eauc
19th Annual Conference

EAUC Annual Conference **University of Leeds 23 – 25 March 2015**

CHALLENGING CONNECTIONS

Incorporating the Student Sustainability Summit, Further Education Sustainability Summit and Transformational Leadership Summit

Exchange A2: Energy Performance Contracting – What it can achieve, the role you can play and the need for transparency

Kostas Papadopoulos, Senior Business Development Manager, British Gas and Steve Creighton, Senior Relationship & Business Development, The Energy Consortium

@TheEAUC
#EAUCConf15

Conference Sponsor
CarbonCredentials

EAUC Annual Conference University of Leeds 23 – 25 March 2015

eauc

19th Annual Conference

CHALLENGING CONNECTIONS

Energy Performance Contracting

What it can achieve, the role you can play and the need for transparency

Kostas Papadopoulos
Senior Business Development Manager, British Gas
Steve Creighton
Senior Relationship & Business Development Manager, TEC

Contents

- What is an EPC, where it works and where it doesn’t
- What it can deliver
- How providers commonly make their money
- Partnerships, transparency and value for money
- The importance of the client’s team in success
- How it can be delivered

What is an EPC, where it works and where it doesn't

Estates and Operations

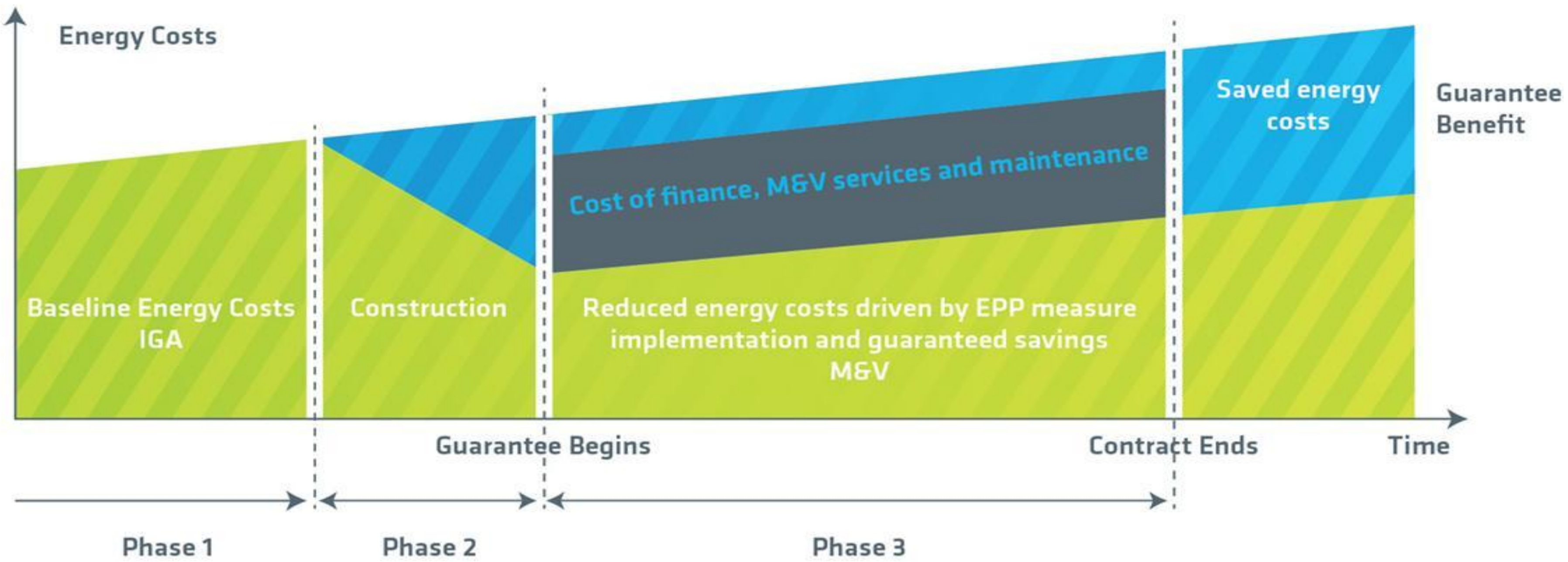
eauc

- An EPC will **identify, achieve and guarantee** energy savings
- Delivered by Energy Service Companies (ESCOs)
- ESCO assumes technology, operational and performance risk
- The added value can be significant

British Gas

What is an EPC, where it works and where it doesn't

Estates and Operations



The majority of EPCs are signed with the Public Sector or with organisations which present some public sector characteristics, such as:

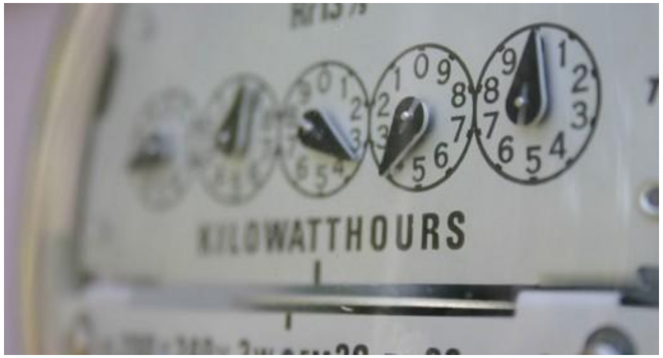
1. Ability to sign long-term agreements
2. Good creditworthiness
3. Ownership of old, inefficient buildings

What it can deliver

Estates and Operations

eauc

19th Annual Conference



CRC ENERGY EFFICIENCY SCHEME

British Gas

How providers commonly make their money

Estates and Operations

- EPC costs need not be opaque but;
- Not all ESCOs are created equal
- Margins vary per phase and per ESCO
- External financing adds an extra layer of cost
- Some ESCOs will offer a ‘shared savings’ option
- Real value of an EPC for an ESCO should lie in its potential upside

Share of costs - Typical EPC

1) Audit (5% - 20%)
2) Installation (70% - 80%)
3) Performance (2% - 5%)

British Gas

Partnerships, transparency and value for money

Estates and Operations

EPCs still attract scepticism, reluctance and inertia, they:

- Require closer client engagement compared to typical project
- Clients need to appreciate the time required from inception to full delivery and;
- There have been failures

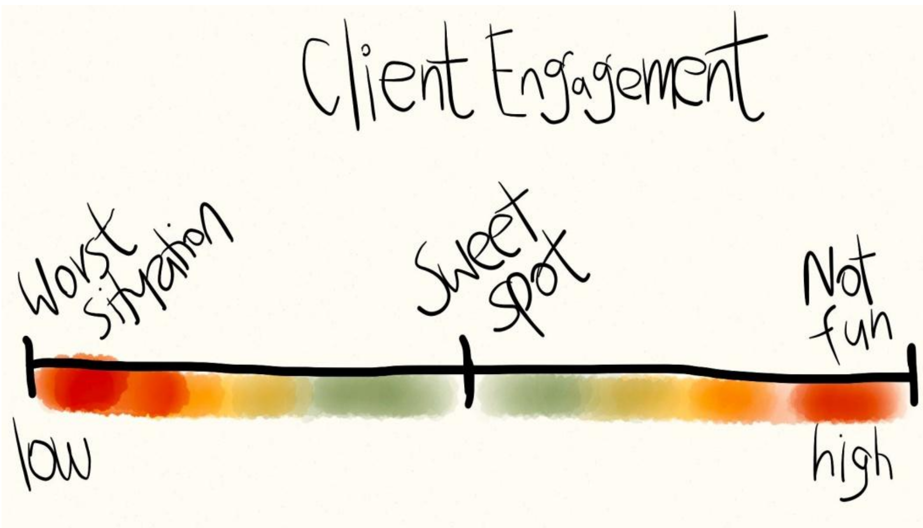
Golden Rules

1. Be suspicious of the cheapest price
2. Pay particular attention to the audit stage
3. Articulate your value for money clearly

British Gas

The importance of client's team in success

Estates and Operations



The ideal client

1. Has the right decision stakeholders involved from the start
2. Can articulate drivers and value
3. Understands the long-term nature of the agreement
4. Remains actively engaged
5. Is ready to challenge the ESCO in a constructive manner

British Gas

How it can be delivered

Estates and Operations

How to procure a successful EPC

1. Get expert advice before you approach the market
2. Use an established framework
3. Stay clear from Simple Paybacks
4. Drive Value for Money – articulate what this means to you
5. Be careful not to instigate a 'race to the bottom'

British Gas