

Explained: Energy Performance Contracts (EPCs)

What is an EPC?

Energy Performance Contracts (EPCs) are a common, low-risk route to delivering carbon reduction and energy efficiency projects.

EPCs are signed between an organisation and service provider to guarantee the performance of improvements and the subsequent savings. It basically transfers the performance risk to the service provider who has to guarantee the level of savings the various measures will achieve.

What makes EPCs unique and so popular is that if the solution doesn't meet the guaranteed performance, the solution provider is contractually required to compensate the organisation or come back and 'make good' until the business case and performance are met. This provides the organisation with peace of mind and substantially reduces future financial and reputational risk.

Benefits of using an EPC

The RE:FIT framework is an EPC framework and provides a guaranteed performance via a contractual agreement for the payback period of the project using a tried and tested approach. The EPC is helping to remove risk of failure and protects the client and their investment. RE:FIT is the longest running and most used EPC approach in the UK.

EPC's have been successfully used on more than 700 projects supported by the Retrofit Accelerator for Workplaces via the RE:FIT Framework. They bring a unique set of benefits and protections to an organisation, including:

- **Guaranteed performance** and energy savings
- **Financial benefits** and long-term **assurance**
- Clear **reporting** structure to support strategic planning

Another core benefit of using an EPCs is that they often help kickstart projects that would otherwise struggle to get off the ground due to the guarantees EPCs bring during business case.

What to look out for

When considering using an EPC to deliver a project, there are a number of things you should keep in mind:

- **Reassurance and contractual protection** of an EPC offers an organisation long-term financial certainty and incentivises. Taking a non-EPC route will often not provide this protection and so there is no guarantee of future savings, or potentially any savings at all.
- **Not all EPCs are equal** so getting the right one for your project is important. Check the support provided by the EPC owner and the charges paid directly or through suppliers for using. The RE:FIT support in London is provided by the Retrofit Accelerator – Workplaces programme and is fully funded by the Greater London Authority and the European Regional Development Fund. Therefore, it takes no direct or indirect fee, yet provides significant technical and commercial support throughout your project, from initial scoping and supplier selection, to measurement and verification of savings.

Get in touch

The Retrofit Accelerator team has over 10 years' experience of delivering projects using EPCs. If you have any queries, please get in touch:

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