save energy without capital costs as the investments are being repaid directly from the saved energy costs. There is a great potential for EPC projects within the EU, but most of it is not utilised. The European Code of Conduct for EPC has been developed within the *TransparensE* project to increase the trustworthiness of EPC and support the growth of the European EPC markets.

The European Code of Conduct for Energy Performance Contracting (Code of Conduct) has been officially launched on 28th of August in Brussels. It was developed within the Intelligent Energy Europe project *TransparensE*, in cooperation with inter alia EPC providers, clients, and European ESCO associations. The Code of Conduct defines the basic values and principles that are fundamental for the successful preparation and implementation of EPC projects within European countries. Thus it creates one common European quality standard for EPC projects. Provided that a significant number of the energy service companies (ESCOs) sign the EPC Code and will adhere to its basic principles when implementing EPC projects, the transparency and trustworthiness of EPC markets will increase. A survey among the ESCOs and financial institutions showed that major barriers towards the use of EPC method include low confidence in EPC providers, complexity of the EPC method and low demand on the client side. In recent years, some of the projects presented misleadingly as “EPC projects” have not included the basic features of EPC, which make this approach a win-win approach for both the client and the provider.

The key success factor is that EPC providers understand that they benefit from adhering to a set of rules for the EPC business due to an increase in trust on the client side and a resulting increase in demand for EPC projects. Also, the Code of Conduct can be used by governments, being major EPC clients, as minimum requirements for the EPC projects conducted on their property. For example, the key characteristic of an EPC project is that the EPC provider guarantees a contracted level of the energy savings and/or related costs. If these are not achieved, he has to compensate the shortfalls in cost savings to the client. This is one of the main principles of the Code of Conduct, which helps to make it clear to the client that they should require

such guarantees from the companies. The wording of the final version of the Code of Conduct is a result of discussion with wide range of stakeholders from 20 European countries, and has been endorsed by both European ESCO associations; eu.ESCO and EFIEES.

You can download the Code of Conduct for EPC from the *TransparensE* project website www.transparensE.eu.

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What is EPC?

Energy Performance Contracting (EPC) can provide substantial energy savings using the principle of repaying the investments directly from the saved energy costs. EPC allows facility owners to upgrade inefficient assets as the Energy Service Company (ESCO) takes the technical risk and guarantees savings.

A typical EPC project includes the following elements:

- **Turnkey service** – The ESCO provides all of the services required to design and implement a comprehensive energy saving project at the customer facility, from initial energy audit to long-term measurement and verification of savings.
- **Comprehensive measures** – The ESCO tailors a comprehensive set of measures to fit the needs of a particular facility.
- **Project savings guarantee** – The ESCO guarantees the achievement of the contractually agreed level of savings and is obligated to compensate savings shortfalls if occurred over the life of the contract.





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EPC pilot projects across Europe

The newly launched European Code of Conduct for Energy Performance Contracting is currently being tested and evaluated in a number of pilot projects across Europe.

Renovating the Hanzehal in the Netherlands

In the Netherlands the Van Dorp Installaties company has signed an energy performance contract with the municipality of Zutphen for renovation of the Hanzehal, one of the largest sports halls in the country. The renovation of the Hanzehal is the result of a transparent, intensive cooperation, based on mutual trust, between the building owner, the manager and the o Van Dorp Installaties. The company will install the energy saving measures and maintain the installations for a period of 10 years. The package of energy saving measures will give a 50 percent reduction of the gas use and a 40 percent reduction of the electricity use. See also a video clip on the renovation of the Hanzehal (in Dutch):

<http://youtu.be/-FaR7mlwgBc>



Street lighting in Spain

In Spain the city of Mora will improve the street lighting, using energy efficiency measures and more efficient maintenance services. The saving is estimated to reduce the annual consumption with 70 percent. The company CLECE is responsible for upgrading the technology, maintenance and related services in the project. Energy efficiency measures include upgrading 3 200 lights, e.g. LED technology will replace 70 percent of the current lights. ESCAN support the activities and invited to include the Code of Conduct in the project.

Energy saving in buildings in Greece

In the Western Macedonia, Greece, energy saving actions will be implemented in two buildings, i.e. the HQ of the Prefecture of Western Macedonia in the City of Kozani and a hospital in the City of Ptolemais. The projects will include

conducting feasibility studies, e.g. determining the energy consumption baseline, supplying and installing the new technology, and provide training to personnel on how to operate the new equipment.

The Belgian EPC market is ready for take-off

In the last few months, several important Belgian cities and regions have initiated EPC projects. The Province of [Liège](#) recently published their EPC tender for the building 'Charlemagne'. The City of Antwerp adapted their maintenance contract with a performance based chapter on energy savings for the building 'Felixpakhuis'. In Flemish Brabant 7 municipalities have, with support from the province, committed to EPC and drawing on this success the province have now launched ambitious new EPC [promotion](#) programme. The Province of Walloon Brabant will finish the inventory phase of a large-scale EPC-project for more than 150 buildings in the beginning of next year. This summer, the City of [Ghent](#) published a Call for tenders for an EPC-project in 12 buildings. This autumn Fedesco, a public ESCO of the federal government, will select the candidate ESCOs for a pool of 13 public buildings. The private sector is following the example: Antwerp World Diamond Centre (AWDC) and the Belgian Red Cross Flanders are now starting EPC projects in collaboration with Factor4 and others are likely to follow as a result of 'ESKIMO': a governmental project starting in October, aiming to promote and facilitate EPC for small and medium enterprises. The Belgian EPC-market finally seems to be ready for take-off.





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EPC prioritised in Ireland's ambitious energy efficiency policy

The Energy Performance Contracting division of Aramark Ireland contributes to Ireland's ambitious goals in energy efficiency, where EPC is seen as an important tool to reach these goals. The division is led by Ray Ring, a frequent speaker and panellist, a contributor to a number of government publications in the energy efficiency field and associated legal frameworks.

Improving Ireland's energy efficiency is an essential part of Ireland's sustainable energy policy, and will play a vital role in reducing Ireland's dependence of fossil fuels. The Irish government published Energy Policy Green Paper on May 12th 2014 and is currently engaged in a public consultation process in order to engage members of the public in the country's future energy policy. This builds on the Governments existing energy policy framework set out in the White Paper: Delivering a Sustainable Energy Future for Ireland - the Energy Policy Framework for 2007-2020. Recognising the need for government to lead by example, a commitment was made to achieve a 33 percent reduction in public sector energy use by 2020.

Given such an ambitious target and the associated capital investment required, Energy Performance Contracting (EPC) was seen as a good vehicle to support the public sector in delivering this task while also addressing some obligations under the Energy Efficiency Directive. In order to support the development of the energy efficiency market in the non-domestic sector throughout Ireland, the Sustainable Energy Authority of Ireland (SEAI) developed a National Energy Services Framework. This Framework sets out the current roadmap through which energy efficiency projects and an EPC process are being developed – in essence it is the 'How To' manual. The Framework also provides best-practice guidance to public and private sector client organisations when procuring energy services and engaging ESCOs. The Framework has focused thus far on providing guidance and tools to support developing projects suitable for EPC and Energy Performance-Related Payments (EPRP). Model contracts are being developed for Local Energy Supply Contracts (LESCs). Handbooks on EPC for Public Lighting and for Water Services will follow. This work is on-going and all materials are available on SEAI's website at http://www.seai.ie/Your_Business/National_Energy_Services_Framework/.

In order to both test and demonstrate that the Framework is robust and has the capacity to deliver at scale, a suite of exemplar projects (a mixture of public and private organisations) are working through and testing the Framework with SEAI. These projects are provided with assistance in the form of training, networking and access to a panel of EPC legal and technical experts to review and comment at key stages of the project. In return participating organisations commit to actively engage in the provision of feedback on utilisation of the Framework. There are currently 20 organisations progressing energy projects while testing the Framework process. Lessons from the experience will feed back into the next iteration of the manuals and workbooks on a continuous basis.

The final 'leg of the stool' is finance. One of the early key barriers identified in seeking to maximise the rollout of energy efficiency projects in Ireland, including EPC's, was the quantum and structure of funding and finance available in the market. The Irish government committed seed funding to establish an energy efficiency fund and in March 2014, the Minister for communications, energy and natural resources, alongside Glen Dimplex and London and Regional Properties, invested in a €70 million National Energy Efficiency Fund with Sustainable Development Capital LLP (SDCL) acting as investment advisor. This fund will act as a catalyst to develop energy efficiency projects in the Irish market and enhance the level of finance available to support the clear cost saving opportunity that exists for public and commercial sector organisations. It is anticipated that as much as €300 million leveraged funding will be delivered over the next three years based on a fund size of €70 million.

Ray Ring, Business Development Manager for Aramark and a member of the European Energy Services Companies





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EPC trends summarised in the *Transparensence* database

The results of the EPC European market survey are now available in the form of national databases, providing a snapshot of the way EPC projects are designed and carried out in 21 European countries.

In the first few months of the *Transparensence* project, a thorough survey was designed with the aim to have it completed by all the major EPC providers in each participating country. The objective was simple: to “map” the EPC European market – to observe national and cross-countries trends in terms of EPC characteristics as well as to evaluate the state of the current national markets. The results of the EPC market survey are now available for consultation in the form of national databases available for free on the *Transparensence* website. The databases, which are divided into four sections: “EPC models”, “Financing models”, “EPC markets” and “policies”, give a strong indication of major trends and help understand the level of development and uptake of Energy Performance Contracts within individual countries and can be accessed here: <http://www.transparensence.eu/database/models/>

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<p><b style="color: #92d050;">Events</p> <p>An International EPC conference will be held in Prague on 27th of November 2014 – see www.svn.cz/en/news-and-media/seminars-and-conferences.</p> <p>In the UK, EMEX, the Energy Management Exhibition will take place in London on 19th-20th November 2014 with Energy Service and Performance Contracting (EnPC) as a key focus area: http://www.emexlondon.com/</p> <p>In the 20 European countries participating in the Transparensence project, about 80 trainings will take place until mid of 2015. For more information on UK trainings and free training materials, see http://www.transparensence.eu/uk/uk-trainings/trainings-uk.</p>	<p><b style="color: #92d050;">Project co-ordinator</p> <p>SEVEn, The Energy Efficiency Center Americka 17 120 00 Prague, Czech Republic</p> <p>Jana Szomolanyiova jana.szomolanyiova@svn.cz</p> <p><b style="color: #92d050;">UK Contact Olivier Garnier olivier@eevs.co.uk</p> <p>EEVS Insight Ltd 83 Baker Street W1U6AG London</p>
<p><b style="color: #92d050;">News</p> <p>The European Energy Service Award 2014 The prestigious European Energy Service Award honours outstanding efforts and achievements for the development of energy services for energy efficiency in Europe.</p> <p>The EESA is awarded in the context of the IEE project “European Energy Service Initiative 2020” (EESI2020), which is coordinated by the Berlin Energy Agency. It has been granted regularly since 2005. The 2014 winners will receive their prizes at a high-level event in Brussels.</p> <p>The European ESCO report The European Commission's JRC regularly publishes the European ESCO Market Report for the EU Member States and neighbouring countries, relative to the market situation in year 2013. The report can be downloaded at: http://iet.jrc.ec.europa.eu/energyefficiency/publication/european-esco-market-report-2013.</p>	<p><b style="color: #92d050;">Newsletter editor</p> <p>IVL Swedish Environmental Research Institute P.O. Box 21060 SE-100 31 Stockholm, Sweden</p> <p>Camilla Mörn camilla.morn@ivl.se</p> <p><b style="color: #92d050;">Project partners</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> <div style="text-align: center;"></div> </div>

