



With ESCO Energy Saving Performance Contracts our customers can leverage green, scalable, cost-effective and easy to deploy integrated solutions & technologies in order to increase energy efficiency, make lighting and power systems safe and reliable, introduce automation, cut emissions, and improve energy efficiency.

The savings in energy costs are used to pay back the capital investment.

In today's rapidly changing and highly competitive business climate, retail establishments, supermarkets, office buildings and other commercial enterprises are often faced with the challenge of sustaining business growth with limited capital resources for facility efficiency and infrastructure improvements.

GLOBALESCO helps businesses improve their bottom line by optimizing the facility's efficiency, reducing operating costs and guaranteeing the results. We focus on lowering your operating cost through performance contracting, so you can focus on exceeding customer expectations, improving your bottom line, increasing profits and increasing shareholder value.

An Energy Performance Contract (EPC) with an ESCO enables implementation of a comprehensive energy efficiency investment project which can make significant improvements in the operating costs of a building or facility. Such Energy Performance Contracts are long term agreements where the ESCO makes the investment or secures the investment and may source the finance, with the customer benefitting from upgraded buildings, facilities or equipment. The ESCO's remuneration is directly tied to the savings achieved.

The cost of initial investment and ongoing management is paid back from the savings over the term of the contract, and if the savings fall short, the ESCO covers the shortfall. In some cases the ESCO may also



be an Energy Supply Company, resulting in a single Energy Services/Supply Contract [mostly Western German speaking Europe]. A building owner signs, say, a 5-year EPC with an ESCO. A third party lends the owner or ESCO the money to pay for the investment. The owner pays back the project costs out of some or all of the proven energy savings, for up to 5 years. Thereafter, the owner receives all the benefits from lower energy consumption, systems optimization and costs, indefinitely.

## **The EPC development process**

When engaging and procuring an ESCO, there are four basic steps to the Energy Performance Contract development process, shown here. This starts with a preliminary audit to identify energy efficiency options and potential savings; it is followed by a detailed analysis of savings, generally undertaken by the ESCO; next a contract is agreed and the energy efficiency projects are implemented; and finally, the contract enters a guarantee phase when energy savings are measured and verified.

Ideally the annual value of the EPC contract is lower than the annual estimated savings. In that case the annual cost of the EPC contract resides within the current balance sheet of the customer as it subsidizes a part of the expenses in types of fuels [electricity, gas, oil, water etc.]. If the ESCO is providing the financial part of the EPC contract then in real life the customer optimizes its infrastructure significantly, lower cost of maintenance and support, lower the cost bottom line, i.e. becomes more competitive without any CAPEX cash out.