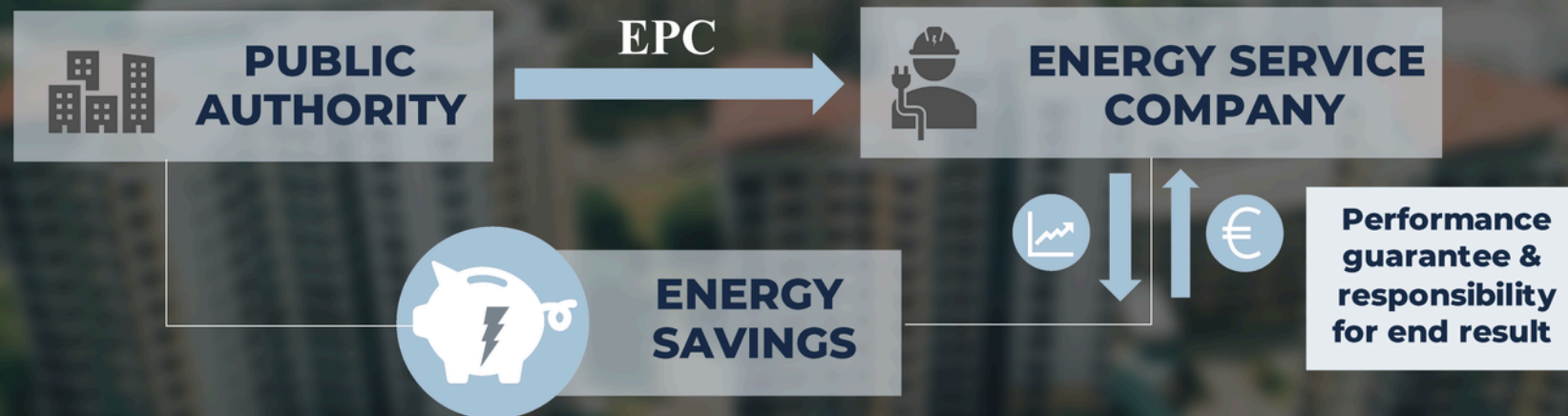


# What is EPC?

**Energy Performance Contracting** is an innovative financing scheme for the implementation of sustainable energy projects, in which an Energy Service Company (ESCO) executes all steps of the project while delivering a performance guarantee on energy savings.

In EPC, the ESCO finances energy efficiency improvements based on the guaranteed energy savings that will be generated in the future. In principle, the ESCO will only receive service fees and get return on the investment, once the project delivers energy savings.

## How does EPC work?



## What are the advantages?

1. Investment risks are transferred to the ESCO
2. Guaranteed and predictable energy savings
3. Little or no upfront investment required from the client
4. Access to specialised expertise and integrated

## Characteristics

- Usually long-term contracts (8-15 years), but short-term contracts are also possible for lower investments
- ESCO is responsible for operation and maintenance of measures
- ESCO provides a legally binding guarantee for a minimum level of energy savings
- The client or the third part can be financing repaid through future verified energy or cost savings

## Example

[Energy Refurbishment in Buildings](#), Bergamo, Italy

The city of Bergamo has signed a 10-year EPC contract involving approximately 160 public buildings in different actions: energy service, energy refurbishment and maintenance. The contract foresees guaranteed reduction goals in energy consumption.

[Energy Performance Contracting](#), Litoměřice, Czech Republic

Prepared in 2014–2015, the project was designed to enable the comprehensive renovation of a larger portfolio of public buildings without placing a significant burden on the municipal budget. By using the EPC model, the municipality was able to implement energy efficiency measures with guaranteed savings, reducing financial risk while improving building performance.