

# Energy Performance Contracting

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If you own or manage a building, we have good news that can save you money . . .

Energy Performance Contracting (EPC) is a smart, affordable and increasingly common method to achieve building improvements that save you energy and money without upfront capital expenditure. Energy performance contracting means better buildings today without upfront costs

Any large building or group of buildings is an ideal candidate for performance contracting, including city, county and state buildings, schools, hospitals, commercial office buildings, industrial facilities and multifamily buildings. Do you face any of these problems at your facility?

- You have old, obsolete or inefficient energy systems and equipment in your buildings
- You need to make energy system improvements, but there are too many other demands on your time and budget
- You have recurring HVAC equipment problems that take up valuable staff time
- Located in Hong Kong and you have air cooled chillers

If so, here's the good news... You can put those wasted energy dollars to better use, have upgraded plant and equipment you need today without any up-front capital outlay, only paying from the resultant energy savings.

Best of all, those savings can be guaranteed. How? Through the energy performance contract.

Energy performance contracts have many advantages including saving your capital expenditure, your time, energy consumption, and environmental impact.

## ***Here's how it works***

Your energy bills are higher than they need to be due to obsolete or aging equipment. By carefully selection an energy performance contract with an energy service company (ESCO) can be implemented to provide cost savings that will cover all project costs usually within a designated 3 to 7 year period.

Putting the pieces together:

- Identify and evaluate energy-saving opportunities;
- Develop engineering designs and specifications;
- Arrange for financing and repayment terms
- Train your staff and provide ongoing maintenance services;
- Guaranteed that savings will cover all project costs;

Energy Performance Contracts are not exactly cutting edge, but what is new is their application for energy saving in Asia. Tried and tested overseas, EPC has attracted growing interest from the private sector.

Overall the arrangement for an EPC is similar to leasing. If you lease a brand new car, you save the upfront capital cost, and gain the benefits of the new vehicle for a modest monthly instalment. In buildings you gain anew HVAC equipment, e.g. a new chiller, the cost paid by the energy savings, and the best part after the contract you keep the equipment.

## ***Energy Performance Contract Risk***

To good to be true? Certainly a qualified ESCO will provide energy equipment without any upfront capital cost, however there is also some degree of risk involved. The potential downside for energy performance contracts include:

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1. After the signing the contract you are tied to one vendor for the contract duration, or for systems over the longer term.
2. Trust but Verify - once the contract is running the results need to be continuously monitored (Kelcroft Measurement & Verification).
3. Any failure to deliver the expected result requires reconciliation to recover shortfall, typically carried out annually.
4. A poorly constructed contract, ensure that the energy performance contract doesn't effect your core business.
5. Inadequate remediation protocol. An energy performance contract is a partnership, both parties must benefit.
6. Experienced and highly skilled project managers are essential for both the planning and execution phases.

To mitigate the risk from day one Kelcroft uses our strategic energy management and careful planning expertise.

## ***Your Competitive Advantage***

Have you ever wondered how some competing businesses offer seemingly impossible low cost products or services? Energy performance contracts lower your costs period, and with Kelcroft energy management measures you can reduce your energy operating expenses by up to 40%. Then you can also pass those savings to your customers, beating the competition hands down.

Considering the unexpected, a Kelcroft is an energy specialist, helping you to ensure results are delivered that impact your bottom line, saving money and giving your business a competitive edge.

## ***Which type of energy performance contract?***

There are more than seven types of different energy performance contracts, depending on the project. Kelcroft helps clients chose which is the right contract for your business situation.

## ***Experience***

Kelcroft's director Mr John Herbert was one of the first practitioners to bring energy performance contracting to Asia, and he has more than twenty years experience in this sector.

## ***Kelcroft Facilitator***

Kelcroft helps business leverage the advantages of energy performance contracts and mitigate risk, our expert advice and consulting services include:

1. Concept planning
2. Choosing the right project
3. Choosing the right performance contact
4. Tendering
5. Contract negotiations
6. Contract administration
7. Energy Monitoring
8. Measurement and Verification

## ***Call Today***

For further information regarding energy performance contracting and saving costs today call Mr John Herbert at our Hong Kong office.

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