



Work Group I:

Development of the ESCO market

# Policy Recommendation (1)

Creation of a national interactive public ESCO register

## Summary

*Enabling the entry of innovative ESCO business models in the field of energy efficiency at a regional and national level by creating and providing reliable and systematized information about key characteristics of active ESCO companies (EE service providers), ESCO facilitators, quality indicators of ESCO projects (including ESG), as well as ESCO-compatible financial instruments, to potential beneficiaries. In order to support ESCO companies covering the adopted assessment criteria at a company and/or project level to a maximum extent, a capacity building toolkit should be developed (for example: checklists / road maps / online simulation models / training modules, etc.) to be used by interested ESCOs.*

An effective approach to accelerating the pace of decarbonization of the economy can be applied by expanding the provision of turnkey EE services such as the ESCO/EnPC. The advantage is that a number of complex services are offered in a package, including energy survey, solution design, financing, maintenance, guarantee of the achieved energy savings and the like, which leads to shortened implementation periods, excellent integration among key project activities, and optimal costs for the beneficiaries. Unfortunately, practice shows that the structuring of complex projects and services remains a difficulty for specialized energy efficiency companies, which leads to disappointments among the beneficiaries and losses for the participants in the process - financial institutions, ESCO companies, subcontractors.

In response to the above-mentioned challenges, the interactive national ESCO register (INER) will systematize and provide in an easily understandable and accessible way to potential beneficiaries information on the capacity of ESCO companies, ESCO facilitators, quality characteristics of completed ESCO projects, compatible with ESCO financial instruments. In this way, beneficiaries will be able to make informed choices and potential reputational damage to EE service providers will be avoided.

At the same time, the ESCO companies will have the opportunity to increase their capacity and the quality of the services they provide by using the developed toolkit for the needs of INER and certify



this by being registered in it. Examples of criteria at the ESCO company level can be the presence of energy auditors, project managers, financiers, quality control specialists, financial stability of the company and the like. For its part, the INER toolkit will include training and certification modules in key areas: (i) structuring of complex ESCO projects (including financing), (ii) quality control and management, (iii) control and management of the risk.

A similar approach for certification will be developed at a project level. Key quality criteria will be registered in INER, as well as tools for their control and improvement will be developed: (i) quality control checklists (e.g., maintenance, measurement and verification of savings), (ii) optimal choice of financial instrument and financial modelling, (iii) validity of contractual clauses / reciprocity, (iv) ESG outcomes for the beneficiary, such as ensuring a safe and healthy working environment for staff and the like.

In the process of creating INER, the foundations will be laid for the replication of the platform in countries that follow the trajectory of development in Bulgaria, such as North Macedonia, Serbia, Albania, Kosovo. The transfer of technology and knowledge can take place as a follow-up phase to the current policy proposal.