

# 2014 ESCO Summit

## General Observations



**The 2014 NY ESCO Summit took place on Wednesday, May 7, and featured a full day of keynote speeches, networking opportunities and panel discussions focused on helping Energy Services Companies (ESCOs) to grow retail energy services in New York State.**

It was the first event of its kind, and was hosted by NYSERDA and its partners at the New York Power Authority (NYP&A), New York State Public Service Commission (PSC) and the National Association of Energy Service Companies (NAESCO). Representatives from 35 ESCOs attended the summit, where guest speakers from leading energy and sustainability organizations took the stage to start the conversation.

“We’re in the dawn of true consumer empowerment,” stated PSC Chair Audrey Zibelman, as she opened the event. “Technological evolution is giving us the ability to support the three essential things that electricity needs to be—reliable, affordable, and a universal service for all. This evolution will change the way consumers interpret value, and the way utilities offer service,” said Zibelman.

NAESCO Chairman David Weiss highlighted the importance of performance contracting as a key area where ESCO customers could be better informed about the process and why it benefits them. “Predictable and streamlined ways of financing projects are helpful to both the ESCOs and their customers,” he noted.

“The cornerstone of the governor’s Build Smart NY initiative is the strategic reduction of energy consumption throughout the state,” said Gil C. Quiniones, NYP&A president and chief executive officer. “The role of ESCOs is crucial for advancing New York’s energy-efficiency efforts and evolving robust markets, such as the Five Cities Master Plans.”

Later, when NY Green Bank President Alfred Griffin asked whether anybody in the room would consider entering new markets if financing became available,



a wave of hands were raised. Financing emerged as a key theme throughout the morning, making it clear that one of the dominant challenges ESCOs face is from complicated financing structures.

“We want to remove the friction that is currently seen in the markets,” NYSERDA President John B. Rhodes stated about the plans for NYSERDA to help overcome challenges ESCOs are facing. “We want to act as a catalyst, and provide a bridge so ESCOs may be successful here in New York.” As part of that effort, he emphasized the summit as being a first step in helping industry organizations like NYSERDA gain insight into the critical barriers and opportunities for progress.

The second half of the summit turned into a working session around this charge. NYSERDA led facilitated discussions with summit attendees to determine key areas that were of paramount interest to them.

**Below are the key takeaways from those discussions.**

## Collaboration is needed...

- Between NYPA, NYSERDA and the market—NYPA, NYSERDA and the market would all benefit from more frequent communication and partnerships.
- Between New York State and other states—The ESCO industry will benefit from standardization between states.
- Within the industry—Industry professionals should work with each other to create opportunities to grow the ESCO market in New York State.

## Standardization

- Procurement—A streamlined, standardized procurement process would greatly improve the ability of ESCOs to facilitate projects in New York State.
- Contracts—There is an opportunity to develop standard contracts between customers and ESCOs to reduce the time needed to negotiate individual agreements and increase customer confidence in Guaranteed Energy Savings Performance Contracts.
- Financing—Standardized, routine financing options could provide greater certainty to the ESCO market during project development. There is a particular opportunity in construction-phase financing.
- Measurement and Verification—Measurement and Verification should be more standardized for ESPC projects.

## Growth

- Educate customers on benefits—Educating the customer base on the benefits of ESPC would help to spur the ESCO market in New York State.
- Promote qualified ESCOs—Developing and promoting a list of ESCOs qualified by NYPA and NYSERDA is one of the key things that New York State can do to help strengthen and grow the ESCO market.
- Scale up continuous commissioning and leverage for M&V—ESCOs can leverage current M&V activity to encourage and grow the practice of continuous commissioning.
- Availability of off-balance-sheet financing through C-PACE and/or supported by the Green Bank would have a major impact on growth.



The ESCO Summit was a defining moment in the relationship between NYSERDA, NYPA, the PSC and ESCOs that helped clarify the changing energy landscape and identify opportunities for business growth in New York State.

The ESCOs in attendance responded positively to the new initiatives announced by all of the partners. That encouraging feedback affirms NYSERDA's plans to increase collaboration through its suite of new resources and tools, including the "Qualified ESCO" RFQ and one-to-one outreach with individual ESCOs. To demonstrate its enduring commitment to the industry, it will be important for NYSERDA to regularly update ESCOs about the progress of these highly anticipated initiatives, especially the upcoming guidance document that will standardize RFPs, contracts, and measurement and verification processes.

For ESCOs, the summit was recognition that many of the elements necessary to be successful in the retail energy services business in New York State are now in place. Should NYSERDA choose to host another ESCO Summit, this year's event will serve as a useful benchmark to measure its progress with helping the industry reach scale and the state achieve its energy-efficiency goals.