



# EPC market in the EU

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# EPC market



- Total ESCO market in the EU is estimated EUR 2.4 billion – no numbers on EPC market only are available
- In majority of countries there has been a steady growth over the last years
- Significant differences between countries regarding development, sectors and type of contracts
- Compared to the US the potential for EPC in Europe has not been used, especially in the public sector

Source: 2017 JRC report “*Energy Service Companies in the EU*”

<http://publications.jrc.ec.europa.eu/repository/bitstream/JRC106624/kjna28716enn.pdf>

JRC report contains detailed information by country



# EPC projects



- Project size\*

- 67% smaller than EUR 1m,
- 29% between EUR 1m and 5m
- 4% above EUR 5m

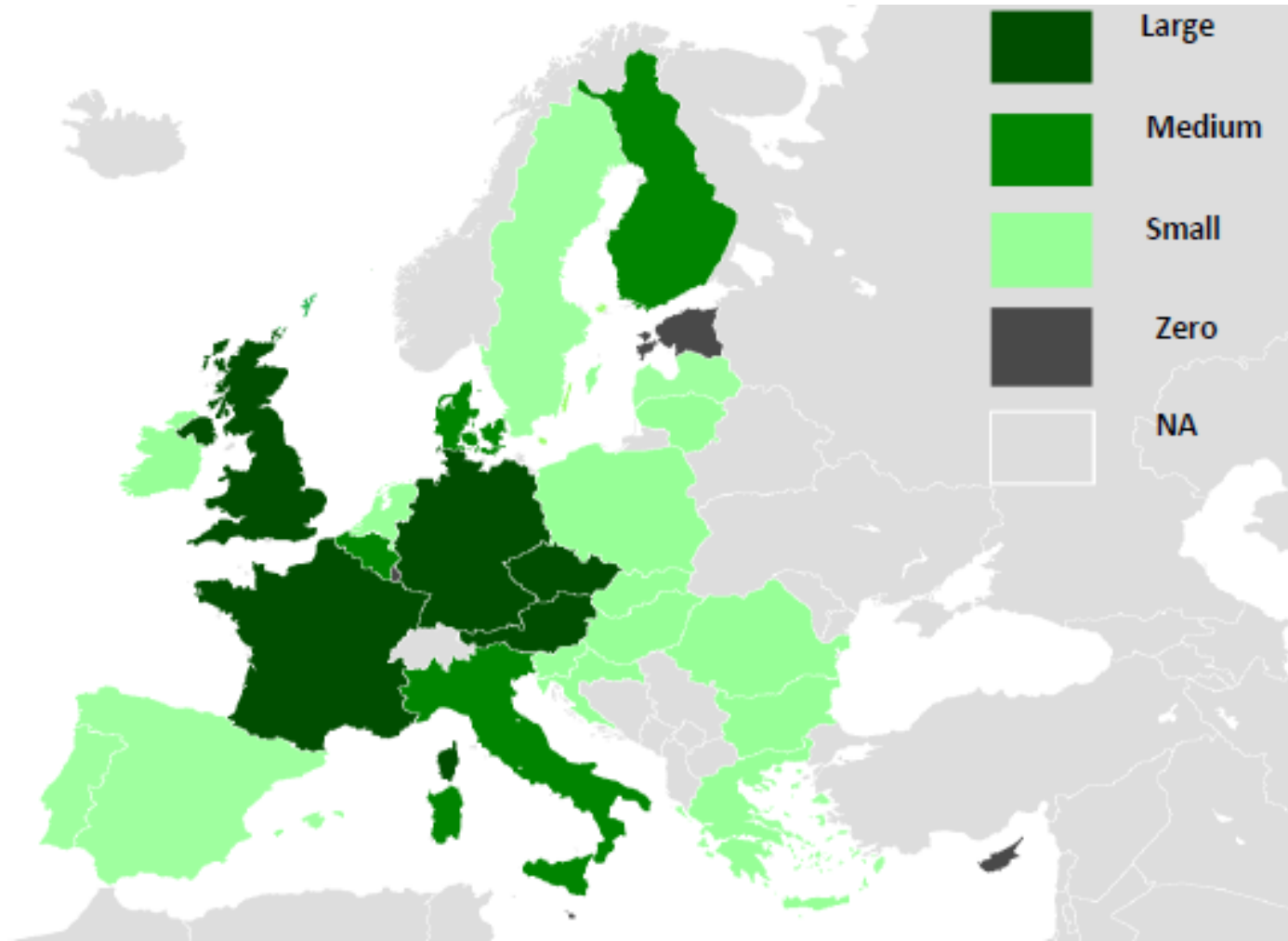
- Contract length\*

- 20% shorter than 5 years
- 55% between 5 to 10 years,
- 20% between 11 and 15 years
- 4% longer than 15 years

*\*From QualitEE report 2018*



# Relative size of EPC market in the EU



Source: 2017 JRC report "Energy Service Companies in the EU"



# Main market drivers



- Key driver for EPC is **energy savings guarantee**
- Limited budgets in public sector
- Pressure to reduce the costs
- Expectation of increasing energy prices
- Government support to EPC



# Government support is key driver



Strongest growing markets in 2017/2018 are:

## ➤ Slovenia

- ESIF funds are made available for EPC clients
- Public clients are supported by a dedicated EPC unit in project preparation and procurement

## ➤ Italy

- White certificates (tradable energy efficiency credits)
- Tax reduction for EE measures in the residential sector
- *Conto Termico* – government grant for thermal energy efficiency measures

## ➤ Netherlands

- Government agency offers guidelines, model contract and information on financing to ESCOs and clients



# Market barriers



- Lack of information and awareness
- Lack of trust in and track record
- Project development capacity of project promoters
- Complexity of procurement process
- Statistical and accounting treatment of EPC
- Access to finance for EPC providers
- Competition with investment grants (especially ESIF)
- Low energy prices



# Market actors



## ➤ EPC providers

- Equipment producers, utilities, facility managers, engineering companies – usually large and medium companies

## ➤ Facilitators

*advisory companies working on behalf of the client to procure and/or implement an energy service project, may also verify energy savings results during the duration of the contract.*

- Public bodies, such as energy agencies
- Private consultancy companies





# EPC clients



Figure 15 Which sectors do your EPC clients generally come from? (Percentage share of responses by providers and facilitators Sept 2017)

