Energy Performance Contracts for Streetlight

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The objectives of this presentation

- To provide **brief general information** on Streetlight-EPC for non-experts
- **To introduce specific financing for Streetlight-EPC**
- To share **conclusions and recommendations for Streetlight-EPC projects**
What is an Streetlight EPC?

- **Streetlight EPC means Energy Performance Contracting**, and is a specific contract between a services provider and a client, where energy efficiency improvements are a core part of the contract, and payments for the service are directly related to the actual energy savings.

- **In a typical public streetlight-EPC**, the Municipality or other public organism is the client wishing to save energy in the streetlight, and the services provider is a private company expert on streetlight facilities.

- **In EPCs the investment is not paid by the client, but is provided by the services provider or a third party**, thus the public institution doesn’t need to find funds for the streetlight renovation or new installation.

- **In some contracts, minimum savings are guaranteed** (e.g. 65%) compared to the conventional situation. Also, once the minimum is reached, extra savings are shared between services provider and customer.
How to guarantee the savings?

- **Savings have to be established in the contract as a target to reach by the provider.** In a public tender, energy savings should be clearly established in the tender documents.
- There must be.
- **In a typical public streetlight-EPC,** the Municipality or other public organism is the client wishing to save energy in the streetlight, and the services provider is a private company expert on streetlight facilities.
- **In EPCs the investment is not paid by the client, but is provided by the services provider or a third party,** thus the public institution doesn’t need to find funds for the streetlight renovation or new installation.
- In some contracts, **minimum savings are guaranteed** (e.g. 65%) compared to the conventional situation. Also, once the minimum is reached, **extra savings are shared between services provider and customer.**
Frequent questions and answers

- **Is it always possible to establish an EPC contract?**
  - It is possible in those cases where there are energy and economic savings, but there is a minimum saving needed to make the project viable for both services provider and customer.

- **When is recommended to use the EPC contract in spite of renovating the streetlight with own sources?** It is recommended to use EPC contract when:
  - There isn’t enough experience in streetlight renovation with LED and modern control systems, so the technical risk is assumed by the provider.
  - It is not wished to increase the internal debt or ask for financing, so the financial risk is assumed by the service provider.

- **Which are the qualified streetlight services providers?**
  - It is highly recommended that the services providers are experts in installing, operating and maintaining the streetlight, have experience in streetlight renovation with LED provide guarantees during the contract lifetime and have references on previous renovation projects.
# SPECIFIC FINANCING FOR EPC PROJECTS

**ERDF (European Regional Development Funds)**

| **What is the target** | • Streetlight, Buildings and other facilities  
• *Only in some specific European Regions* |
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Who can ask for this financing</strong></td>
<td>• Public organizations, private companies and services providers</td>
</tr>
<tr>
<td><strong>Who manages it</strong></td>
<td>• Depending on the country, they can be managed by public or private organizations. You might ask for information in the Industry and Energy Ministry</td>
</tr>
</tbody>
</table>
| **Amounts and conditions** | • For public organizations **up to 100% and 0% interest**  
• Typically 10 years |
| **Other issues** | • **Specific range of dates to ask for this financing**  
• **A detailed report on the renovation is usually required** |
# SPECIFIC FINANCING FOR EPC PROJECTS

## National Funds due to Energy Efficiency Directive 2012/27/UE

<table>
<thead>
<tr>
<th><strong>What is the target</strong></th>
<th>Streetlight renovation projects with a minimum energy saving target (e.g. 30% minimum saving compared to conventional situation)</th>
</tr>
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<tbody>
<tr>
<td><strong>Who can ask for this financing</strong></td>
<td>Usually Municipalities and certain local public organizations</td>
</tr>
<tr>
<td><strong>Who manages it</strong></td>
<td>Usually the Ministry of Energy and Industry or a body directly related to it (as an Energy Agency)</td>
</tr>
</tbody>
</table>
| **Amounts and conditions** | For public organizations **up to 100% and 0% interest**  
Typically 10 years |
| **Other issues** | Specific range of dates to ask for this financing  
A detailed report on the renovation is usually required |
### EPC Financial vehicle

**What is the target**
- Streetlight, buildings renovation and other public and private infrastructures

**Who can ask for this financing**
- Any public or private organization

**Who manages it**
- Financial consulting company and energy consultancy. They select and negotiate both the financial conditions and the services provider, and manage the overall project.

**Amounts and conditions**
- Conditions vary depending on the applicant and the current market conditions. Investments from 300.000€ to 10.000.000€
- Typically 10 years

**Other issues**
- Available any time
### SPECIFIC FINANCING FOR EPC PROJECTS

**SUSI Energy Efficiency Funds**

<table>
<thead>
<tr>
<th>What is the target</th>
<th>• Public and private infrastructures and industrial projects: LED lighting, Air Conditioning, Cogeneration and Heat Recovery.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who can ask for this financing</td>
<td>• Any public or private organization</td>
</tr>
<tr>
<td>Who manages it</td>
<td>• SUSI Partners.</td>
</tr>
</tbody>
</table>
| Amounts and conditions | • Investments from 1M€ to 10M€ and projects refinancing  
• Up to 15 years, interest rate 5 to 9% depending on conditions |
| Other issues | • Available any time. Specialization in energy efficiency projects. |
SPECIFIC FINANCING FOR EPC PROJECTS

SUMA CAPITAL Energy Efficiency Fund

**What is the target**
- Energy efficiency projects and products, which include ESCO company

**Who can ask for this financing**
- Mainly directed to ESCOs (EPC, ESC, etc.)

**Who manages it**
- SUMA CAPITAL Private Equity

**Amounts and conditions**
- Investments from 0,5M€ to 3M€ (Capital increase or participative loan)
- Up to 12 years

**Other issues**
- Available any time. Directed to ESCOs.
## Conclusions for EPC projects

<table>
<thead>
<tr>
<th>Electricity supply contract might be kept by the Municipality</th>
<th>Electricity unitary price to be adjusted frequently enough to reduce the risk</th>
<th>Energy audit previous to EPC contract has to be controlled by the Municipality</th>
</tr>
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<tr>
<td>Guarantees from light manufacturer similar length to the EPC</td>
<td>Need to establish accurate levels of lux in each area of the city</td>
<td>Many brands and models of LED luminaries. Needed to select the right ones for each situation.</td>
</tr>
<tr>
<td>In any case, the Municipality should never pay more than in the original situation</td>
<td>There are many models of EPC contract.</td>
<td>It is needed to establish a quality control external to the services provider</td>
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Webinar: Financiación del alumbrado público eficiente mediante servicios energéticos con ahorros garantizados (EPC)

Gracias, Thank you, Merci beaucoup

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