

What is Energy Savings Performance Contracting (ESPC)?

- Looking for ways to maximize and leverage funding?
- Interested in learning more about how to finance your energy conservation measures without any upfront capital costs?

If so, consider Energy Savings Performance Contracting.

ESPC is a financial mechanism used to **pay for today's facility upgrades with tomorrow's energy savings** – without tapping your organization's capital budget.

An ESPC constitutes a partnership between a facility owner and an energy service company (ESCO), and is considered a time and cost-effective method for completing comprehensive energy upgrades.

Did You Know...

That the MUSH (**M**unicipals, **U**niversities, **S**chools, and **H**ospitals) and federal markets account for about 80% of all ESPC projects?¹

The Basic ESPC Process

1. The building owner competitively selects an ESCO, which completes an energy audit of the facilities.
2. Once an ESPC is negotiated, the ESCO designs, installs, and commissions energy conservation measures selected by the owner.
3. Energy savings are measured and verified, and the ESCO guarantees the savings.

Interested in getting started or learning more?

CONTACT THE TECHNICAL ASSISTANCE TEAM

Connect with ESPC Technical Assistance experts directly by emailing solutioncenter@ee.doe.gov, or visit the Technical Assistance Center at <https://tac.eecleanenergy.org/>.

VISIT THE SOLUTION CENTER

Access project resources on the web at www1.eere.energy.gov/wip/solutioncenter.

ESPC Benefits to a Building Owner

- Pay for facility upgrades **now** with future energy and operational savings
- Low interest financing options often are available, including tax-free municipal leases, which are considered “non-appropriated funds”
- The ESCO represents a single point of accountability, simplifying the upgrade process significantly
- Select an ESCO based on the best value, not necessarily the lowest bid
- The building owner participates in equipment and subcontractor selection
- Annual energy savings are measured and verified according to the International Performance Measurement & Verification Protocol (IPMVP)
- Guaranteed project cost, energy and financial savings, and equipment performance

¹http://www.energystar.gov/ia/partners/spp_res/Introduction_to_Performance_Contracting.pdf

