

## **JOINT STATEMENT TO FORM THE ASIA-PACIFIC ESCO INDUSTRY ALLIANCE**

The Energy Service Company ("ESCO") associations ("Associations") across the Asia-Pacific Region which are signatories to this joint statement recognize the need to create a regional ESCO industry platform. The Associations agree that an Asia-Pacific ESCO industry platform will promote ESCO industries, encourage knowledge-sharing of ESCO industry players, and boost network for finding potential investors, funding, and technology providers. In order to strengthen the cooperation among the Associations, the Associations hereby agree to form the Asia-Pacific ESCO Industry Alliance ("APEIA").

APEIA shall be a platform for ESCO associations across the Asia-Pacific for sharing knowledge and experience, building capacity and ultimately potentially mobilizing Energy Efficiency ("EE") projects and financing across the Asia-Pacific Region.

The objectives of APEIA shall consist of the following, among others:

- a. strengthening ESCO markets and promote the ESCO business model, without competing with our existing ESCO businesses;
- b. facilitating knowledge flow through events such seminars, conferences, workshops, exhibitions and knowledge-sharing channels such as website, publications, other knowledge products;
- c. promoting and exchanging information on the following information, among others:
  - i. EE potential and adoption in building, manufacturing and service sectors;
  - ii. best practices for ESCO-based technologies, financing, and contracting;
  - iii. ESCO contracting models and industry-standard contract templates;
  - iv. ESCO project financing and guarantee mechanisms and issues;
  - v. public procurement, budgeting and multi-year contracting of ESCO services; and
  - vi. Paris COP21-driven climate change mitigation and greenhouse gas emission reduction strategies related to energy efficiency and ESCO services;
- d. development of the ESCO sector across the Asia-Pacific region through building technical capacities in nascent ESCO markets and by organizing and conducting training programs leading to the certification of energy managers, measurement and verification professionals and other ESCO specialists;
- e. facilitating and encouraging research and development, test-bedding and pilot-testing of technologies in EE;
- f. facilitating carbon asset management projects, carbon emission reduction and energy savings offset trading for Renewable Energy ("RE") and EE companies;
- g. promoting business development through conferences, ESCO trade missions, business matching meetings, exhibitions and other networking events; and

- h. enabling market interventions by engaging with the relevant government agencies, development agencies, international financial institutions and industry associations to mobilize grant, debt capital, knowledge and other in-kind resources to enable the implementation of the above-mentioned activities.

Subsequent to the signing of this Joint Statement, the Associations commit to agree and work on the following:

- a. the organizational structure of APEIA;  
b. the activities which APEIA will perform and organize in order to obtain the objectives stated in this Joint Statement; and  
c. the sources of funding for APEIA.

IN WITNESS WHEREOF, the following Organizations hereto set their hand on this Joint Statement on June 17, 2019 at Mandaluyong City, Metro Manila, Philippines.

**CHINA ENERGY CONSERVATION  
ASSOCIATION**

By:

  
Zhao Ming

Vice-Director, ESCO Committee

**ALLIANCE FOR AN ENERGY-  
EFFICIENT ECONOMY (INDIA)**

By:

  
Satish Kumar

President and Executive Director

**JAPAN ASSOCIATION OF ENERGY  
SERVICE COMPANIES**

By:

  
Hidetoshi Nakagami

President

**KOREA ASSOCIATION OF ESCO**


By:



Goh GeunHwan  
Executive Vice President

**MALAYSIA ASSOCIATION OF  
ENERGY SERVICE COMPANIES**

By:

  
Zulkifli Zahari  
President


**PHILIPPINE ENERGY EFFICIENCY  
ALLIANCE INC.**

By:

  
Alexander Ablaza  
President

**SUSTAINABLE ENERGY  
ASSOCIATION OF SINGAPORE**

By:

  
Edwin Khew  
Chairman

**TAIWAN ENERGY SERVICE  
ASSOCIATION**

By:

  
Wu Chun-Yen  
Chairman

# ESCO Business Models in Japan



Japan Association of Energy Service Companies  
(JAESCO)

<http://www.jaesco.or.jp>

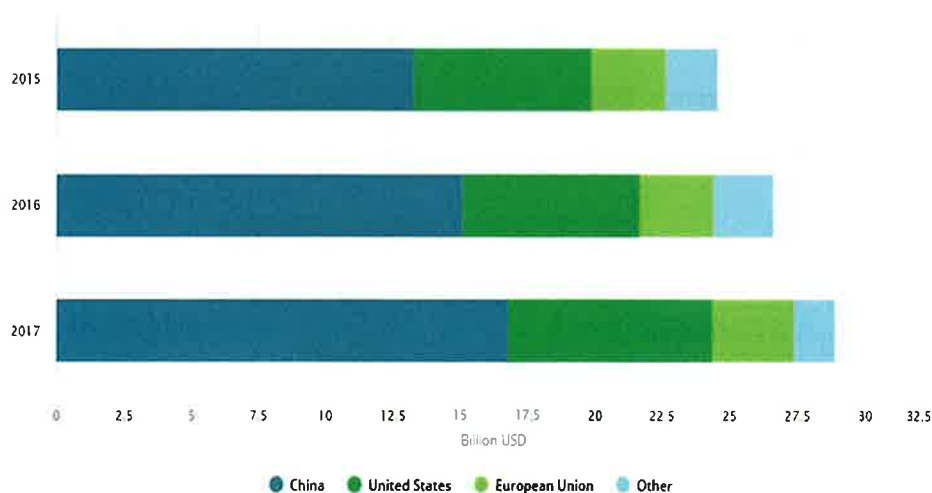
1

## ESCO market size and Japan



Annual Growth of Global ESCO Market

Fiscal Years 2015-17



Note; Japanese ESCO market is around 0.3 Billion USD in 2017.  
Japanese old saying tells us that "Spices are small in size,  
but spices are important to make the main dish better".

See Next Slide

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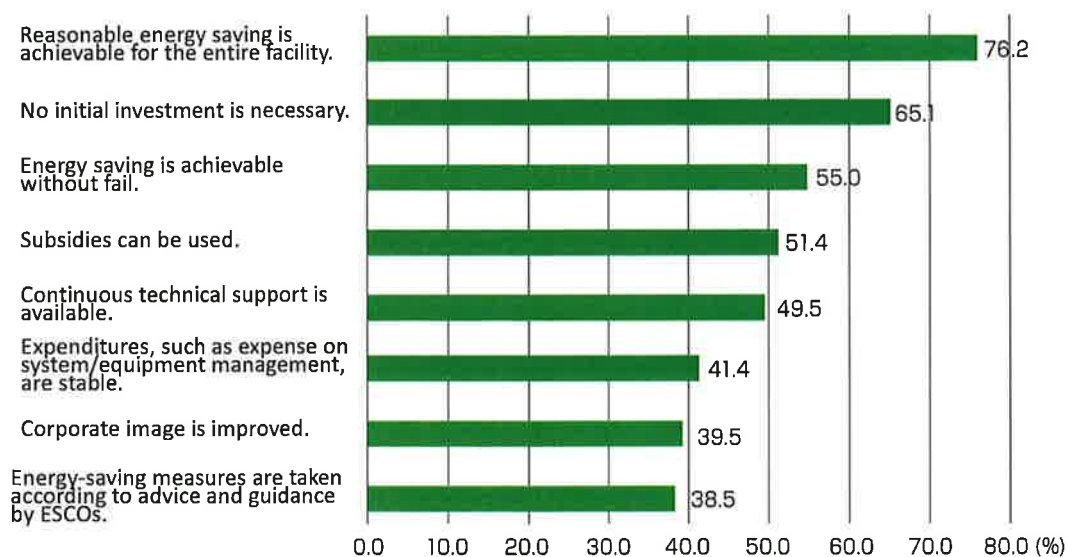
## JAESCO hosted 3 Asia ESCO Conferences

year	venue	participation			Subsidy from
		countries	persons	papers	
Oct., 2005	Bangkok	15	300	52	METI (Japan)
Sep., 2007	Beijing	10	200	41	METI (Japan)
Jan., 2010	New Deli	12	300	40	NEDO (Japan)



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## Voices of the Clients of ESCO Services in Japan



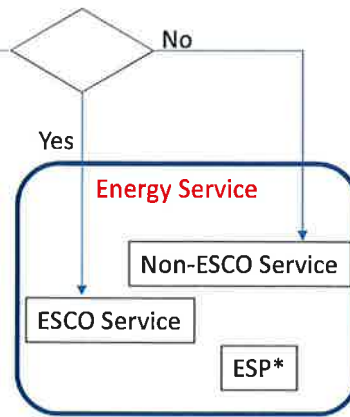
Source: Ministry of Economy, Trade and Industry report, "Reasons for Introducing the ESCO system"

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## Business Models of ESCO Services & Energy Services



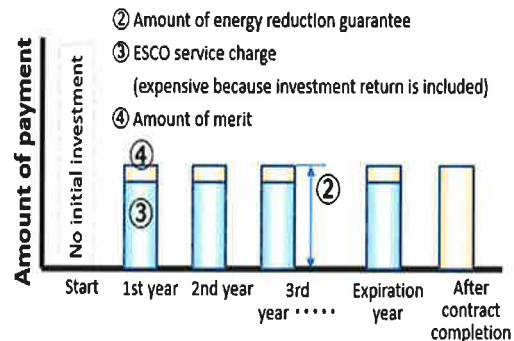
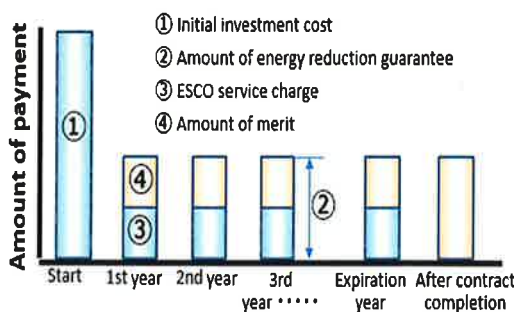
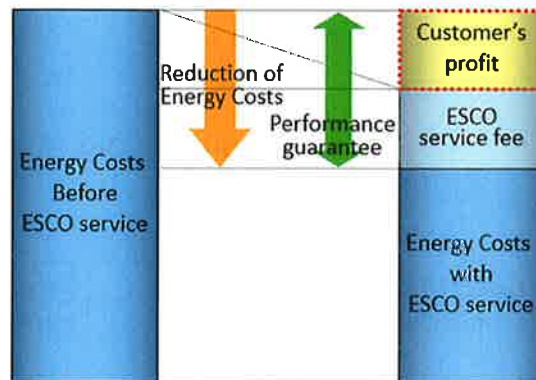
Characteristics of ESCO Service		
1	Performance is guaranteed (penalty and/or bonus)	Y/N
2	Payment shall be levelized (no initial investment)	Y/N
3	ESCO owns the installed equipment (Third Party Finance) (off balance)	Y/N
4	Pay from the savings	Y/N



In order to survive, Japanese ESCOs are flexible in providing their services to their clients. They do not stick to the definition of words.

\*ESP : Energy Service Provider Business is Energy Service together with sales of energy (electricity and/or gas).

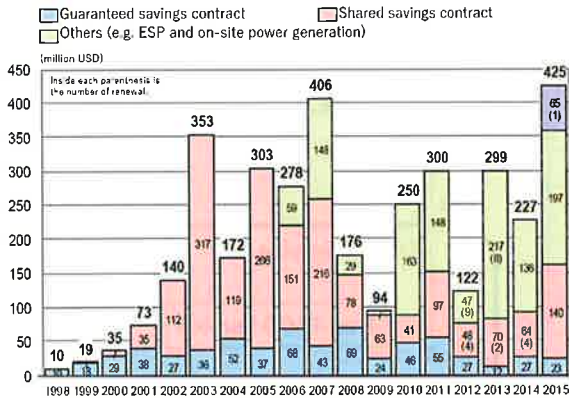
## Some of Conceptual Diagram of ESCO Business Models



Some data about Japanese ESCO Services [in 2016]

Market sizes of ESCO

[million USD]



Sizes of ESCO projects

[%]

Less than 200,000 USD	27
200,000 to 500,000 USD	19
500,000 to 1,000,000 USD	13
1,000,000 to 5,000,000 USD	27
5,000,000 + USD	14

Background of active ESCOs

[number]

Stand-alone ESCO	3
Subsidiary of large organization or utility	6
New business of large organization	6

Duration years of ESCO contract [%]

1-2 years	2
2-4 years	17
4+ years	81

In many cases, they are 9-10 years because of the regulation by MOF.

Sources of finance

[%]

Clients	Own Fund	13	50
	Debt	1	
	Financial Lease	36	
ESCOs	Own Fund	4	43
	Debt	0	
	Financial Lease	39	
Subsidy / Grants		7	7



Thank you for your attention.

**Hidetoshi NAKAGAMI (PhD)**

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President  
Japan Association of  
Energy Service Companies (JAESCO)

CEO & Founder  
Jyukankyo Research Institute Inc.

**Tetsuya MAEKAWA (MSc)**

maekawatet@hotmail.com

Head of International Affairs Committee,  
Japan Association of  
Energy Service Companies (JAESCO)

Adviser  
Energy Business Div.  
NIPPON KOEI Co.,Ltd

# GLOBAL ESCO NETWORK RATIONALE AND STRUCTURE AND INAUGURATION STATEMENT

MAY 2019

## Vision

In many international fora, the concept of Energy Service Companies (ESCOs) is acknowledged as one of the central practical responses to implementation of large scale energy efficiency measures. ESCOs are therefore also part of the answer to the climate change challenge where growth, development and global deployment of the ESCO approach are essential to achieve the full potential of energy efficiency solutions.

## Mission

A Global ESCO Network would add to and reinforce existing efforts to promote increased activities by the ESCO Sector at a global scale, by:

- Working for formal recognition of the ESCO sector as a pathway for countries to strengthen and achieve energy efficiency ambitions in their Nationally Determined Contributions (NDCs).
- Supporting a better understanding within the finance sector of the value and validity of energy performance contracting, enabling investors to engage in the provision of financial resources that facilitates a decisive scale-up of the reach and depth of ESCO activities.
- Documenting the benefits of applying ESCO principles in business and policy development through international mapping and benchmarking of framework conditions for successful operation of ESCOs and their achievement of material energy savings.

- Widely disseminating knowledge related to best practices in policy and business development related to ESCOs, and raising awareness among policy makers of financially attractive models for energy efficiency improvements.

### **Rationale**

Energy Service Companies - ESCOs - deploy a business model directly responding to the global climate change challenge. By directly using energy savings to pay for the cost of equipment and infrastructure that creates those savings, ESCOs challenge the mantra that emissions reduction activity comes at a cost that many, particularly in developing countries, are unable to carry. In the business of climate change, ESCOs deliver some of the best returns on investment, reducing energy consumption while combating excess GHG emissions as a significant co-benefit.

ESCOs are not always well recognized as an industry, nor entrenched in national policies. Nowhere has their full potential been unleashed and in many places they still struggle to find sufficient foothold. In some sectors and some countries, however, they are thriving, but rarely as a result of dedicated policies that promote the understanding of reduced energy expenses as an investable asset class, nor the techniques and requirements of successful and widespread Energy Performance Contracting.

The growing urgency of decisive responses to a rapidly changing climate, and the inherent ESCO promise of delivering profitable investments to the same effect, suggests a potentially prominent role of energy efficiency and, as its agents, the global ESCO community in the global climate change agenda, from the highest UN level to the grassroots. However, this is a role that the ESCO concept is yet to attain.

For further information, please contact:

**Søren Lütken, Senior Researcher, Copenhagen Centre on Energy Efficiency**  
**[snlu@dtu.dk](mailto:snl@dtu.dk), ph. +45 45 33 52 79**



## Inauguration Statement for the Global ESCO Network

Now therefore, we, the overleaf undersigned,

- support the creation of a **Global ESCO Network** the mission of which is lined out above in order to elevate issues and concepts related to ESCOs to the highest possible level on the international climate policy agenda
- support the anchoring of the Secretariat of the **Global ESCO Network** in the Copenhagen Centre for Energy Efficiency (hereinafter CCEE), which is the global thematic hub for energy efficiency of the UN Secretary General's Sustainable Energy for All (SEforALL) initiative. CCEE is further a part of the formalized collaboration between the United Nations Environment Programme and the Technical University of Denmark (called UNEP-DTU Partnership) based at the UN City complex in Copenhagen, which combined place the CCEE together with UN Environment in a central, yet neutral position to convene a Global ESCO Network and act as its global Secretariat.
- suggest that the **Global ESCO Network** will operate without formal membership, but will build on associating existing national and regional ESCO associations and global bodies that are related to ESCO sector development. Therefore, no association fee should be charged during the formation phase.
- emphasize that the **Global ESCO Network** must be mindful to reinforce rather than duplicate efforts of associations.
- agree that the financing of the **Global ESCO Network** will be considered once the Network is permanently established and that until then all associated "members", including the undersigned as well as CCEE in its function as Secretariat, shall bear their own costs of association.
- suggest that a Formation Steering Committee of 6-8 members is drawn from associates to take the interests of the **Global ESCO Network** forward.
- Endorse that the Key functions of the **Global ESCO Network** include:
  - global-scale research and information dissemination about issues relevant to the proliferation of ESCOs;
  - ESCO advocacy in global fora for the currency and relevance of the ESCO approach to accelerating climate change mitigation; and
  - Coordinated approaches to securing resources and funding for developing policies, training programs, and enabling environments favourable to ESCO market growth.

By signing below, I confirm my support to and association with the Global ESCO Network in my personal capacity or as representative of my organization, whichever is relevant, in accordance with the Inauguration Statement above:

**Name:** Pierre Langlois  
**Organization:** Chairman of the board of Efficiency Valuation Organisation (EVO) & President of Econoler  
**Date:** 06.06.2019  
**Signature:**



**Name:** Dilip R. Limaye  
**Organization:** President and CEO of SRC Global Inc.  
**Date:** 07.06.2019  
**Signature:**



**Name:** Alexander Ablaza  
**Organization:** Co-chair, Asia-Pacific ESCO Industry Alliance (APEIA)  
**Date:** 17.06.2019  
**Signature:**



**Name:** Ashok Sarkar  
**Organization:**  
**Date:**  
**Signature:**

Signature:

**Name:** Mark Lister  
**Organization:** Managing partner in Asia Clean Energy Partners  
**Date:** 31.05.2019  
**Signature:**



**Name:** John M. Christensen  
**Organization:** UNEP DTU Partnership  
**Date:** 28.05.2019  
**Signature:**

Signature:



**Name:** Paolo Bertoldi  
**Organization:**  
**Date:**  
**Signature:**

**Name:**  
**Organization:**  
**Date:**  
**Signature:**