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U.S. DEPARTMENT OF ENERGY

U.S. Energy Service Company (ESCO) Industry: Recent Market Trends

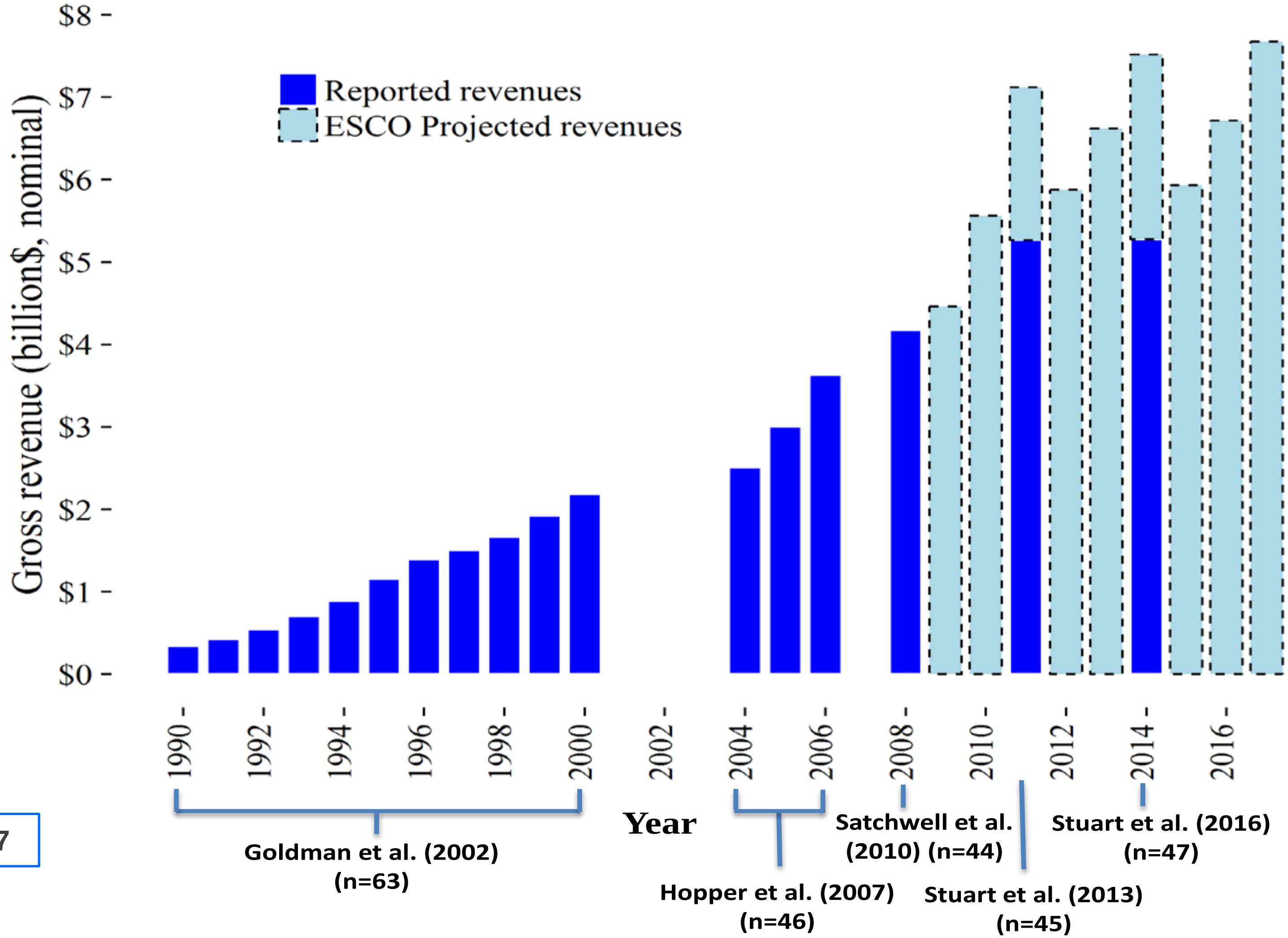
Elizabeth Stuart, Peter H. Larsen, Juan Pablo Carvallo, Charles A. Goldman and Donald Gilligan

Electricity Markets and Policy Group

2015 ESCO Market Survey

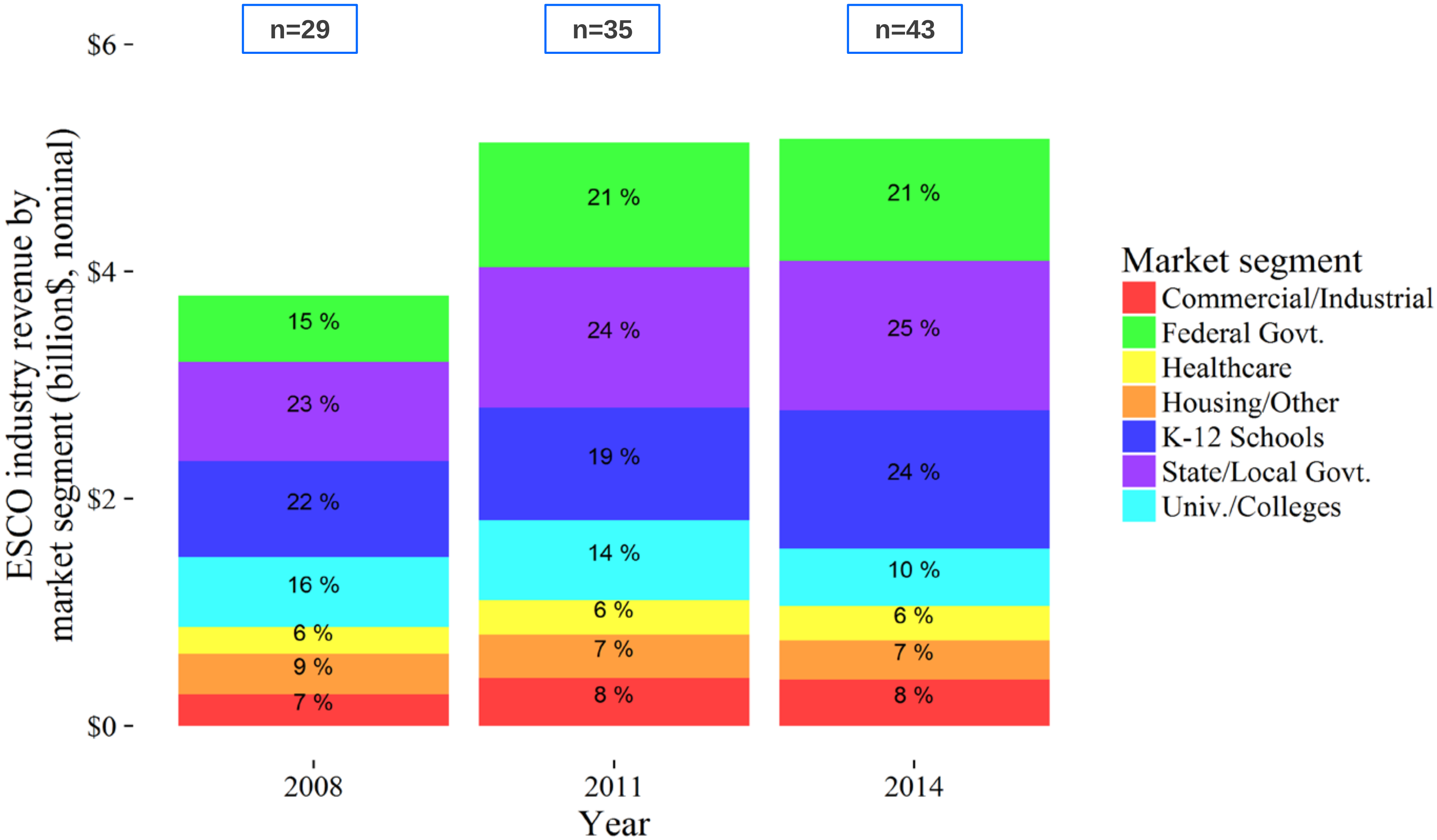
- **Identifying ESCOs:**
  - NAESCO membership list
  - DOE and states' qualified ESCO lists; Energy Services Coalition
  - ESCOs that requested training or accounts on eProject Builder
  - Research other companies that might engage in ESPC
- **2015 Response rate: 91% (43 of 47)**
- **Survey questions included:**
  - 2014 revenues by market segment, contract type, region (new)
  - Expected revenue growth in next 3 years
  - New customers, use of tax incentives, financing approaches
  - Incorporation of non-energy benefits in performance-based projects

Current and Projected Revenues

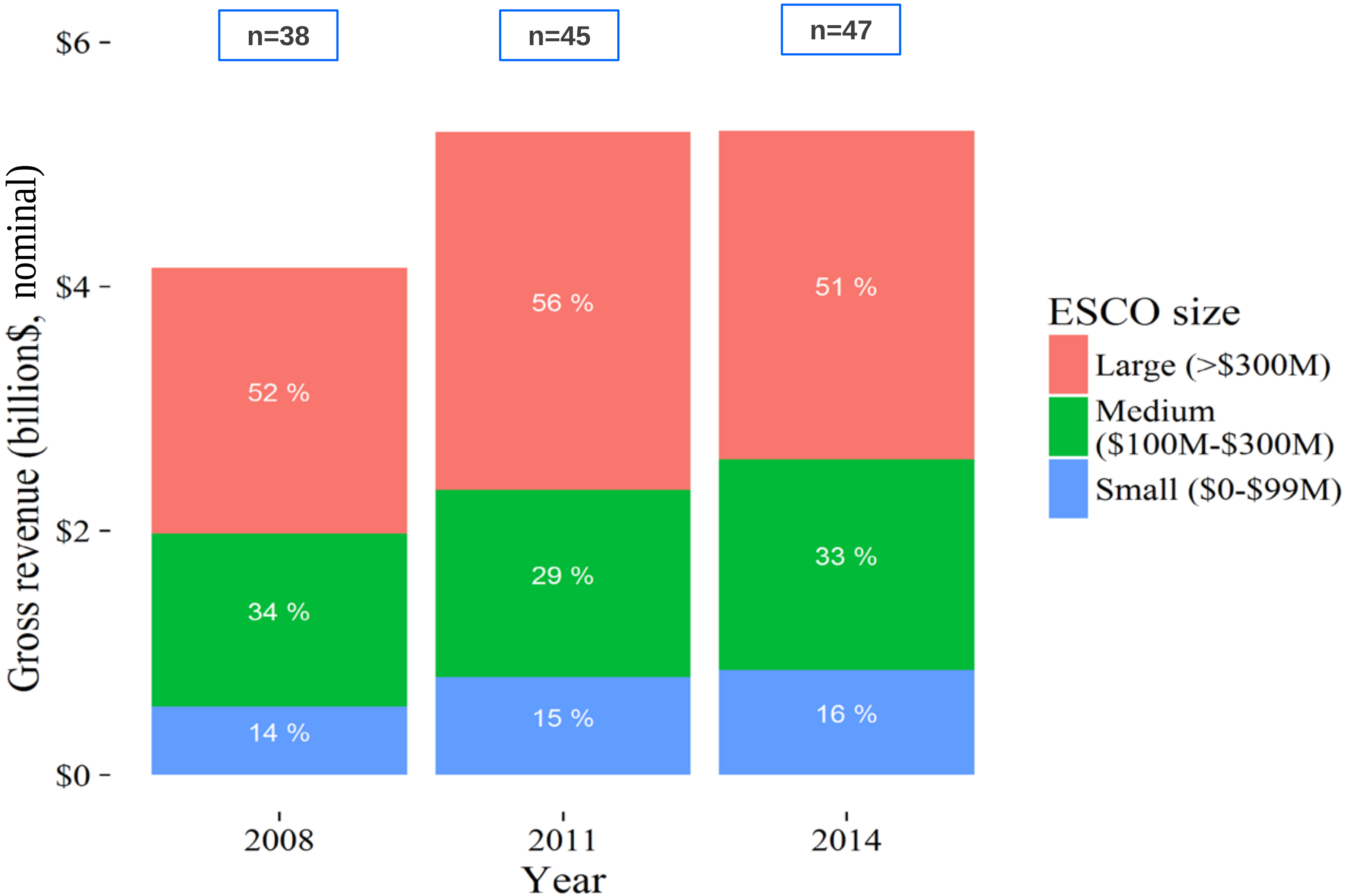


n=47

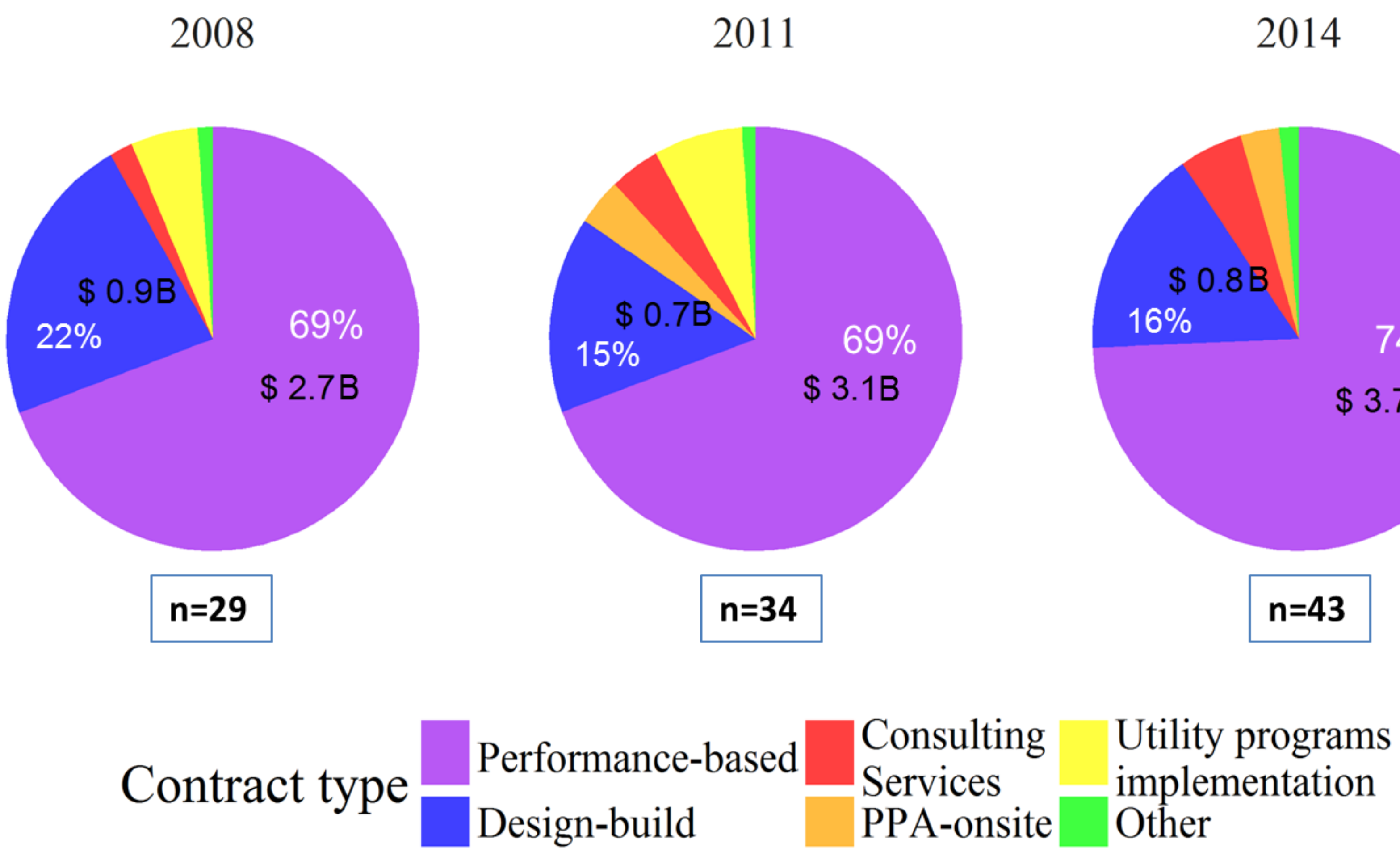
Revenues by Market Segment



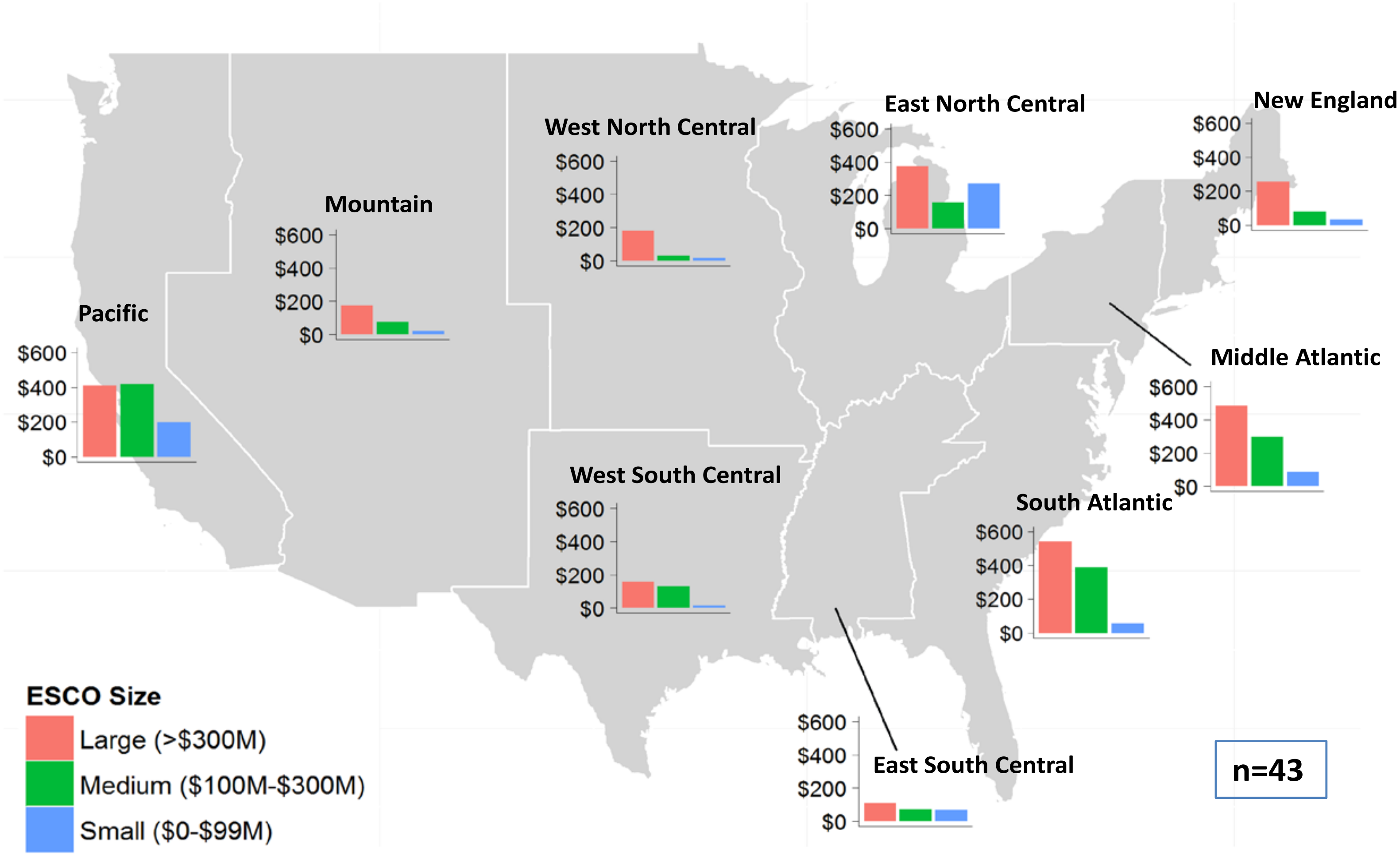
Revenue Share by ESCO Size



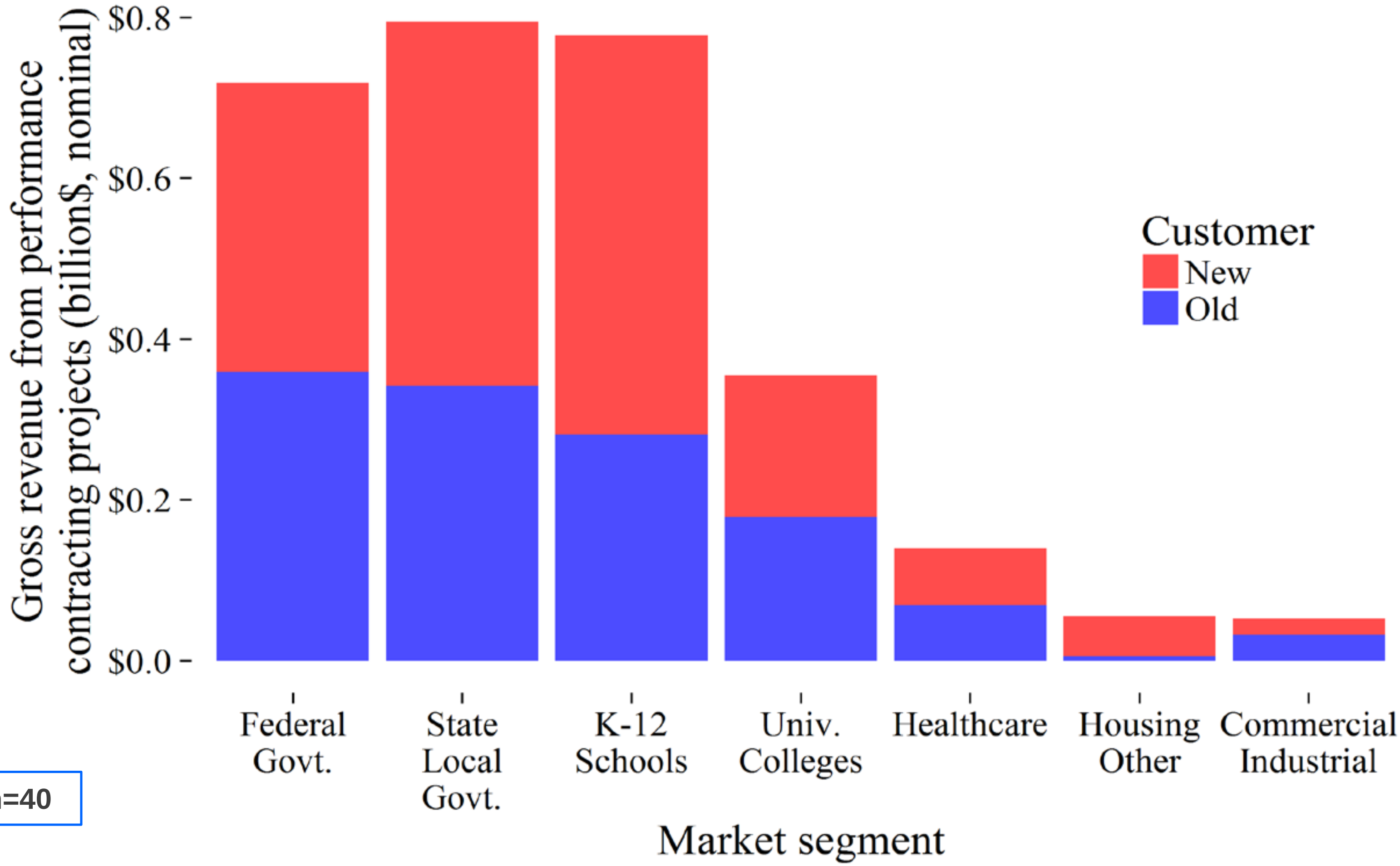
Revenues by Contract Type



2014 Revenues by U.S. Census Region by ESCO Size



Revenues from New Customers by Market Segment (2012-2014)



n=40

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Non-energy Benefits in ESPC (2012-2014)

N=17

N=31

N=29

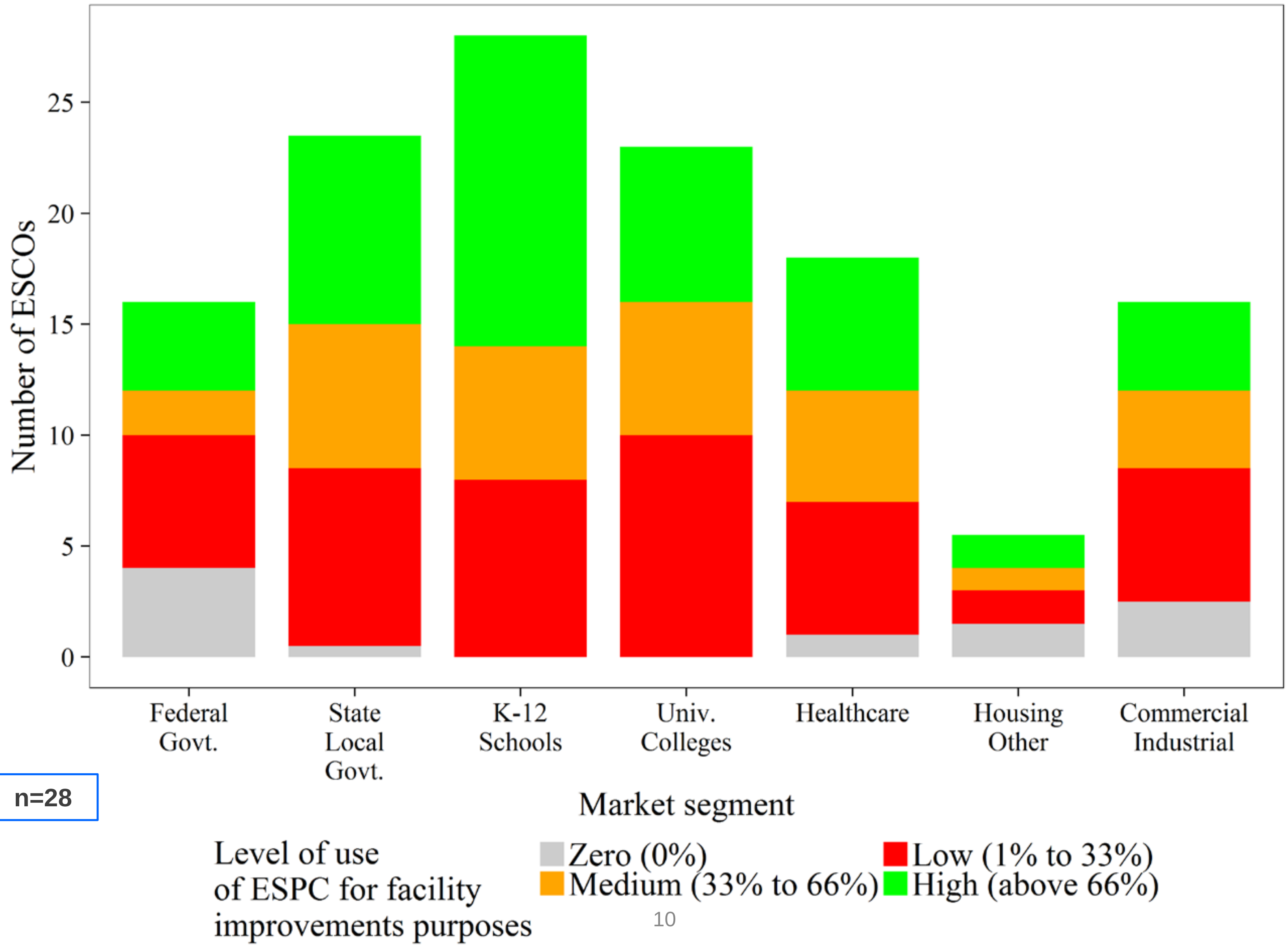
N=21

N=18

N=12

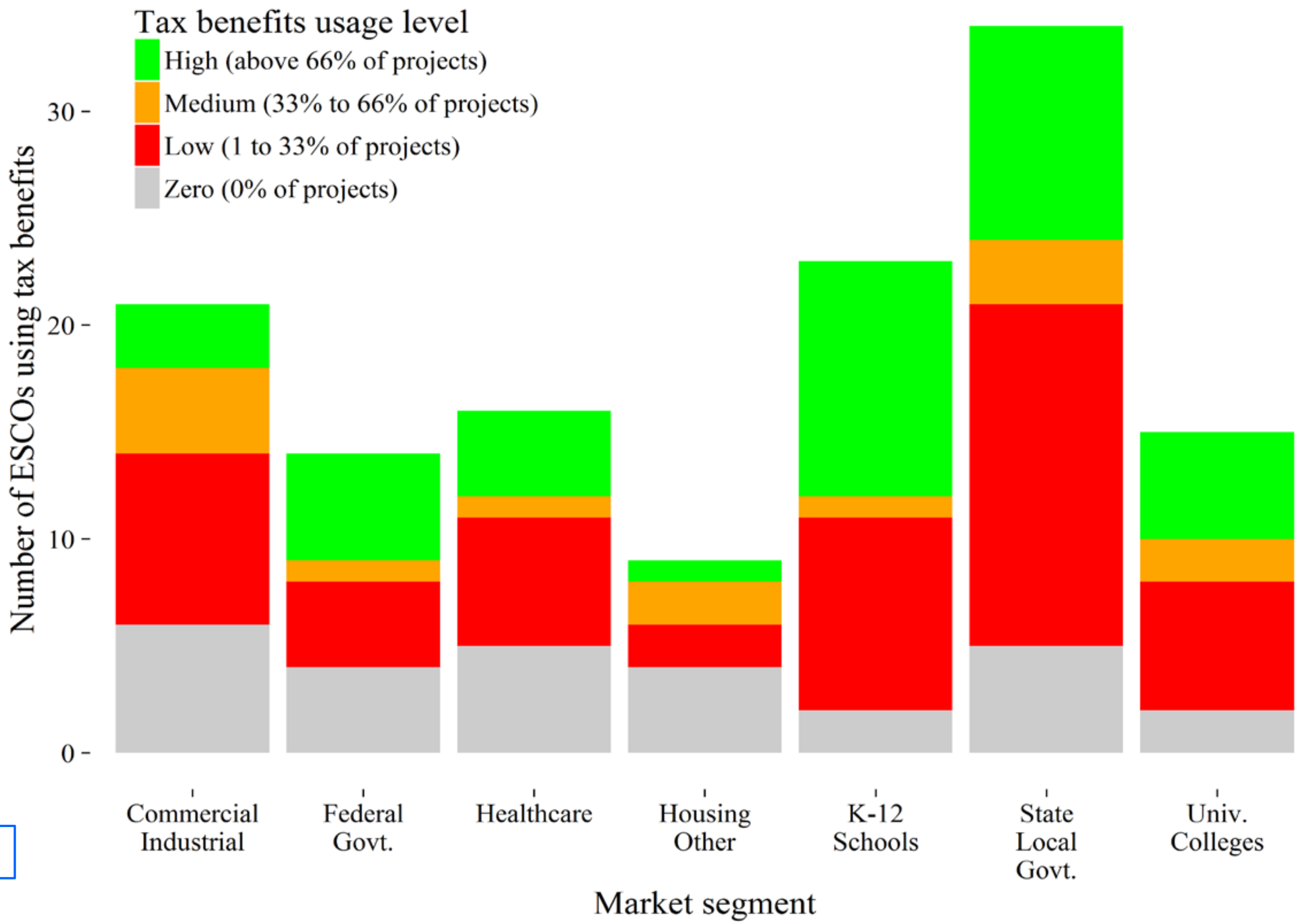
n=38

ESPC for Facility Improvement (2012-2014)



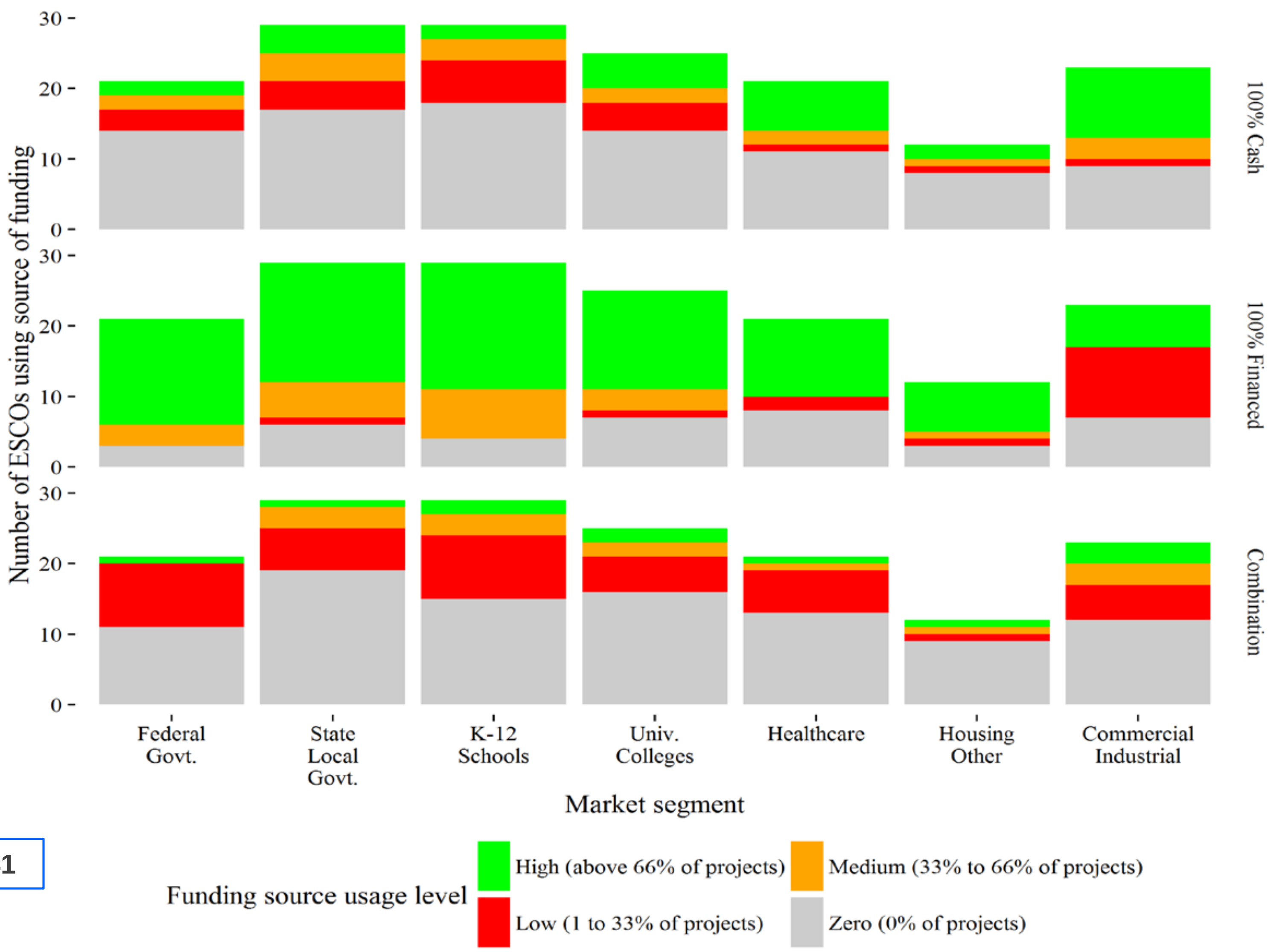
n=28

Use of Tax Benefits (2012-2014)



n=30

Financing Approaches (2012-2014)



n=41

Potential Factors Influencing Revenue Trend

- **Increased competition** from companies not meeting LBNL historic definition of ESCO (e.g., mechanical contractors)
- ESCOs may have achieved significant **market saturation** in some market segments; remaining market may present higher barriers
- **Budget uncertainties** in state/local/educational markets exacerbate barriers to the long-term commitment of ESPCs
- Post-ARRA **reduction in state energy office staff** and consultants

Contacts/Acknowledgements

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