

DOE, ELI ink 'energy efficiency' pact

Monday, 15 July 2002

<http://www.manilatimes.net/national/2002/jul/15/business/20020715bus10.html>

A pact forged between the Department of Energy (DOE), the Development Bank of the Philippines (DBP), and the Soluziona Philippines- and International Finance Corp.-managed Efficient Lighting Initiative (ELI) hopes to open the doors of opportunity for the growing energy efficiency practitioners such as the budding Energy Service Company (ESCO) industry.

This is according to Alexander Ablaza, country director of the ELI program and one of the signatories for the project dubbed DOE-DBP-ELI/SOLUZIONA Model ESCO Transaction. The goal of this project is to set the terms, conditions and guideUnes for the deve-lopment and promotion of Model ESCO transaction in the country.

“We believe that our collaborative efforts in developing the model ESCO transaction will allow us to tap the banking, finance and ESCO sectors as pro-active agents of sustainable market transformation towards energy efficiency,” said Ablaza.

An ESCO or Energy Service Company is a business enterprise that develops, installs, and finances projects designed to improve energy efficiency and reduce operations and maintenance costs for its customers' facilities. ESCOs generally act as project developers for a wide range of tasks and assume the technical and performance risk associated with the project.

ESCOs provide much needed power engineering expertise, enabling power investors to concentrate more on their core business. The ESCOs also assist in budget stabilization, reducing risks in the market while implementing energy efficiency improvements.

A viable opportunity exists for a model ESCO project involving DOE, the DBP and ELI. DOE will lay the groundwork for an ESCO, providing an energy audit of DBP's facilities, which will serve as an industry benchmark. DBP has a secondary responsibility in educating retail banks in energy efficiency project financing. Together with ELI, the consultants are tasked to work with the different parties and to deliver a business plan laying the groundwork for future ESCO transactions in the Philippines. Ablaza stressed that the project would equip the ESCO industry with a tool to replicate other efficient lighting retrofit projects in the commercial, industrial and institutional sector.

ELI is a global advocacy program funded by the Global Environment Fund (GEF) and administered worldwide by the International Finance Corp. (IFC) that seeks to reduce the harmful effects of greenhouse gas emissions through efficient lighting systems, also engages in transaction support activities in conjunction with its other awareness efforts to help the government and the consumer enjoy the benefits of efficient lighting systems.

The partnership which was set in motion during the signing ceremony recently held at the DOE premises, called for the unprecedented cooperation between government and finance sector.