

Performance Contracting

Building on Guaranteed Energy Savings





The Premise

Older facilities could benefit greatly from energy efficiency retrofit projects, but are unable to find the **capital** to invest.

Performance Contracting is the answer:

- Allows outside financing to pay for upgrades
- Minimal risk for the building owner
- Improves facility performance, comfort, and energy use

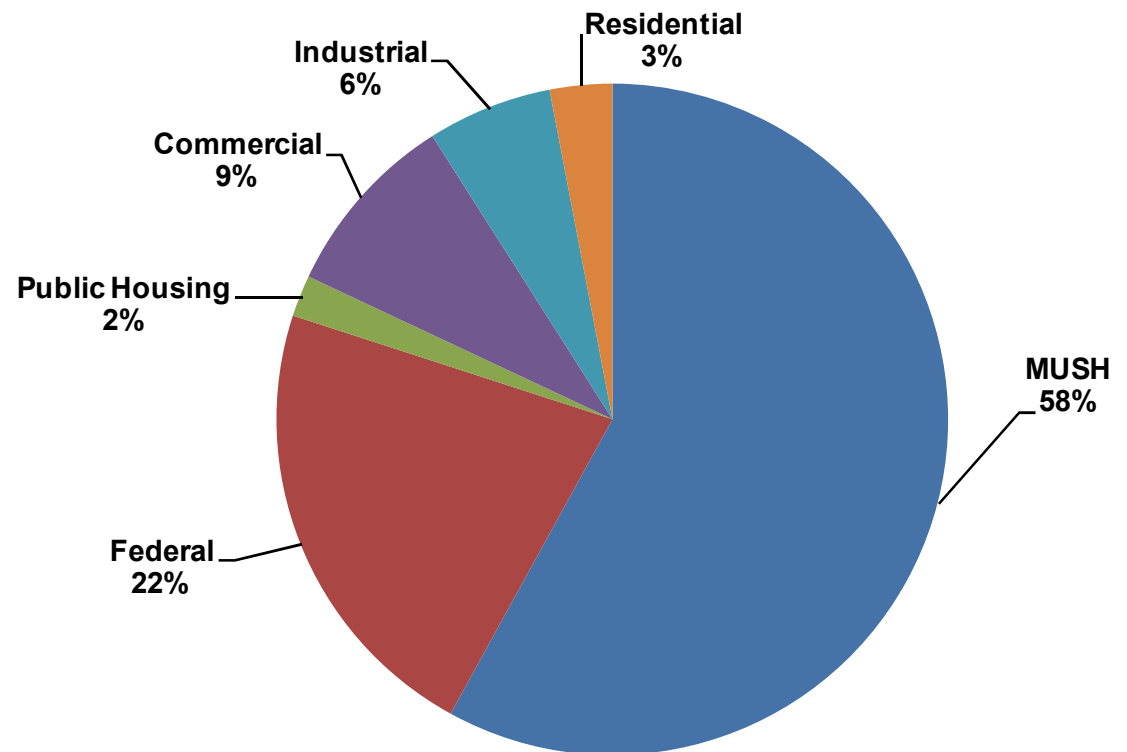


Performance Contracting...

is a financing mechanism that allows energy efficiency investments to be repaid through guaranteed energy savings over time.

- Common in public and institutional sector for last 20+ years
- Brings third-party financing to capital constrained organizations through energy saving guarantees

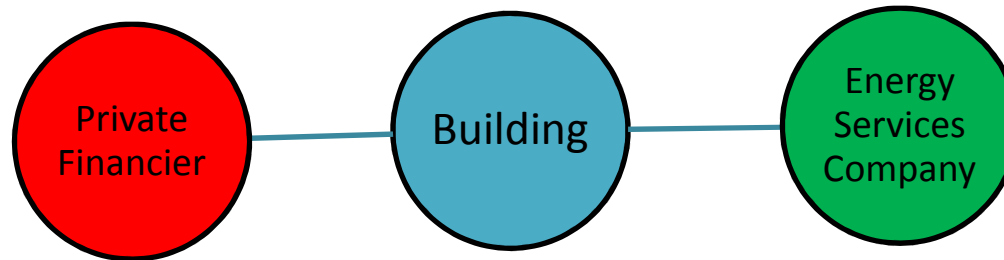
Performance Contracting Activity by Building Type





The Contract

By combining the expertise of energy services companies with private financing, performance contracting creates a **low-risk, high energy savings** option for the building owner



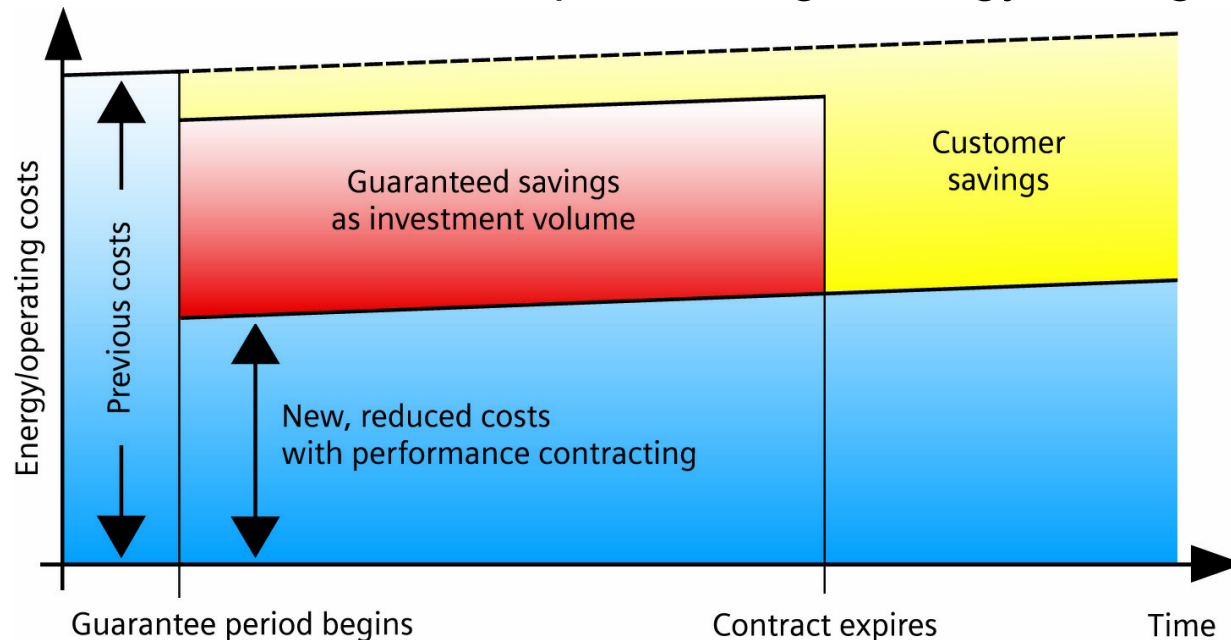
- Based on energy savings through efficiency improvements
 - Lighting technologies and controls
 - Improvements to building envelope (windows, insulation, etc)
 - Upgrades to space conditioning equipment
- Often bundled with other improvements
 - On-site renewable energy (solar, wind)
 - Water metering and efficiency upgrades
 - Critical infrastructure (fire, security, IT networks)



The Model

The **performance contracting** model overcomes capital constraints to **enable energy efficiency** projects:

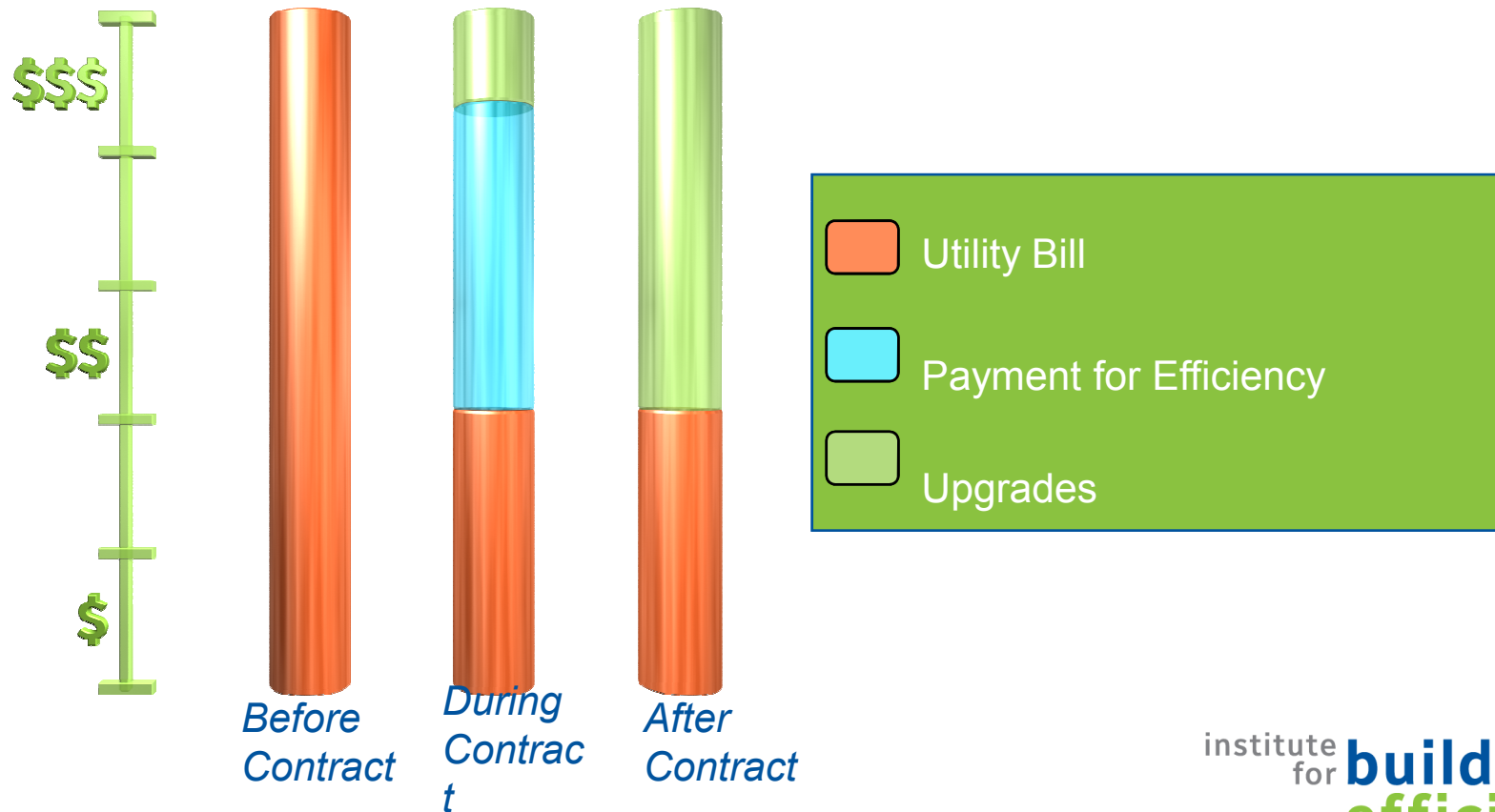
- Savings guaranteed by energy service company
- Monthly energy bill savings exceed loan payments
- Investment is repaid through energy savings





The Benefits

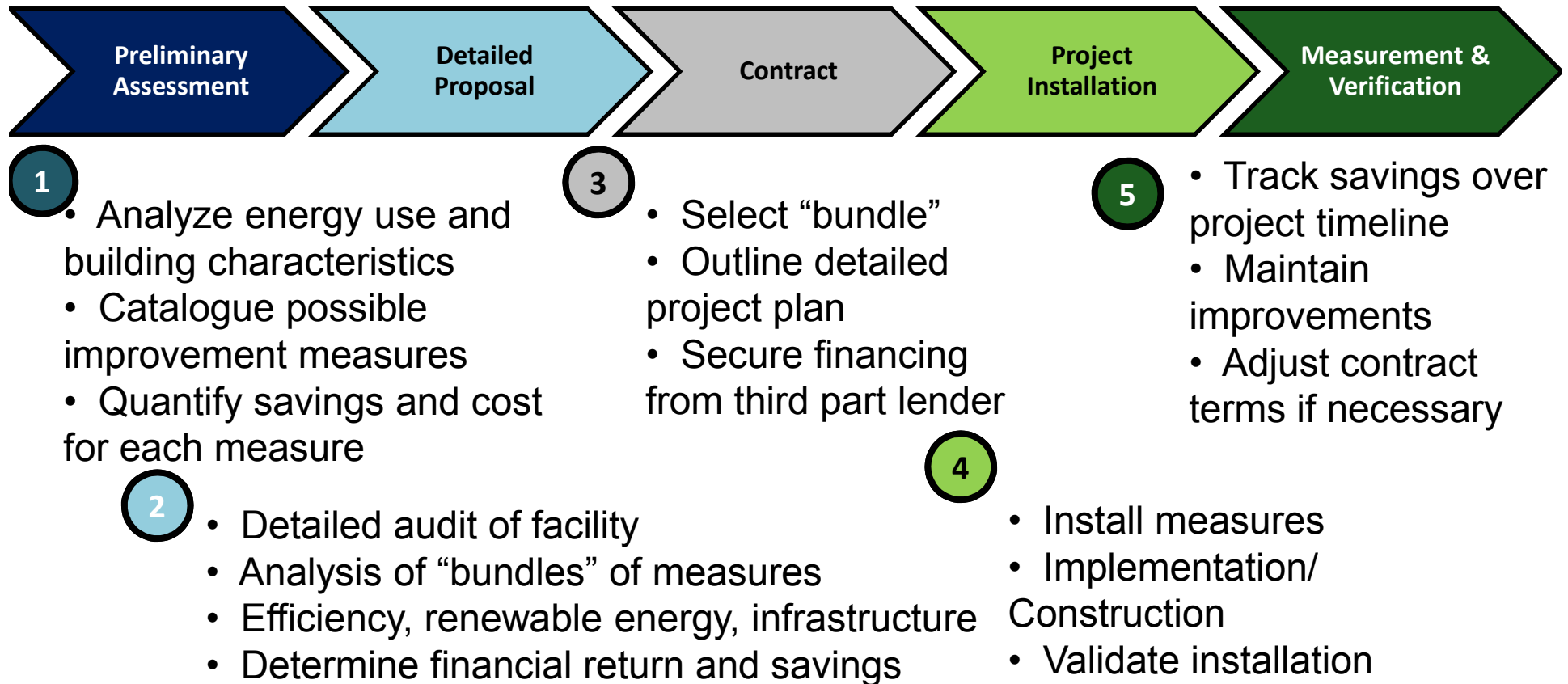
From a **customer perspective**, performance contracting means the investment can be **cash flow positive from day one**.





The Process

The performance contracting **process** starts with a **plan** and ends with **verified savings**:



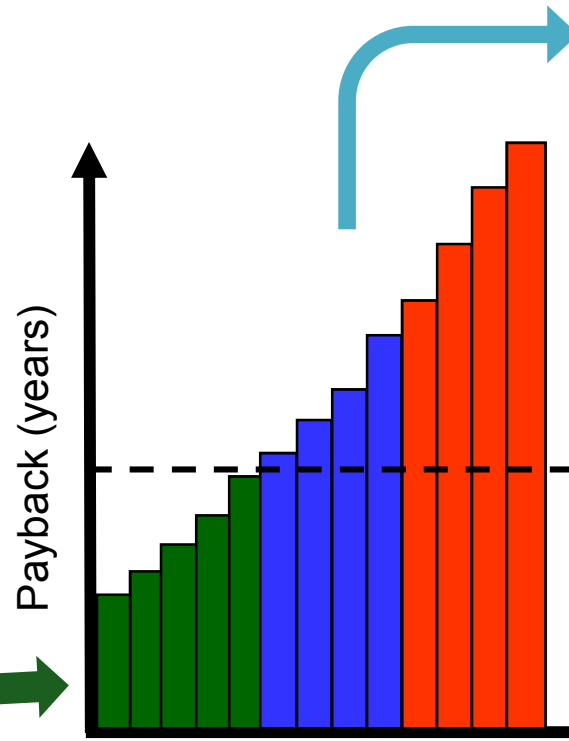


Bundles of Measures

Performance contracting allows energy-saving measures to be bundled together for deeper energy efficiency

High-Return Efficiency Improvements

- Lighting
- Equipment Controls



- ### Longer Payback Measures
- Renewable energy projects
 - Chiller plant retrofits
 - Building envelope improvements



Non-energy Improvements

- Security systems
- Fire systems



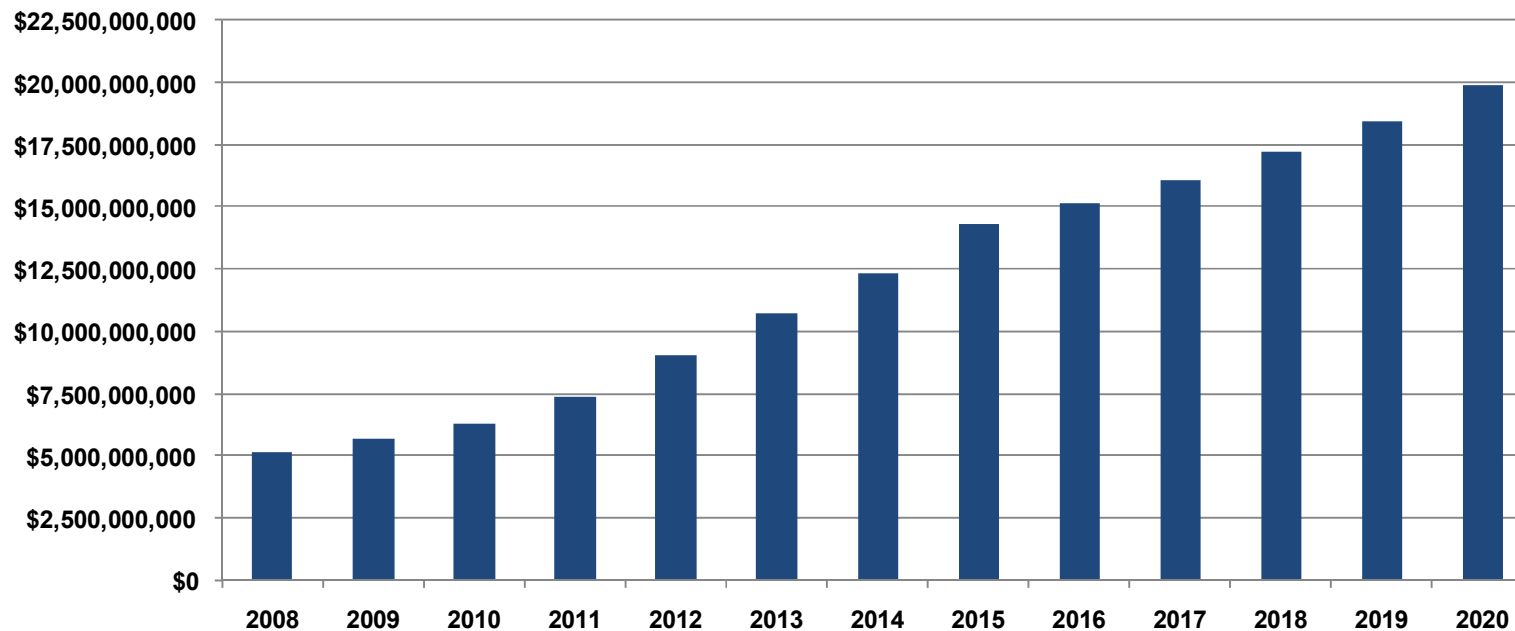


Past and Future

With a track record of **20 years of history**, performance contracting is a **proven approach** to energy efficiency.

The model is **gaining traction and poised for growth**

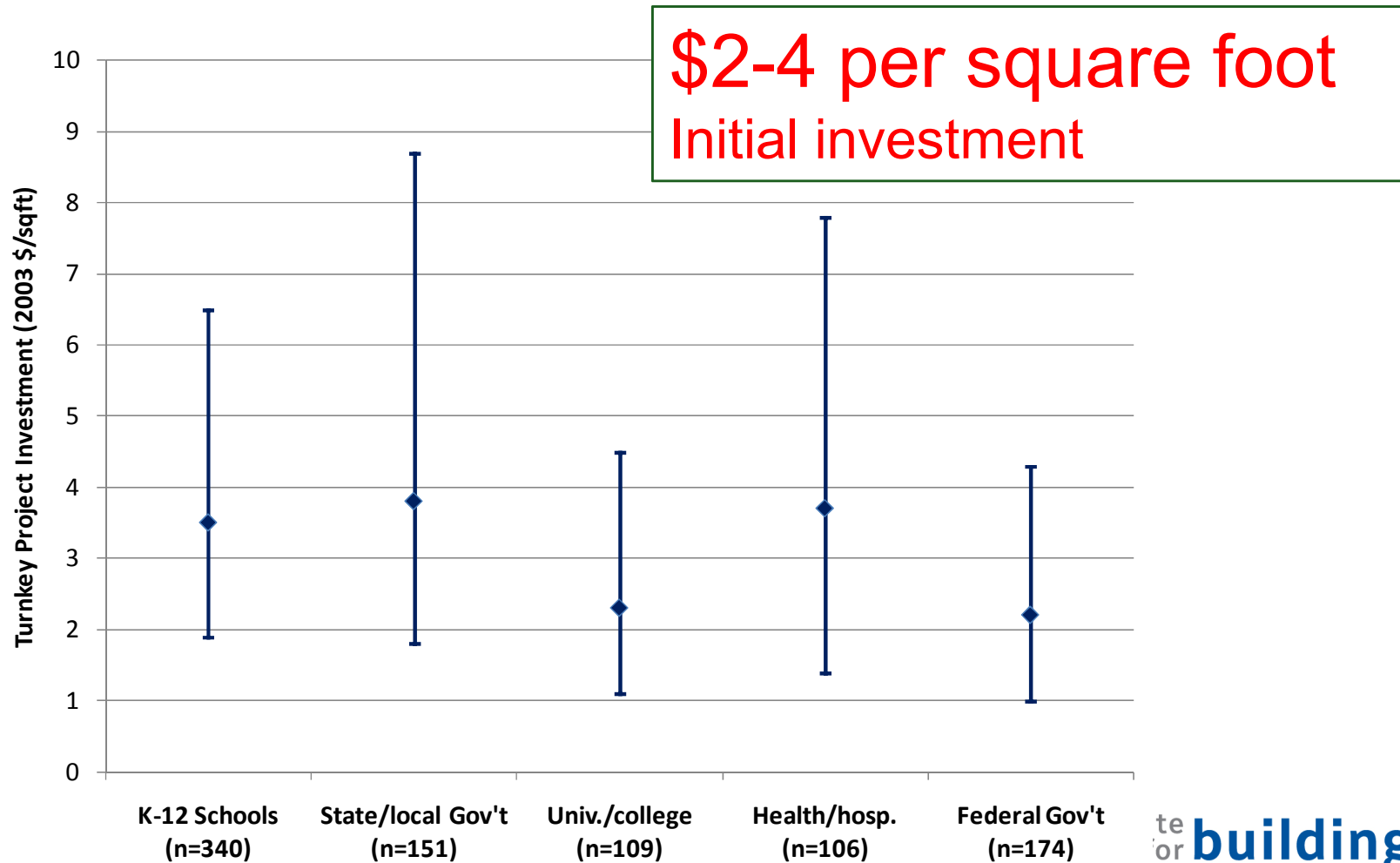
U.S. Performance Contracting Market Forecast





Performance Contracting **by the numbers**

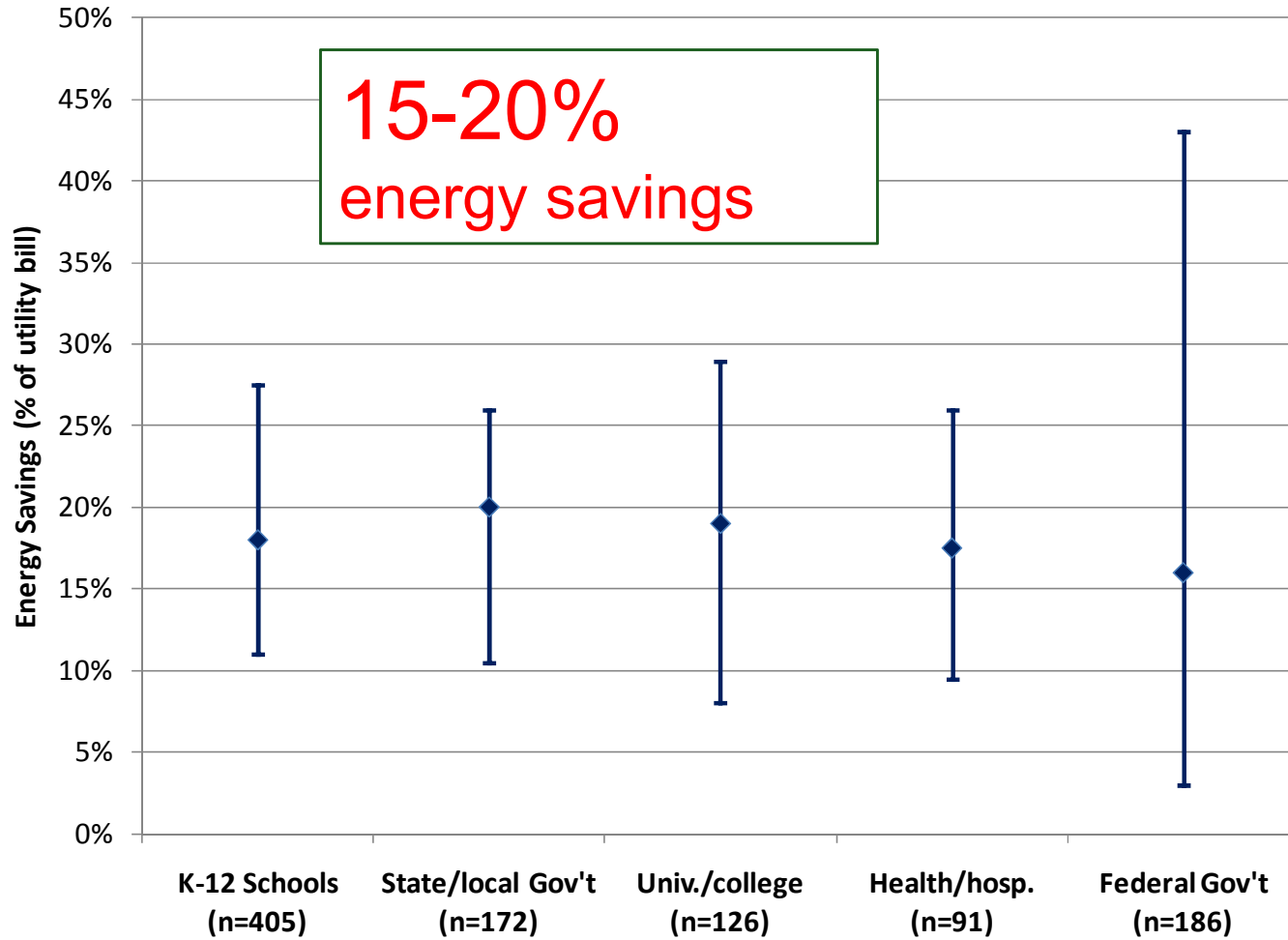
A recent survey of completed projects provides a look at the marketplace



Source: LBNL



Performance Contracting **by the numbers**





Performance Contracting **by the numbers**

