

TRANSPARENSE

Final European Code of Conduct for EPC

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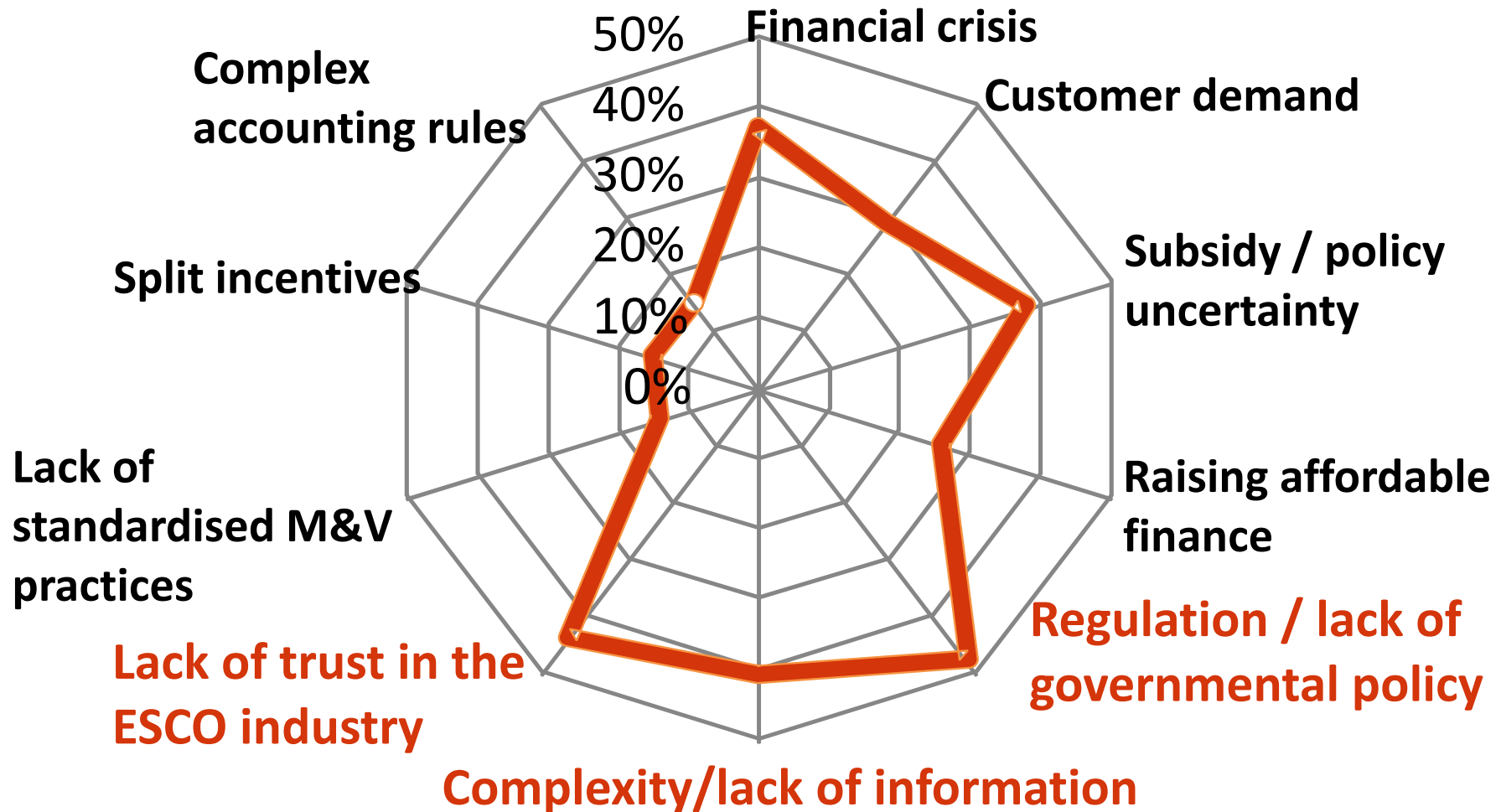
Transparensense project to increase transparency and trust in EPC markets



- Main goal is to increase the **transparency & trust in EPC markets** throughout Europe by:
 - EPC markets survey & analysis and results dissemination
 - **European Code of Conduct for EPC**
 - International transfer of know-how, capacity building
- Partners: 20 European countries
- Coordinator – SEVEn (CZ)
- Co-financed by Intelligent Energy Europe Programme (EASME)



Transparensence survey (2013) shows lack of trust in the ESCOs is one of main barriers



European Code of Conduct for EPC discussed with stakeholders & finalised



- Goal: single common **European Code of Conduct for EPC** in 20 European countries to support transparent and trustworthy high quality EPC markets
- The Code defines the **basic values and principles** that are considered fundamental for the successful preparation and implementation of EPC projects within European countries
- Discussed with stakeholders:
 - European level: eu.ESCO, EFIEES, EASME (EC), SC members
 - National level (national workshops): ESCOs, ESCO associations, policy makers and other stakeholders from 20 countries
- Finalised in July and launched in Brussels in August 2014



Nine principles of the European Code of Conduct for EPC



1. The EPC provider delivers **economically efficient savings**
2. The EPC provider takes over the **performance risks**
3. **Savings are guaranteed** by the EPC provider and determined by M&V
4. The EPC provider supports long-term use of **energy management**
5. The relationship between the EPC provider and the Client is long-term, fair and transparent
6. All steps in the process of the EPC project are conducted lawfully and with integrity
7. The EPC provider supports the Client in financing of EPC project
8. The EPC provider ensures qualified staff for EPC project implementation
9. The EPC provider focuses on high quality and care in all phases of project implementation



European Code of Conduct administered by National Code Administrators



- Each of 20 countries has National Code Administrator
- Simple procedure:
 - Download signing form, sign and submit to the relevant National Code Administrator
 - National List of Signatories for each country online
- Code of Conduct is a **voluntary agreement**
- No quality control
- 3 signatory categories:
 - EPC provider
 - Association of EPC providers
 - EPC facilitator & other signatory



European Code of Conduct for EPC signatories – EPC providers (48)



BG	ERGO Ltd.	ES	TERMIA	LV	Renesco
	Enargon Ltd.		Tesla LED	NL	Unica
	BAU Energy Ltd.	Xpresa BioEnergy	GR	NO	Van Dorp
	TGS Engineering Ltd.	ALTEREN S.A		Norsk Enøk og Energi AS	
CZ	D-ENERGY	HU	ERGOMECH	PT	Eneas Energy AS
	ENESA		SOURLAMTAS	AF Energi & Miljøteknikk AS	
	MVV Energie CZ a.s.		K MOUMTZIS & SONS G.P	Schneider Electric Norge AS	
	Veolia Energie ČR a.s.	Energy Hungary	SE	Schneider Electric Portugal	
ES	Clece Servicios Energéticos	IT	Energetikai	SI	ISA - Intelligent Sensing Anywhere
	ELDU		Kardos Labor Kft.		Âmago - Energia Intelig.
	ELDU Aragón	EnergSys Zrt.	SE	Siemens AB	
	ELDUVAL	Cotnec Kft.		Mälarenergi AB	
	Electrotecnia Navarra	GREP Zrt.	SI	GGE	
	ENI	E.S.Co Primiero s.r.l.		ELTEC PETROL	
	iON Smart Energy	LV		ENERGEN	
	TECA	Salaspils Siltums		PETROL	
			eco.NRG		
			Projektu Konsultantu Grupa		



European Code of Conduct for EPC signatories – EPC Associations & others



EPC Associations (7)	
AT	DECA (26)
CZ	APES (21)
DE	VfW (>200)
ES	AMI ADHAC ENACE
NL	ESCoNetwerk.nl

EPC Facilitators & others (11)	
BE	Igemo Factor4 MainMan
CZ	PORSENNA, o.p.s C.E.I.S. CZ, s.r.o.
LT	Ēku saglabāšanas un energotaupības birojs
PT	EnerEfficiency RdA-Climate Solutions YourSavings
SI	GOLEA Občina Brda



European Code of Conduct for EPC – Experience from implementation (1)



- Code welcomed by market players in all 20 countries - most ESCOs and their associations agree with the Code
- **Beginners markets:**
 - Code of high additional value: „New ESCOs very interested to sign to increase their reliability, reputation and use it in the work with potential clients“ (LV)
 - transfer of know-how from advanced markets
- **ESCOs:**
 - Code is a marketing tool which helps to sell EPC to clients
 - Increased visibility (list of signatories)
 - Referring to Code by ESCO within procurement process is seen as „unique selling proposition“ (AT)



European Code of Conduct for EPC – Experience from implementation (2)



- **Clients:**
 - Code is a guidance for client to distinguish good quality services
 - Code principles required by the client in tender dossier & contract (AT, BE,GR, NL,PT)
- ESCO associations support the Code or serve as distribution channel (AT, DE, IT, NL)
- Code as a first step/input for more detailed documents: certification schemes (AT, CZ), national standard (NO), guidelines (SK)
- If already existing national Code of Conduct (UK, GR) the European Code of Conduct promoted as an European initiative



European Code of Conduct for EPC – Bottlenecks



- motivation to sign vary among ESCOs and countries
- Code is seen as already in practice (DE, DK, SE) or ESCO association has already its own Code (PT)
- ESCOs prefer the Code is signed by the ESCO associations instead of individual signatures (e.g. to avoid demanding administrative procedure) (AT, DE, ES, PT)
- Some well established ESCOs are reluctant to be on the list next to the „no name“ ESCOs which might provide less quality (AT, BE, ES, HU) - > call for a certification system with a quality control
- some beginners markets – few ESCOs to sign the Code (LT, PL)



European Code of Conduct for EPC – Good practice example from Bulgaria



- Collaboration with an EBRD project aiming to promote EPC to Bulgarian municipalities
 - **Code implemented in the developed comprehensive tender dossier** (requirements, evaluation criteria, draft contract, etc.) for EPC in buildings 10 municipalities supported to implement EPC, based on this tender dossier
- Strongly committed National Code Administrator - SEDA
 - Sustainable Energy Development Agency is the State Authority implementing energy efficiency policy in Bulgaria
 - Plans to develop and provide to public authorities an **EPC model contract** for building renovation, based on the EBRD contract with **Code already integrated**



Role of European Code of Conduct for EPC in general context



- **The aim Code of Conduct for EPC is acceptance** by the main players in the EPC market
 - Increase transparency, quality and trust in the provision of energy services with guaranteed results
 - Support increased demand for EPC projects

- **Characteristics of Code of Conduct**
 - Broad set of **principles describing the behavior that is expected from energy service providers and customers** in the preparation and implementation of EPC projects
 - **Effort to attain successful EPC projects**, maximize the project benefits through improved measurement of savings of energy and operating costs and higher sustainability



Practical use of Code of Conduct



- **Important document for quality compliance of EPC projects**
 - Tool for greater trust among customers (marketing tool)
- **Important basis for the upcoming ESCO certification scheme**
 - Single standard / package of template documents in the announcing of EPC projects in the public sector
- **Important means of expression of mutual trust between the customer and the provider of energy services**
 - Official agreement of both parties on the Code of Conduct principles before conclusion of the EPC project



Why ESCO certification scheme?



- **Certification scheme according to the EED**
 - Member States should consider whether introduce a system of qualification, accreditation and certification in the field of energy services and energy management

- **Reasons for the introduction of certification scheme**
 - Ensuring the quality of services provided and in compliance with the law
 - Adherence to standard procedures during measurement and verification of the results achieved



ESCO certification scheme – benefits and elements



- **Benefits of the certification scheme**
 - Development and support of qualified ESCOs
 - Standardization level of energy services
 - Support the challenges of the public sector in improving energy efficiency (increasing confidence in the quality of customers)

- **Elements of certification scheme**
 - Ensures compatibility with other systems
 - Establishes the requirements which must be met
 - Specifies stakeholder roles, i.e. administrator role, a body which grants certification, and certification of ESCOs



Code of Conduct and certification process (1)



- **Code of Conduct is a voluntary agreement to promote quality market**
 - Marketing support of the market development
 - Improved project quality and confidence in the functioning of the EPC

- **Certification scheme is an established process of market support**
 - Support of the market development by established rules
 - Improved project quality by mandatory rules



Code of Conduct and certification process (2)



- **Code of Conduct is a soft tool to achieve quality**
 - no quality control
 - some form of control only through customer
- **Certification scheme has a higher possibility to enforce quality**
 - need to establish a method for controlling the quality of projects
 - possibility to withdraw certification in case of non-compliance with established rules



Will Code of Conduct increase the quality of EPC projects?



■ Yes, Code of Conduct supports:

- increasing transparency and quality in the provision of energy services with guaranteed results
- greater trust among customers
- increased demand for EPC projects
- standardisation level of energy services
- qualified ESCOs
- public sector to improve energy efficiency



Key elements of EPC model reflected in Code of Conduct principles (1)



1. The EPC provider delivers economically efficient savings

- The EPC provider aims at an economically **efficient combination of energy efficiency improvement measures**. This combination maximises the net present value of an EPC project for the Client defined as the sum of all the discounted costs and benefits (especially operational cost savings) associated with implementing the project.

2. The EPC provider takes over the performance risks

- The EPC provider assumes the **contractually agreed performance risks** of the project during the whole duration of the EPC contract (the "contract"). These include the risks of not achieving contractually agreed savings as described below as well as design risks, implementation risks and risks related to the operation of installed measures.



Key elements of EPC model reflected in Code of Conduct principles (2)



3. **Savings are guaranteed by the EPC provider and determined by M&V**
 - **The EPC provider guarantees that the contractually agreed level of savings will be achieved.** If an EPC project fails to achieve performance specified in the contract, the EPC provider is obligated by the contract to **compensate savings shortfalls** that occurred over the life of the contract. The excess savings should be shared in a fair manner according to the methodology defined in the contract.
 - Contractually agreed savings as well as **achieved savings are determined in a fair and transparent manner by Measurement and Verification (M&V)** using appropriate methodology (such as IPMVP) as defined in the contract. The contractually agreed savings are determined based on data provided by the Client and realistic assumptions. The achieved savings are calculated as the difference between energy consumption and/or related costs before and after the implementation of energy efficiency improvement measures.



Key elements of EPC model reflected in Code of Conduct principles (3)



4. The EPC provider supports long-term use of energy management

- The EPC provider actively supports the Client in the implementation of an energy management system during the contract period and eventually after the contract period by agreement. This helps sustain the benefits from the project even after the contract period.



Would you like to be involved?



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