Frequently asked questions on Streetlight EPC

What is the meaning of...

- **ESCO**: Energy Service Company, specialised company that offers EPC services
- **ESCO client**: municipality/public body (or company) on whose installations an ESCO project is carried out
- **ESCO contract**: basis for the cooperation between ESCO and client, regulates rights and obligations for both parties, most importantly the achieved savings, the contract duration and warranty issues.
- **Quality assurance**: guarantees the agreed quality level of the ESCO’s work (e.g. minimum savings, functionality of the system)

Frequently asked questions

- **Which measures are typically implemented in a street lighting-EPC project?** Replacement of lamps, new control systems, system optimisation, retrofitting of poles, complete replacement of luminaires. Extending the street lighting system can be incorporated into the project, but can usually not be financed by savings.

- **What size of investment is typical?** In many cases, an investment of several tens of thousands Euro is the minimum, otherwise the cost of preparing the project (including setting up the contract) represents too large of a proportion of the savings. However, this strongly depends on the specific circumstances.

- **Which important provisions should the EPC contract contain?** Guaranteed savings and consequences if they are not achieved, respectively allocation of additional savings; contract duration; how the ESCO’s fee is calculated; billing schedule; changes in energy prices; split of tasks between the ESCO and the municipality; ownership issues after the end of the contract; bankruptcy of a contracting party.
• **What impact does the EPC project have on the municipality’s staff?**
  An experienced ESCO will strive to integrate existing staff and service providers (e.g. local electrician) into the project. The EPC project might also result in new tasks for the staff previously in charge of some aspect of the street lighting system such as data collection, quality control, the implementation of the measures and the revision of annual accounts.

• **How time consuming is an EPC project for the municipality?**
  Careful preparation and development are crucial for the successful implementation of an EPC project. At the beginning of the project, all concerned staff should be involved in order to ensure transparency and acceptance by all parties. Good planning of the project and clear requirements for the ESCO in terms of quality criteria are required.

• **How are the reference costs (baseline) determined?**
  The "baseline" is the basis for calculating the ESCO’s fee. To prevent that factors which are out of the ESCO’s control (e.g. energy prices, change of operation times) act to its advantage or disadvantage, energy costs and energy consumption levels are compared to those of the reference year.

• **What happens at the end of the EPC contract period?**
  At the end of the contract period, the municipality can take back the ESCO’s tasks and benefit from the lower energy costs. Of course, the contract may also be extended or amended.