European ESCO Conference
Spanish ESCO Market – trends and barriers

5 October 2022- Frankfurt (Germany)

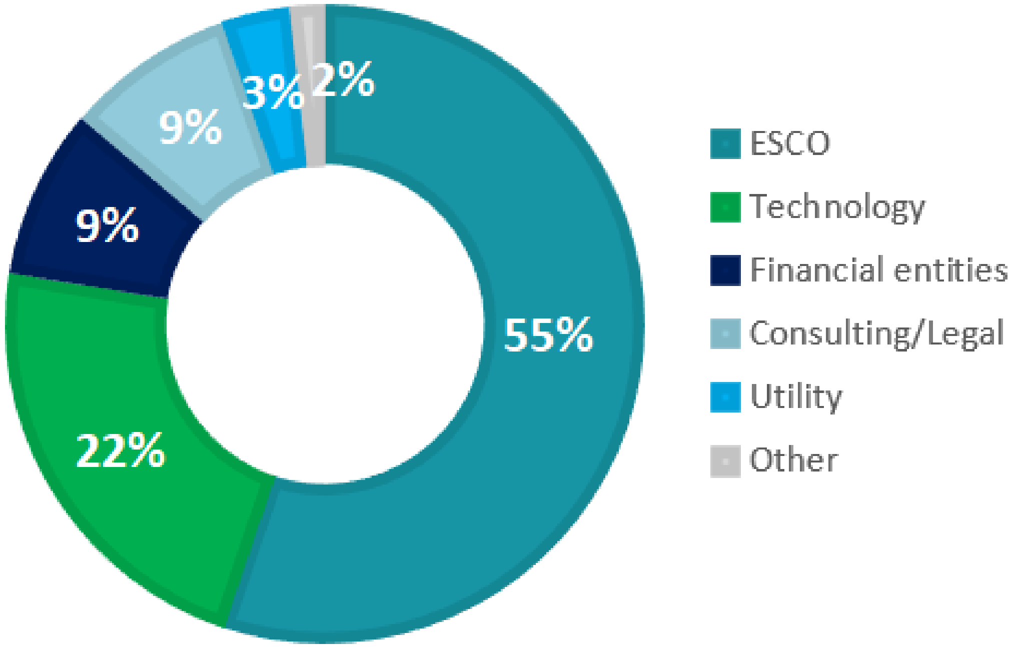
anese

Layout

- About ANESE.
- Energy targets – Context.
- Spanish ESCO Market.
- Spanish ESCO Market - Opportunities and barriers.

Who is ANESE?

ANESE is the National Association of Energy Services Companies in Spain, we have more than 10 years of experience since our creation and currently we are more than 120 memberships.
It is a non-profit business that aims to structure the ESCO market.



Our Memberships

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- Business hub (Foster synergy)
- Working groups
- European and Nationals projects
- Publications and organization of events
- Job Board
- Internal and external communication
- Training courses
- Projects offers

Gold

BBVA, Deutsche Bank, nedgia Grupo Naturgy

Silver

acciona energía, DISA, EDISON NEXT, Rhebo a Landis+Gyr company

Bronze

ABB, ACV YGNIS, artesolar, BOSCH Innovación para tu vida, CaixaBank, CBRE, Circutor, GRENKE, Grupo BC, METRON, REPSOL, Schneider Electric, smarkia, Solas Capital, soriguē, Suma Capital, SYLVANIA, TÜVRheinland, uponor, wilo, ZUMTOBEL THORN

Corporate Partner

endesa

Number

ACLIMAR, ADAMANT, airelimpio energía, AIRZONE, ALISEA, anerpro, anesca, apclen, AQUATEC, áster, avangreen, axpo, azigrene, Sabadell Professional, biosteam energía, cactus, CAEsoft, CARLO GAVAZZI, CARTIF, caudalia soluciones, GrupoCECSA, CERNEY, ces, citelum, contigo energía, Creara, Danfoss, Deloitte., E4e, ECO SOLUTIONS, ECOMT, ECONWARD, Ecrowd!, CUBO VERDE, eldu, elecnor, ENEOR, ENER2CROWD, enertika, ENGIE, ees, esaven, esen, fi group, fulton, FUSIONA, FUTURE MOTORS TURNTIDE, gamma, gese, GreenFlex, greenward partners, icoenergía, IDP, IMASA, ingem, INSSERCO S.A., ista, ITC Ingeniería Térmica y Climática, KiraVentures, Kukai, LoGOs energía, MAINTENANCE IBERICA, mh, MITSUBISHI ELECTRIC, moneleg, monolitic, monrabal, oeste, OPERATIONAL, REGENERA, remica, RIOS renovables, ROCKWOOL, ROZO, Savia, schlaich.slp, SECE, Sedical, SICE, SIEMENS, signify, SOLAR FUTURO, solurgy, stratenergy, sunflower energía, SUSI PARTNERS, Tecman, tecnalia, Tema, TERMICOL, THE PREDICTIVE COMPANY, ThermaBead, unen, UniEléctrica, urbaser, urbener, WATSON FARLEY & WILLIAMS, ZAFFERTEC

Services for our partners – Working Groups

ANESE works step by step with its partners to find common interests and to promote the development of the Efficiency and Sustainability bringing solutions and services to the market.

WG Financing

Identify, coordinate and facilitate access to financing lines for our partners.

WG Contracting

Define a procedure and key clauses to promote the contracting of energy services at both public and private levels.

WG Technology

Technology Guide for Energy Saving and Efficiency. Energy Saving Certificates

WG Classification

First certified classification of energy services companies (ESCOs) : ESCO and ESCO + seals.

WG Energy Transition

Promotes work in key sectors related to the energy transition market (self consumption, sustainable mobility, etc)

WG Renovation

Development and analysis of initiatives, solutions and technologies related to the energy rehabilitation of the residential sector.

WG Energy Communities

Understand the business opportunities that arise from energy communities to promote the implementation of projects..

WG Funding and Grants

Inform and analyze the different grant programs related to the activities of our associates. Special focus on NextGenerationEU funds.

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About ANESE.

Energy targets – Context.

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Energy targets - Context

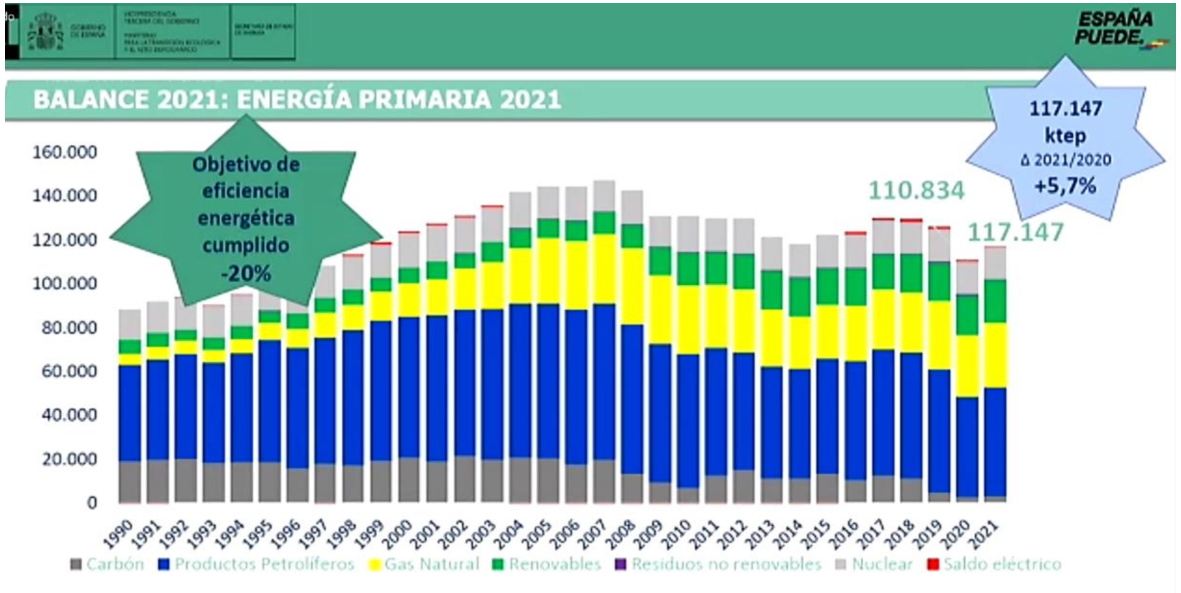
	2030 Objectives			2050 Objectives
	GHGs reduction (Compared to 1990)	**Renewable Energy Consume**	**Energy Efficiency (Compared to 2007)**	**GHGs reduction (Compared to 1990)**
Clean Energy Package	40 %	32 %	32.5 %	40 - 90%
Green Deal	50 %	32 %	32.5 %	
Fit For 55	55 %	40 %	36 %	90%
RePowerEU	55 %	55 %	39 %	
PNIEC ELP	23 %	42 %	39.5 %	90 %

Extraordinary Council of Energy Ministers - political agreement to voluntarily reduce natural gas demand by 15% between 1 August 2022 and 31 March 2023 compared to the average of the same period over the last five years. In the case of Spain, binding gas demand reduction target below 7%.

Energy targets - Context

Spanish Strategic Energy and Climate Framework

- Different governance tools were developed to achieved the decarbonisation targets:
  - ✓ PNIEC 2021-2030: short- and medium-term roadmap and targets reviewed every 5 years.
  - ✓ ELP 2050: long-term roadmap and targets reviewed every 5 years (on the basis of the PNIEC update).
  - ✓ Energy and Climate Act - stable long-term policy framework.
- Setting new goals and policies:
  - ➢ Development of the Contingency Plan + RDL 10/22 (Iberian Mechanism) + RDL 14/22 (urgent measures) + RDL 17/22 (urgent measures)
  - ➢ PNIEC update.



Energy targets - Context

Spain's recovery and resilience plan

4 transversal axes

- **Ecological Transition,** a Green Spain (37% BDGT)
- **Digital Transformation,** a Digital Spain (33% BDGT)
- **Gender equality**, Spain, a country without gender gaps.
- **Social and Territorial Cohesion**, a cohesive and inclusive Spain

- **140 €Bn Budget allocation**
  - **72 €Bn** in grants.
  - **68 €Bn** in loans.

- **Regional Administrations** (Autonomous Communities and Local Authorities) managed +50% of recovery funds.

- Focus on public-private partnerships, through various financial instruments.
- Implementation through an inclusive governance structure.

Leverage policies (b€)

		Spain
1	Urban and Rural Agenda	22
2	Resilient infrastructures and ecosystems	17
3	A just and inclusive energy transition	12
4	An administration for the 21st century	7
5	Modernisation and digitisation of the industry	24
6	Pledge for science and innovation	23
7	Education and knowledge	25
8	The new care economy and employment policies	8
9	Promotion of the culture and sports industries	2
10	Modernisation of the tax system	-
	Total EU Funds 2021-2026 to Spain	***140***

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ESCOs market - Spain

2021 Observatorio de **Eficiencia Energética**

El mercado de las Empresas de Servicios Energéticos

Download the Observatory!

3rd edition (2017, 2019, 2021)

Market data from 2015 to 2020 has been analyzed.

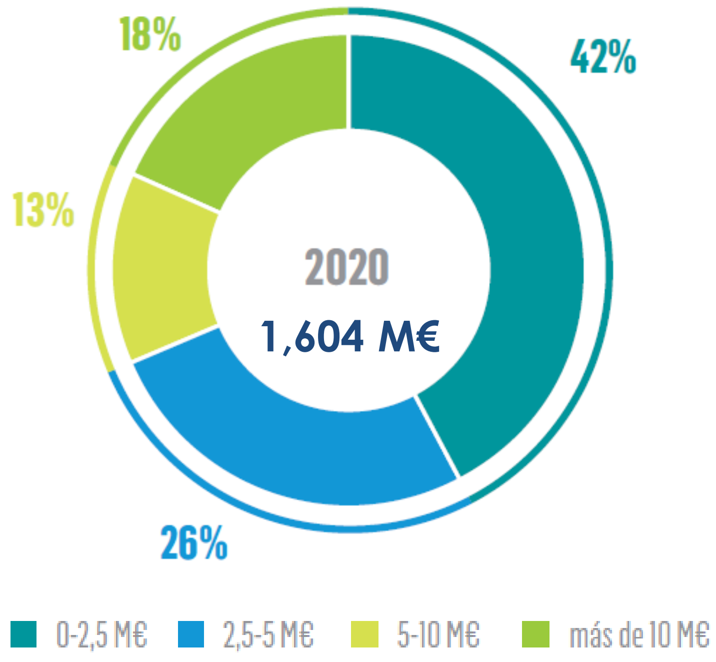
The last edition had the participation of 44 ESCOs from Spain and Portugal.

ESCOs market - Spain

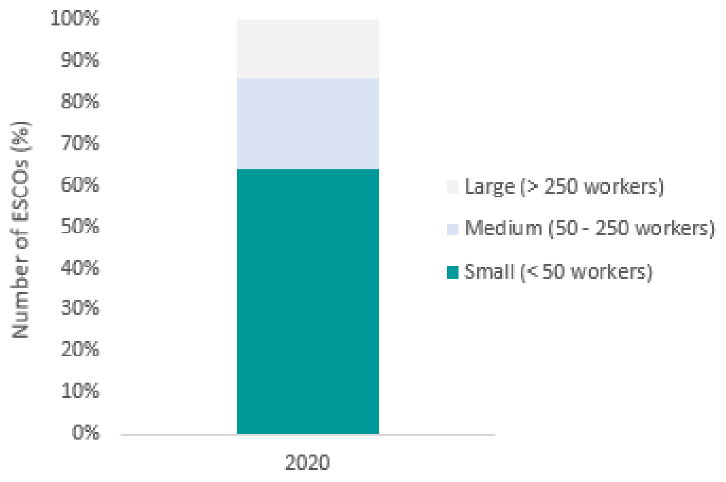
General information

Energy Savings	**37%** average per project
Emissions Reduction	**45.4 Tn CO2** average per project
Budgetary project	**706,971 €** average per project

ESCOs Turnover



ESCOs size



ESCOs market - Spain

Implemented technologies

Energy Monitoring & Management	68%
Indoor lighting	55%
Heating and cooling	55%
Outdoor lighting	42%
Self consumption	47%
Industrial Processes	34%
Engines	13%
Sustainable Mobility	26%
Building Envelope	13%

Scope of activity

Public 13%

Private 34%

Public + Private 53%

2020

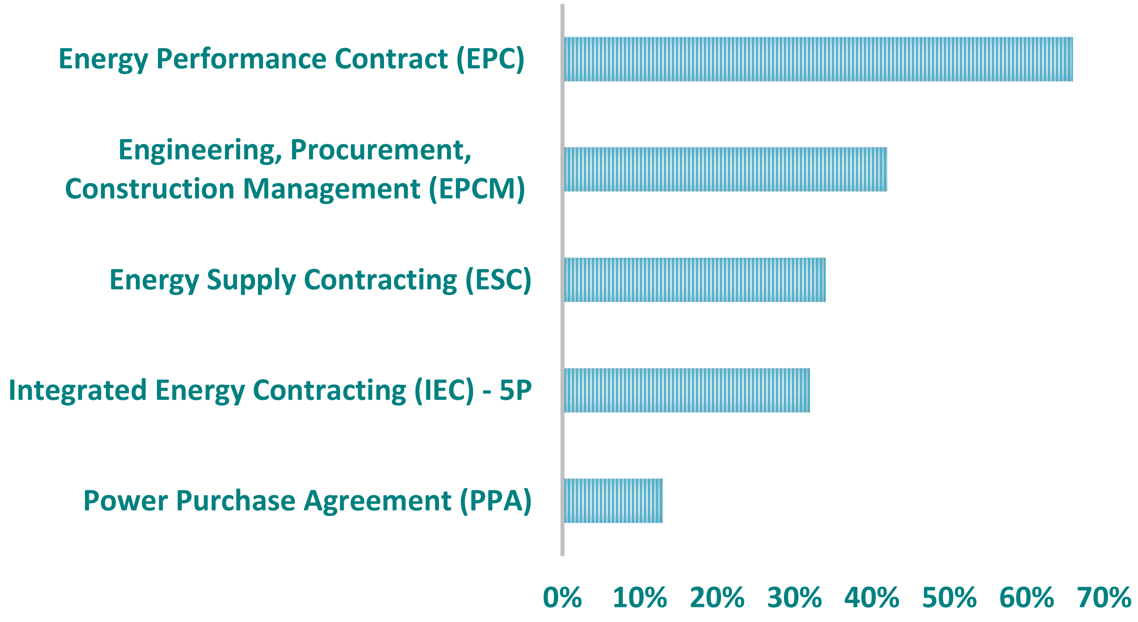
Savings

(per Technology Application)

Outdoor Lighting	53%
Indoor Lighting	45%
Heating and Cooling	20%
Compressed Air Production	20%
Energy Monitoring & Management	19%
Building envelope	18%
Heat production	17%
Individualized energy demand	17%
Engines	16%
Cooling production	15%

ESCOs market - Spain

Type of contracts



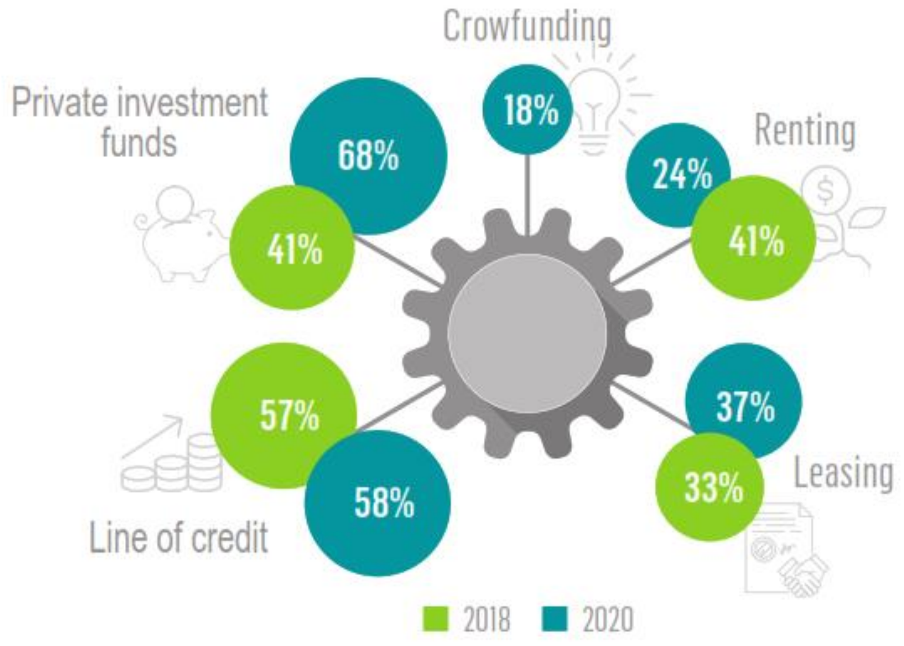
- The **Energy Performance contract (EPC)** are the **dominant form** of ESCOs contracts. Specifically those in which ESCO make the investment and guarantee savings.
- Contract maturity period (months)

- Duration of the energy services contract: **The total average is 8 years** (7 years private sector/10 years public sector)

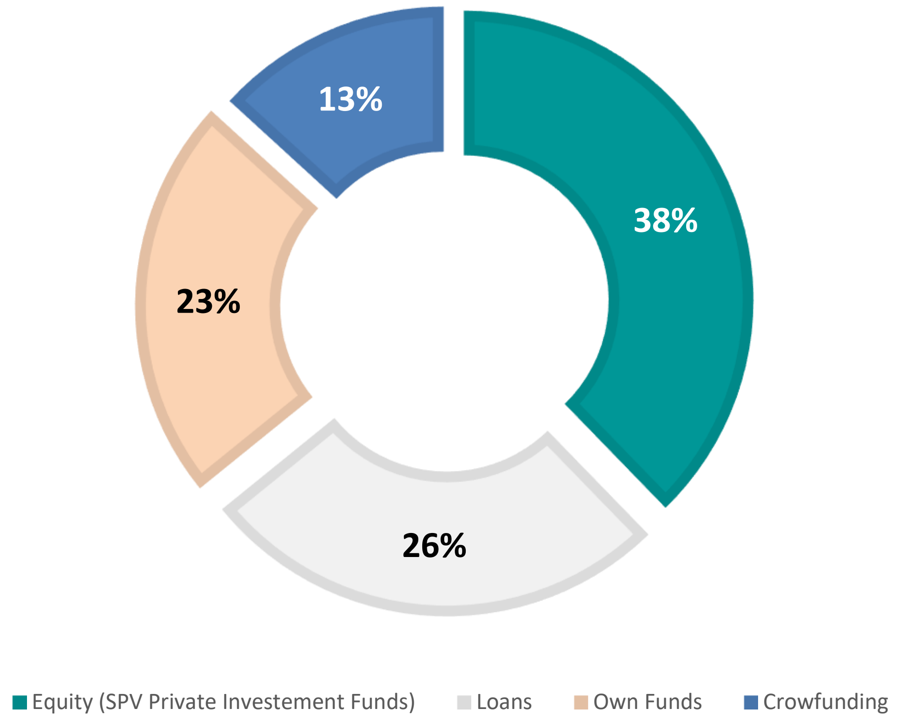
Financial Mechanisms

- 80% of ESCOs used their own funds and 58% used external financial mechanisms to finance projects.
- 80% of the projects are carried out without grants.

Financial Mechanism
(Energy Efficiency observatory)



Financing Energy Efficiency using Private Invesment (H2020)



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2020 – Opportunities and barriers

	Opportunities for ESCO	Opportunities for the client	Barriers
1^{st}	Costumer portfolio loyalty	Energy savings	Lack of knowledge of the ESCO model – client side.
2^{nd}	Economic stability with recurring income	The customer does not make the final investment	Lack of governmental support
3^{rd}	Technological advances	Renovation of facilities	Lack of citizen awareness
4^{th}	Catalyst for new projects	Technology confidence	Low trend towards outsourcing energy management
5^{th}	Governmental support	Raising of social awareness of the enviroment	Duration and complexity of the energy services contracts (lack of knowledge)

2020 – Opportunities and barriers

	Opportunities for ESCO	Opportunities for client
1^{st}	**Costumer portfolio loyalty**	**Energy savings**
	✓ Long-term contracts. ✓ Technical and operational risk taken by the ESCO. ✓ Energy efficiency projects companion.	✓ Energy consumption reduction. ✓ Improvement of competitivity. ✓ Cost reduction. ✓ Lower volatility of energy related costs.
2^{nd}	**Economic stability with recurring income**	**The customer does not make the final investment**
	✓ Income predictability. ✓ Better stance vis-a-vis financial entities. ✓ Access to cost-effective capital and financing because of viable business cases.	✓ Financial risk is taken on by the ESCO (on some contracts) ✓ Increased simplicity, by offering turn-key products with included financing.
3^{rd}	**Technological advances**	**Renovation of facilities**
	✓ Cutting-Edge technology promote higher savings, translating into added revenue for ESCOs ✓ Focus on technology neutrality (best solution for each project.)	✓ ESCO intervention often implies renovation of clients facilities. At project maturity the client has the extra benefit of owning a renovated asset.

2020 – Opportunities and barriers

Barriers

1^{st} Lack of knowledge of the ESCO model – client side.

Uncertainty of whether investment will generate sufficient revenues to payback the financing

Mitigation

- Standardized Measurement and Verification Protocols.
- Need for further ESCO model dissemination

2^{nd} Lack of governmental support

Many help and subsidy programs do not include ESCOs as direct beneficiary.

Mitigation

- ANESE is lobbying to reverse this situation.
- The ANESE seal is a tool in helping establish the difference between ESCOs and energy services providers

3^{rd} Lack of citizen awareness

Citizens are not aware of the ESCO model and its advantages.
There is a fragmented market where ESCOs present their models and contracts as ownership instead of focusing on the ESCO model itself.

Mitigation

- Workshops and dissemination actions on the ESCO model applied to individual clients.

Proposals for action - ANESE

- Dissemination of information to potential customers
- Financial and tax assistance
- Sectorial campaigns in rural media
- Dissemination events
- Disclosure of success business cases.

ANESE's evaluation of ESCOs survey participants

7.8

Main fields of ESCOs interest

- ✓ **81%** → Renewable energy Communities
- ✓ **46%** → Energy Savings Certificates
- ✓ **46%** → Demand-independent aggregators
- ✓ **35%** → Energy as a service contract

Thank you
for your attention

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