

Key Investment Areas: ESCO

What is ESCO-concept?

Energy Service Company (ESCO) designs, implements and finances energy efficiency and energy conservation projects on behalf of its customers.

After being initially and successfully applied in North America, the concept has been well established in various other countries around the world. There is a growing interest in also implementing the ESCOs in emerging market countries.

Typical activities of ESCO can be described as follows:

- provision of complete energy conservation services including energy auditing, design, turn-key installation, financing, maintenance and monitoring
- application of service contracts in which the ESCO service fee is paid

from the proceed of the savings achieved.

- performance paid contracting

What are the customer benefits of using ESCO-concept?

Benefits of using ESCO-concept include:

- the customer benefits from the latest energy efficiency expertise and technology
- the customer does not need to commit its own human and financial resources
- the ESCO service fee is paid from the savings achieved
- the ESCO can arrange financing for the project
- the ESCO can arrange grant financing, potential subsidies and other public investment incentives as carbon credits.

Private Energy Market Fund's role in ESCOs

The ESCO business is one of the key investment areas for Private Energy Market Fund. The Fund is actively pursuing ESCO concepts and participates in the business development of ESCO companies.

As an equity investor, PEMF is able to provide the following benefits:

- expertise in market/customer positioning during the business planning phase
- expertise in developing innovative service contract models and funding schemes
- access to the ESCO industry network and to potential partners
- hands-on experience in setting-up ESCOs

