

Why Use an ESCO for a Campus EE/RE Project?

NEBHE

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Introduction to NAESCO

- National Association of Energy Service Companies
 - 75 members involved in the design, manufacture, financing, and implementation of energy efficiency, renewable energy and distributed generation projects
 - Will deliver about \$6 billion of projects in 2009
- ≈ All US utility EE programs combined



Overview of Presentation

- Campuses Can't Fund All Needs
- ESPC Can Leverage Campus Funds
- ESPC Project Financing Capabilities

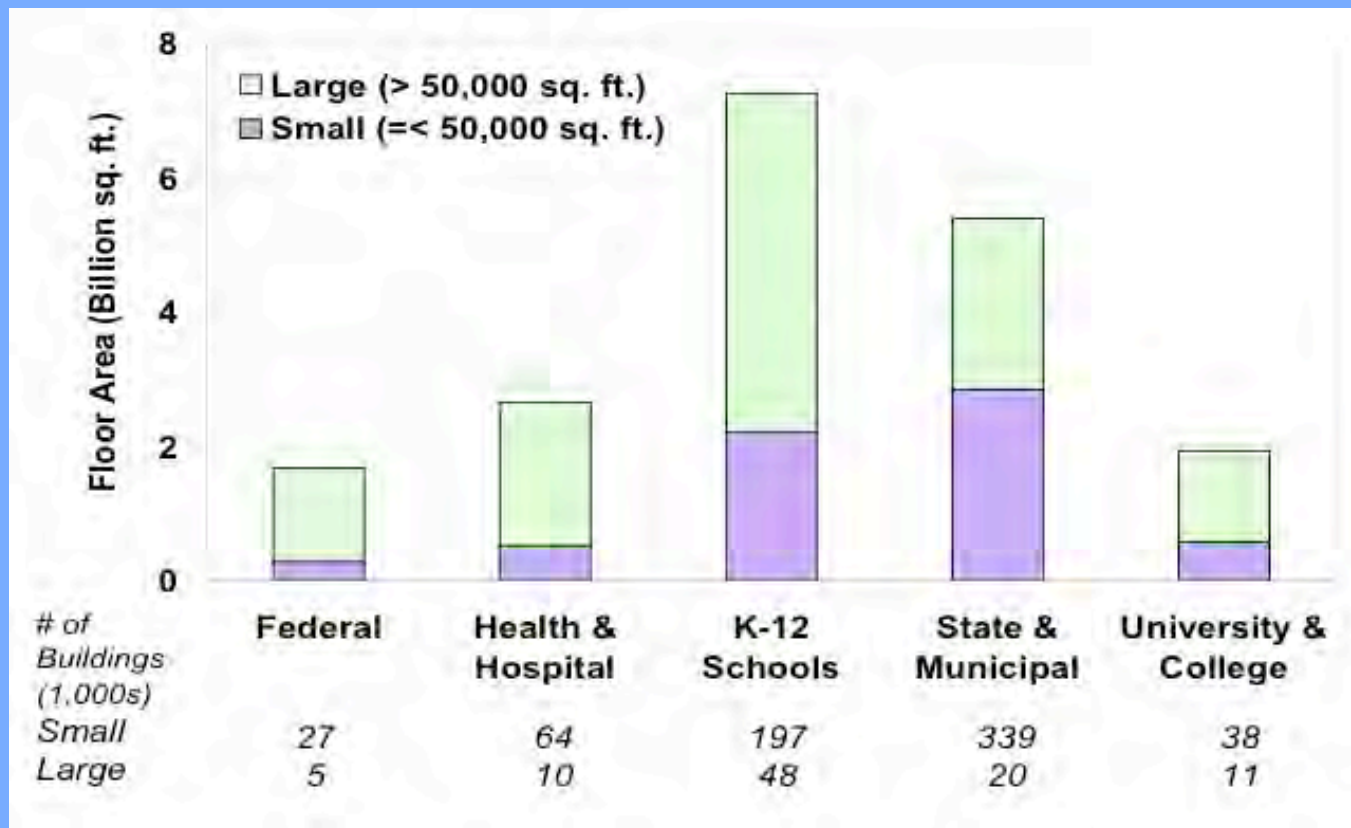


Campuses Can't Fund All Needs

- Deferred maintenance
- Lack of capital budgets
- Energy efficiency mandates
- Renewable energy mandates
- GHG reduction mandates

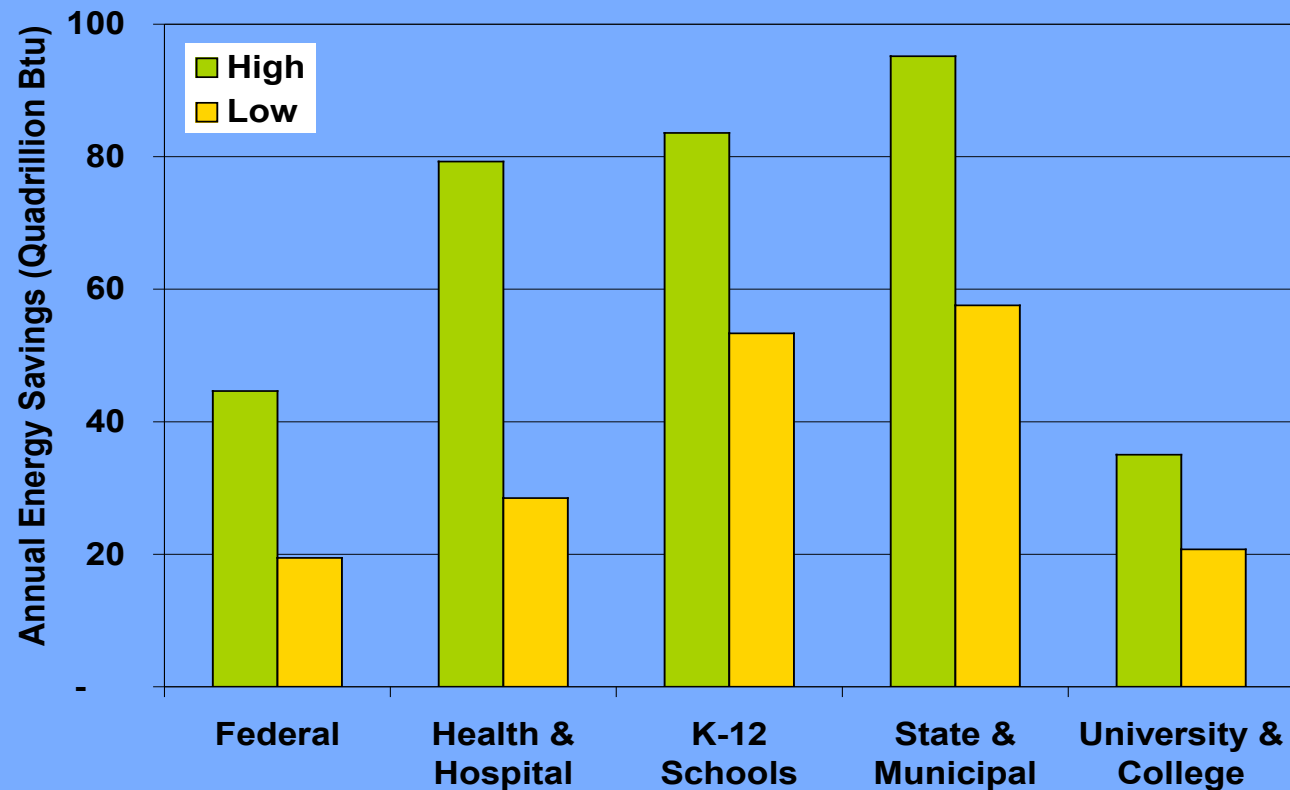


Public Buildings Large Target Market



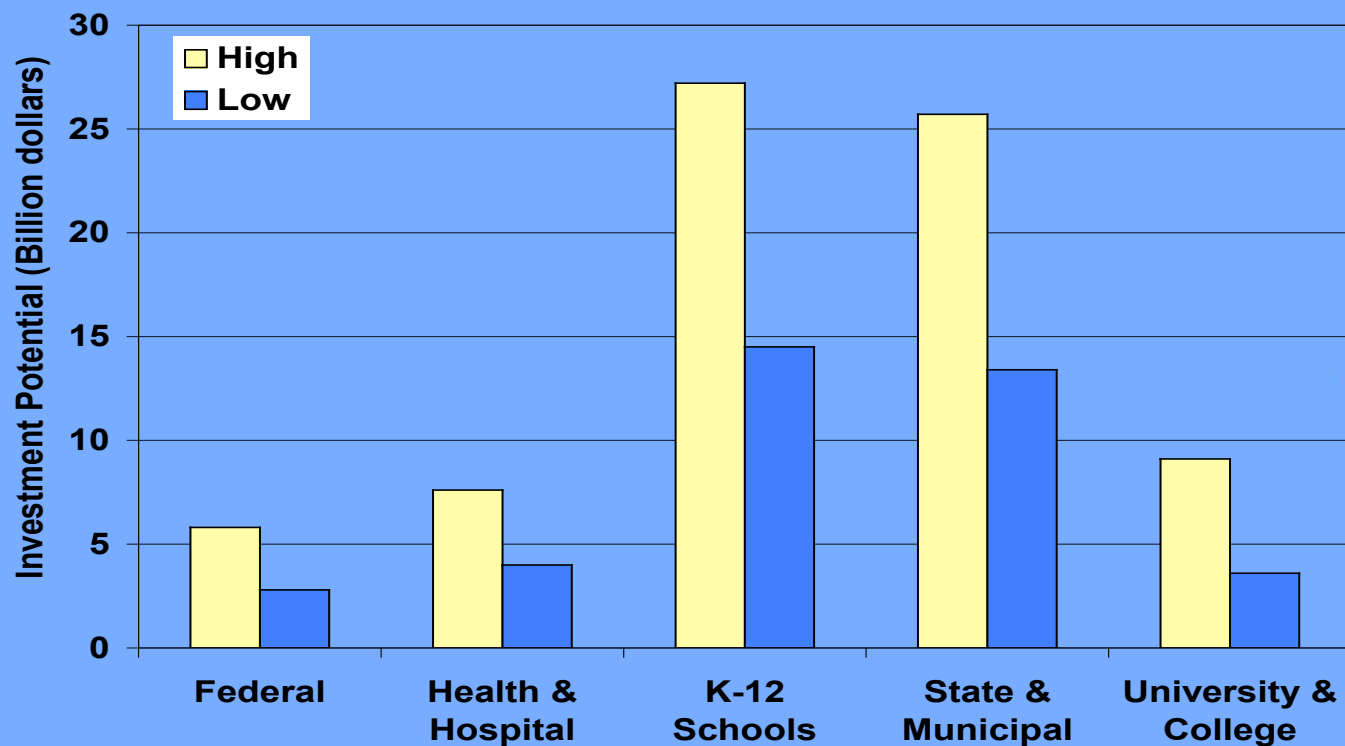


Public Buildings Available Energy Savings





Public Buildings EE Investment Needs



ESPC Can Leverage Campus Funds

- Most ESPC projects are 100% debt
- \$1M of capital = \$5-10 M of projects
- 5-10x the energy savings
- 5-10x the GHG reductions
- 5-10x the investment in campus facilities



What is ESPC?

- Energy Savings Performance Contracting
- Type of Design/Build Project
- Turnkey service
 - Audit + engineering + construction + financing + commissioning + O&M + long-term M&V
- Delivers all EE, RE and DG/CHP technologies
- Self-financing projects (paid from savings)
- Package project financing from various sources



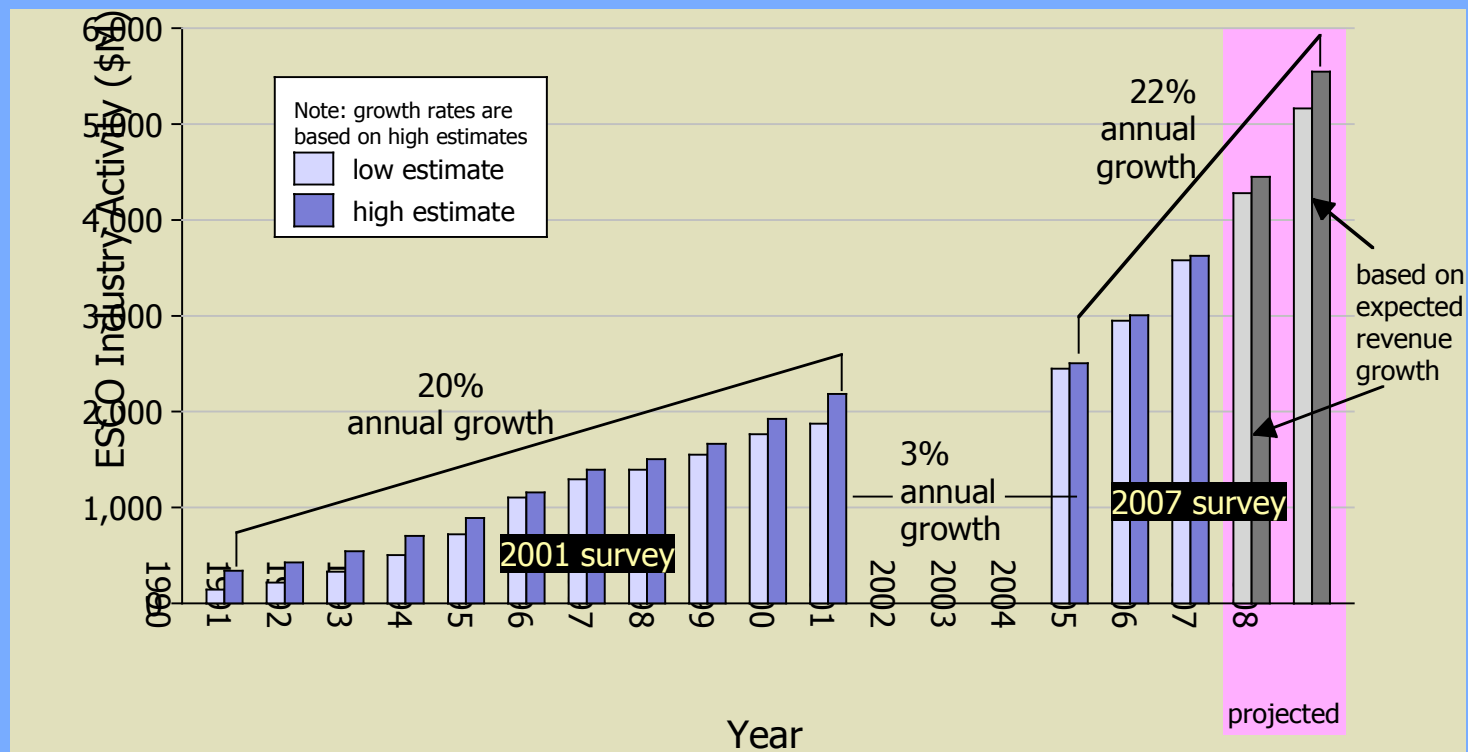


How Does ESPC Work?

- ESCO identifies energy saving opportunities.
- ESCO arranges financing from all available sources.
- ESCO implements improvements paid from savings.
- ESCO guarantees that savings will meet or exceed annual financing costs.
- ESCO pays any savings shortfalls.



ESCO Industry Size



ESPC Project Financing

- ESCOs are expert in combining funding
 - Utility incentives
 - Campus capital
 - State loan or bond funds
 - Renewable energy tax credits
- Private capital
 - Major banks and energy project financiers
- Will deliver \approx \$6B of projects in 2009



Conclusion

- Campuses can't fund all needs
- ESPC can leverage available capital
- ESPC is a proven delivery system
- ESCOS are expert in combining available funding sources



More Information, Questions?

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