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DOE Study Shows ESCOs Make Major Contributions to the Environment

SAN DIEGO, CA (MAY 20, 1998) - Energy Service Companies (ESCOs) make a major contribution to the reduction in electric energy use, demand for electricity, direct fuel use & ultimately, environmental emissions, according to a report prepared for the U.S. Department of Energy's Energy Fitness Program by Leonardo Academy based in Madison, Wis.

The report, released at the National Association of Energy Service Company at the NAESCO spring meeting in San Diego this week, provides an initial assessment of the energy efficiency and environmental benefits delivered by the ESCO industry based on current estimates. NAESCO is an industry trade association, with about 40 ESCO members in the United States.

"The report shows that energy efficiency projects implemented by the ESCO industry in the competitive marketplace will reduce the U.S. carbon dioxide emissions in 2010 by 110 million tons. This is 6 percent of the emission reduction that will be needed to reduce U.S. carbon dioxide emissions in 2010 to the 1990 level. This is a tremendous contribution to environmental improvement by this 1.2 billion-dollar- a-year industry," says Michael Arny of the Energy Fitness Program, which is managed by Oak Ridge National Laboratory as part of the Department of Energy's DOE Rebuild America Program.

"ESCOs make contributions to increased energy efficiency and emission reduction by working with customers to develop and implement cost-effective projects that upgrade buildings and increase their energy efficiency," Arny says.

The study indicates that the cumulative total lifetime energy and demand savings from ESCO efficiency projects implemented between 1990 and 2010 will produce \$ 94.6 billion in total energy savings; 1.4 million GWh in electricity savings; 18,000 MW in electric demand reduction; and 7.9 billion MMBTU

reduction in direct fuel use.

Using standard industry calculations, Amy estimates the implementation of energy efficient retrofits will result in tremendous environmental emission reductions over their lives. For instance as a result of ESCO projects implemented between 1990 and 2010, some 1.9 billion tons of carbon dioxide, 7.6 million tons nitrous oxide, 10.4 million tons sulfur dioxide; and 179,010 tons of particulates (PM 10) will be eliminated from the atmosphere. Additionally, about 100,000 lbs. of mercury, 9,200 lbs. of cadmium and 175,000 lbs. of lead emissions will be eliminated.

The study indicates that since ESCO energy efficiency projects have 10-to-15 year project lives, more than half of the emission reduction will be delivered before 2010 and the balance will be delivered over the projects remaining lives after 2010.

"From these results, it is clear that ESCOs make a major contribution to the reduction in energy use and environmental emissions. Removing the barriers to increased delivery of energy efficiency by ESCOs will allow them to deliver even more building upgrades, energy savings, and reductions in environmental emissions for their customers," says Terry B. Singer, executive director of NAESCO.

"According to the study, the emission reduction impacts of ESCO projects that will be implemented between 1990 and 2010 are equivalent to taking 18 million cars off the road or eliminating the need for 45 new power plants with 400 MW capacity or planting 148 million acres of trees," Singer says.

Amy notes that the DOE Energy Fitness Program is working with its program partners to remove the barriers to the increased delivery of energy efficiency and educate the public about the tangible benefits of implementing energy efficiency projects in buildings and facilities.

The Energy Fitness Program also is supporting the development of detailed, project-by-project reporting of these impacts by NAESCO. Updates of this Initial assessment report will be made available with results based on verifiable individual project reporting of the energy efficiency and environmental impacts of the ESCO industry.

NAESCO is a national trade association that represents the energy services industry. Its members include energy service companies; utilities; manufacturers, suppliers and distributors of energy efficient technologies, financial institutions and other energy service providers.

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