



Energy Service Company Overview



Tribal Energy Program

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Agenda

What do ESCOs do?

- List of energy project participants/functions
- Functions performed by ESCO

Where do they earn their money?

Why work with an ESCO?

Who are they? (partial list)

Energy Project Elements/Participants

Primary

- Building owner/tenant
- Utility
- Energy efficient equipment companies

Supporting

- Energy auditing and engineering
- Financing
- General contractor for retrofits
- Service contract on EE equipment

Who does deal origination/risk taking?

ESCO Functions/Roles

ESCO (utility or energy efficient equipment company)
does deal origination/risk taking, performs/subs
Energy auditing and engineering
General contractor for retrofits
Service agreement
Helps arrange financing for the building owner/tenant

How Do ESCOs Make Money?

Markup on equipment, subcontracted labor

Markup on ESCO construction management labor

Markup on service contracts

Almost an afterthought:

Markup on audit and design (even though this capability and sales force are the key to their business success)

The ESCO gets paid during retrofit installation; financier gets repaid over time from savings

Why Use an ESCO?

No-risk energy audit and preliminary design

Turnkey service of design, equipment purchase, installation

Direct sale of some equipment (no middleman markup on equipment it manufactures), potential bulk purchase discount on equipment

Performance guarantee can help with financing

Who Are Some ESCOs?

DOE FEMP Website:

www1.eere.energy.gov/femp/financing/espcs_companies.html

DOE Qualified List

DOE ESCOs on Task Order Contract