

ESCO-in-a-box[®]





The problem

Most SMEs don't *do* energy efficiency

- They are time-poor, concentrating on running their business
- They don't experience consistent regulatory and investor pressure on emissions
- They need low-risk solutions but are poorly served by energy services companies
- They put their cash to work in other ways
- They don't trust the supply chain to deliver promised savings

The result?

- SMEs are being left behind as the energy system decarbonises
- £5.8 bn of attractive energy-saving investment is locked away in SMEs¹
- A net-zero UK needs to unlock these savings



Global problems, local solutions

Most SMEs are rooted in their local area

- Local customers and local staff, so local reputation matters
- Local supply chain for equipment & maintenance
- 80% of small businesses actively contribute to their community or local charities²

Local & community energy is booming

- ~300 energy cooperatives exist around the UK³
- These pioneers are tackling emissions and energy affordability in their local area
- Fundraising from communities for clean energy projects is mature

We believe local & community organisations are the key to SME energy savings

- ✓ Trusted
- ✓ Able to provide local profile
- ✓ Responsive to local concerns & priorities

However. Delivering energy services that work for SMEs is difficult, requiring new skills, systems and relationships. **This is where EPConnect will help.**



EPConnect solution

- © **ESCO-in-a-box**® from EPConnect includes everything needed to start a local ESCO that serves SMEs



- © Organisations such as **community energy groups** and **local authorities** will license the product and create their own ESCO



- © EPConnect provides **startup services and ongoing support**, plus access to **approved finance** and **key strategic technologies**



The ESCO-in-a-box[®] package

Startup

Upon licensing of a new Partner, a start-up package will develop a brand and establish an ESCO.

Operations

Workflow and template documents for energy assessments, project development, contractor qualification, quality assurance and M&V.

Finance

Connections to vetted national and local lenders with funds ready to deploy & insurance. Projects aggregated by EPCConnect.

Contracts

Standardised contracts developed with legal experts for all key project elements.

Support

EPCConnect will provide ongoing support for the life of the Partner ESCO.

ESCO-in-a-box incorporates leading **quality assurance** schemes



EPCConnect **Finance Partners**



EPCCONNECT



Licensed Partner ESCOs will become a **one-stop-shop for local SMEs** to boost their energy efficiency

○ **Recruitment** ○ **Assessment** ○ **Implementation** ○ **Guarantee** ○ **Recognition**

Use local connections, trusted status and existing grant schemes to recruit client SMEs

Develop projects with local contractors to produce a bespoke, easy-to-implement report

Use the ESCO-in-a-box operating system to coordinate implementation of projects, ensuring a streamlined experience and assured quality

Hold contractors to account for delivering a good quality project, ensuring the SME gets the savings they were promised – backed by insurance

Recognise local leadership in energy saving through accreditations, events and marketing



Potential ESCO-in-a-box[®] licensees

Community energy organisations

- Community Interest Companies (CICs) developing energy projects
- Able to raise community funds

Local Enterprise Partnerships and Energy Hubs

- A key route to market: strong links to community energy CICs and Local Authorities
- Able to leverage grant schemes (ERDF or successor schemes) to establish an ESCO

Local Authorities

- Mandate to support local businesses in decarbonisation and competitiveness
- Several operate municipal energy companies, offering synergies around brand identity, customer access
- Able to leverage carbon offsets and section 106 agreements

Energy companies and TPIs

- Large SME client bases
- Seeking to integrate energy services to differentiate and boost retention

Segment-specific organisations

- Contractors or associations specialising in SME market segments (e.g. retail, hospitality) and/or regions
- ESCO-in-a-box allows them to 'up skill' and deliver holistic energy services



Introducing the Oxfordshire Community ESCO

- EPConnect's first Partner ESCO will be launched in 2020 by Low Carbon Hub CIC
- Oxfordshire's Low Carbon Hub has:
 - mobilised £8m of project finance for clean energy in the county
 - a proven record in energy efficiency, having successfully managed the [OxFutures](#) ERDF programme
- They are a trusted source of expertise on clean energy in the region and beyond, making them **the ideal first Partner ESCO**
- EPConnect will develop ESCO-in-a-box® by working with Low Carbon Hub to create the Community ESCO
- Low Carbon Hub IPS Ltd, an associated company, will seek to raise a community fund for SME energy efficiency during 2020. This will provide a low-cost-of-capital finance solution for future ESCO clients and this will be rolled out to other regions by EPConnect.



Supported by Oxford Brookes University, EPConnect, and the rest of the consortium, Low Carbon Hub is ready to launch the Community ESCO by mid-2020

Projects committed for 2020:

- Nine projects from SMEs including colleges, non-profits, and businesses
- Project types: lighting, insulation, renewables, heating, and storage
- Estimated total project costs: £377k
- Estimated total savings: £42.5k
- Estimated carbon reductions: 145 tCO₂e

Business model validation

During autumn 2019, EnergyPro and consortium partners were funded by BEIS to **develop the ESCO-in-a-box® concept and assess the feasibility of an Oxfordshire Community ESCO** as the first licensee.

- Developed key processes and business model design
- Stress-tested value propositions with key stakeholder groups
- Secured commitments from 9 SME clients for specific projects
- Confirmed that these projects are viable with committed partner lenders, contractors and technology providers

We were **awarded Phase 2 funding in January 2020** to develop and demonstrate ESCO-in-a-box and the Oxfordshire CESCO.



Department for
Business, Energy
& Industrial Strategy

[Boosting Access for SMEs to
Energy Efficiency \(BASEE\)](#)



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Summary

- EPConnect's **ESCO-in-a-box**[®] addresses the barriers to energy efficiency uptake in SMEs
- **ESCO-in-a-box**[®] will deliver standardised, de-risked **energy efficiency** projects to SMEs via a network of local licensees.
- **ESCO-in-a-box**[®] will provide licensees:
 - a complete operating system for an SME friendly energy efficiency service
 - standardised, proven equipment
 - results backed by insurance
 - access to low cost finance

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