

Facesheet(Tick one) **Project seeking APEC funding** **Progress Report** **Evaluation Report**(Tick one) **Operational Account** **TILF Special Account**

Project number: <i>(To be filled in by Secretariat)</i>		Date received by Secretariat:	Late / Not late <input type="checkbox"/> <input type="checkbox"/>
Name of Committee/Working Group: Expert Group on Energy Efficiency and Conservation /Energy Working Group			
Title of Project: Business Guide to Formation of Energy Service Companies (ESCOs)			
Proposing APEC Member: USA			
Co-sponsoring APEC Member(s): Australia, Malaysia			
Project Overseer: Name, Title and Organization Mr. Andre Van Rest, APEC Program Manager U.S. Department of Energy		(M/F)	
Postal address: 1000 Independence Ave, SW Washington, DC 20585		Tel: 202-586-9793 Fax: 202-586-1605 Email: andre.vanrest@hq.doe.gov	
Financial Information	Total cost of proposal (US\$): \$50,000.00	Amount being sought from APEC Central Fund (US\$): \$50,000.00	
Type of Project: <input type="checkbox"/> seminar/symposium <input type="checkbox"/> short-term training course <input checked="" type="checkbox"/> survey or analysis and research			
Project start date: January 2003		Project end date: December 2003	
Project Purpose: The purpose of this project is to develop a business guide to increase the amount of energy-efficiency services provided by the private sector via energy service companies (ESCOs) in APEC economies. The business guide will: <ul style="list-style-type: none"> • suggest step-by-step procedures for creating and operating an ESCO; and • illustrate the successful creation and operation of ESCOs by drawing upon the experiences of ESCOs in APEC member economies. 			
Signature of Project Overseer: <i>(Separate written confirmation acceptable for email submission)</i>			
			Date:

Signature of Committee Chair/WG Lead Shepherd:

(Separate written confirmation acceptable for email submission)

Date:

ECOTECH Weightings Matrix

[Business Guide to Formation of Energy Service Companies (ESCOs)]

Criteria	Supporting Information <i>(indicate paragraph number if details are in the project proposal)</i>	Linkage (1 point for each)
Responds to a <u>specific</u> instruction from Leaders/Ministers ¹	4 th Energy Ministers Meeting, Para. 4	1
Meets a core ECOTECH theme under the <i>Manila Declaration</i> ¹	Manila Declaration, Para. 4	1
Responds to the Common Policy Concepts, Activities and Dialogues identified in Part II of the <i>Osaka Action Agenda</i> ¹	Common Policy Concepts, SME, Para. 4 Common Policy Concepts & Joint Activities/Dialogue, Energy, Para. 4	1
Responds to a <u>specific</u> ECOTECH Initiative ²	SME Initiative, Para. 9	1
Improves skills, including in new technologies	Paras. 6, 8, 10	1
Builds capacity and strengthens institutions	Paras. 6, 8, 10	1
<u>Measurably</u> improves economic efficiency/performance ³	Guide to ESCO Formation, Para. 10	1
Is of <u>practical</u> benefit to the private/business sector; has private/business sector <u>participation</u> ; and/or <u>funding</u> ⁴	Paras. 6, 7,	2
Assists economies attain sustainable growth and equitable development, while reducing economic disparities among APEC economies and improving economic and social well-being	Paras. 8, 10	1
Supports a TILF objective, as laid down in Part I of the <i>Osaka Action Agenda</i> ¹	Para. 4	1
Disseminates information including through seminars/websites/databases ⁵	Paras. 10, 18	0
Outline the <u>outcome</u> and how members will benefit ⁵	Para. 10	0
	Net Score	11

Footnote

- ¹ Identify which instruction/ECOTECH theme/OAA element.
² See <http://www.apecsec.org.sg/ecotech/index.html>
³ Policy outcomes that include development of energy efficiency guidelines, food safety standards etc
⁴ One point for each element up to a maximum of 3 points.
⁵ Not scored

Remarks (Please indicate if not applicable e.g., for TILF projects. Additional information in support of projects which do not score highly may also be provided here by the Lead Shepherd/Chair).

A. Project Design**Project**

01. Name of project.

Business Guide to Formation of Energy Service Companies (ESCOs)

02. Name of the working group or committee taking responsibility for the project and the dissemination of its results.

Expert Group on Energy-Efficiency and Conservation/Energy Working Group

Objectives

03. Describe briefly how you will measure your results (in the short and longer term) to know if your project has been successful. (You must provide detailed assessment measures in paragraph 19)

The purpose of this project is to develop a business guide to increase the amount of energy-efficiency services provided by the private sector via energy service companies (ESCOs) in APEC economies. The business guide will:

- suggest step-by-step procedures for creating and operating an ESCO; and
- illustrate the successful creation and operation of ESCOs by drawing upon the actual experiences of ESCOs in APEC member economies.

The measurement criterion for success of the project is the number of ESCOs created in APEC economies as a result of publication of the business guide.

04. How, briefly, this project responds to the priorities set by APEC Leaders and Ministers, as evidenced by parts of the APEC Action Agenda including Action Program, work plan, vision statement, and policy statement that relate to this project.

The proposal is consistent with the themes set forth in the Manila Framework (8th Ministerial Meeting, November 22-23, 1996), especially:

- Develop Human Capital, the region's main asset in economic development, to broaden the benefits of economic growth, deepen the basis for sustainable growth, and strengthen social cohesion domestically and regionally;
- Strengthen Economic Infrastructure to eliminate bottlenecks to economic growth, especially in such areas as telecommunications, transportation, and energy in order to further integrate members into the regional economy, and the region into the global economy;
- Safeguard the Quality of Life Through Environmentally Sound Growth by promoting sound policies and practices, taking into account concerns about sustainable development.

- Develop and Strengthen the Dynamism of Small and Medium Enterprises so that they may respond more efficiently and effectively to market developments in a more open and liberal economic development.

The proposal responds to Part I of the Osaka Action Agenda:

- Section C4b: “APEC economies will achieve free and open trade and investment in the Asia-Pacific region by facilitating investment activities through, *inter alia*, technical assistance and cooperation.”

The proposal responds to Part II of the Osaka Action Agenda:

- Section B3, Small and Medium Enterprises, Common Policy Concepts: “APEC economies will cooperate to maintain and develop SME dynamism . . . “
- Section B5, Energy, Common Policy Concepts: “APEC economies will set policy priority on . . . reducing the environmental impact of the energy sector.”
- Section B5, Energy, Joint Activities/Dialogue: “APEC economies will improve environmental performance through expanded programs in the fields of . . . end-use energy conservation measures . . . “

The proposal is consistent with the energy policy principles established by the Working Group on Regional Energy Cooperation in October 1994 and recently endorsed by energy ministers (4th Ministerial Meeting, May 10-12, 2000), especially principles:

1. Emphasize the need to ensure energy issues are addressed in a manner which gives full consideration to harmonization of economic development, security, and environmental factors.
 2. Pursue policies for enhancing the efficient production, distribution and consumption of energy.
 6. The regular exchange of experience on the various policies being used by member economies to achieve a more rational energy consumption.
 7. Ensure that a least cost approach to the provision of energy services is considered.
 13. Promote cost-effective measures which improve the efficiency with which energy is used but reduce greenhouse gases as part of a suggested regional response to greenhouse gas reductions.
05. For applications under the TILF Special Account: How briefly this project contributes to APEC Trade and Investment Liberalisation and Facilitation (e.g. relevance to specific parts of the Osaka Action Agenda).

Not applicable.

Linkages

06. The kinds of institutions in member economies intended to benefit from the results of the project. Highlight the direct benefits to the institutions, the types of business in member economies which will benefit from the results of the project and what the direct benefits are.

Private firms interested in getting into the energy services business will benefit directly from the Business Guide because it will provide a blueprint for creating and running energy service companies.

07. How the participation of the business/private sector and non-governmental institutions has been sought or will be sought. Illustrate how the business/private sector has been involved in the planning and delivery of the project and whether any other APEC fora have been consulted. (*)

Representatives from the private sector accounted for more than one-half of the forum that proposed this project (Second Planning Meeting for Proposed APEC Energy-Industry Project on Sustainable Energy Services, Bangkok, Thailand, 27-28 September 2000). Also, the target audience for the Business Guide is the private sector in APEC economies.

08. How this project will add “APEC value” (as to the potential benefits of implementing projects) in the context of other work that might have been done elsewhere in the same field. (*)

Some APEC economies have significant experience with the formation and operation of ESCOs. These experiences can be transferred to other APEC economies with less experience.

09. An indication of how the project might contribute to related projects or activities in APEC or elsewhere.

The project is consistent with multiple efforts in APEC to develop the private sector. It is also related to the EcoTech Theme, Integrated Plan of Action for SME Development, promulgated 7 – 8 September 1998 in Kuala Lumpur, Malaysia

10. Describe the deliverables of the project and demonstrate how they will meet the needs of the targeted beneficiaries.

The deliverable is a step-by-step business guide to creating an ESCO. Among other features, the guide shows how an ESCO should be capitalized, different ways in which savings are verified, and how the savings can be guaranteed by insurance companies. Also, examples of actual successes and failures of ESCOs in the APEC region will be used throughout the guide.

Private firms in APEC economies can use the guide as a best practices manual to create ESCOs. Policymakers in APEC economies can use the guide to stimulate the creation of ESCOs in the private sector.

Methodology

11. A concise description of the project's methodology.

The project will result in a step-by-step guide to creating and running an ESCO . Then, the experiences of APEC economies that have a long history of ESCOs (e.g., Canada, the United States) will be compiled. The step-by-step procedures and real-world examples will be integrated into a business guide.

This proposal has five activities:

- Formulate step-by-step procedures for creating and running an ESCO. Financing, organization, and management of an ESCO will be the three major themes of this activity. Management of an ESCO includes techniques to monitor and verify savings and to guarantee those savings. Where appropriate, earlier work in APEC economies on this subject matter will be cited.
- Compile real-world experiences of creating and running ESCOs. Examples of ESCO failures and successes will be drawn from the experiences of economies such as Australia, Canada, the Republic of Korea, Japan, and the United States.
- Integrate the procedures and experiences in a draft report.
- Circulate the draft report for review. The draft report will be circulated to members of the Expert Group on Energy Efficiency and Conservation for their comments.
- Revise and submit final report. Given comments from expert group members, the report will be revised accordingly and placed on relevant APEC web sites.

12. A timeline for circulation and submission of this project proposal with drafts circulated well in advance to fora to allow careful consideration.

A draft proposal will be circulated to EGEE&C delegates two weeks prior to the EGEE&C meeting on 10-12 April 2002. If approved by EGEE&C delegates, the proposal will be forwarded to the EWG Secretariat for their review and approval. The EWG Secretariat will then make it available to EWG representatives on the EWG website well in advance of the EWG meeting in May 2002.

13. A timetable for the accomplishment of each component in (12).

The due dates for each of the activities are:

- | | |
|---|----------------|
| • Formulate procedures for creating and running an ESCO | June 2003 |
| • Compile real-world ESCO experiences | September 2003 |
| • Complete draft report | October 2003 |
| • Circulate the draft report for review | October 2003 |
| • Revise and submit final report electronically | December 2003 |

14. The number of APEC member economies that will participate in this project. Please indicate the names of member economies participating in each component of the project as set out in (12). (*)

Three APEC economies will formulate the step-by-step procedures for creating and running an ESCO. The real-world experiences will be drawn from APEC economies where ESCOs have operated over a period of time.

Budget

15. An itemized budget for the project, including provision for any publication and dissemination of project results, in the prescribed format. Applications under the Operational Account should use the format at *Annex A1*. Applications under the TILF Special Account should use the format at *Annex A2*. The budget should illustrate the assumptions adopted (e.g. unit costs) for the computations.

The budget for the project is:

• Formulate procedures for creating and running an ESCO.....	\$15,000
• Compile real-world ESCO experiences	\$15,000
• Complete draft report.....	\$15,000
• Revise and submit final report electronically	\$5,000
Total	\$50,000

A detailed budget is in Annex A1.

16. A timetable for the drawdown of APEC funding requested for the project, including details of any advance payment or instalment payment requested and justifications for such requests.

30%	June 2003
60%	September 2003
90%	October 2003
100%	December 2003

17. Details of any request for waiver or exception from the normal APEC financial rules with justifications.

There is no request for waiver or exception from the normal APEC financial rules.

Dissemination of Project Output

18. A plan for the publication and dissemination of the results of the project, including:
- the nature of the target audience, and, based on that audience;

The target audience is private firms.

- b. the form and content;

Written report.

- c. format (e.g. hard copies, floppy discs, internet uploading);

Internet uploading.

- d. number of copies for the publication;

Not applicable.

- e. accessibility of results for the targeted audience;

World-wide web.

- f. a publicity plan for:

- i) briefing the general or specialist media about key components of the project;
- ii) the promotion of sales or other dissemination of the final product; and

The report will be advertised on APEC web sites.

- g. a budget for publication and dissemination, to form part of the itemized budget.

\$5,000.

Assessment of Project

19. With reference to your objectives stated in paragraph 3, provide detailed criteria (quantitative and qualitative) for how you will measure your results in the short and long term to know if your project has been successful. State your current benchmarks for measurement, your target results from the project for each measurement criterion and the range of acceptable results both in numerical and percentage terms, where possible.

The measurement criterion is the number of ESCOs created in APEC economies as a result of this project.

Gender Criteria for Formulation and Evaluation of Projects

Objectives

1. Show how the objectives of the project provide benefits for women, where appropriate. APEC Ministers have indicated (*Framework for the Integration of Women in APEC*) that benefits might include: increased involvement of women; taking account of the differences in women's and men's lives (gender analysis); and collection/use of sex-disaggregated data.

Men and women benefit equally from the creation of ESCOs.

Linkages

2. Show how the participation of women has been/will be sought. Show how women are involved in the planning, management, allocation of resources, and implementation of the project.

The project was proposed by an APEC forum in which women participated. In fact, the chair of the forum (APEC Energy-Industry Project on Sustainable Energy Services) is female.

Methodology

3. Provide a brief description of the way women will be able to participate equitably in the development and implementation of the project.

The expertise required to undertake the study is gender-neutral. Women will be allowed to participate to the extent they have expertise in creating and running ESCOs.

4. Provide a brief description to show that the project will collect and use sex-disaggregated data (if available) to measure the project's effects on women.

The project will ascertain the number of women involved in creating and running ESCOs.

Dissemination of project output

5. Does the plan for the publication and dissemination of the project's results include communication methods that are appropriate for women?

The internet is a gender-neutral communication medium.

Budget

6. Are women involved in making decisions on the allocation of resources?

To the extent that women have expertise with ESCOs, they will be involved in allocating resources for the project.

7. Where appropriate, provide details of the project's budget that are allocated to activities that

address the specific needs of women.

The activities in this project are gender-neutral.

Assessment of project

8. Provide details of how the project proponent will assess whether he/she has met the gender criteria for APEC projects and how he/she will measure the impact of the project on women.

The subject matter of the project is gender-neutral.

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**APEC Operational Account
Itemized Budget for Financial Year 2003**

Items			APEC Funding (USD)	Self Financing (USD)
<i>Direct Labour</i>	No. of Hours	Rate		
- Speaker's Honorarium				
- Consultant (including Researcher) Fees	1,000	\$50.00/hour	\$50,000	
- Consultant's Secretary Cost				
<i>Travel</i>				
- Per Diem (including accommodation and "additional payment")				
- Airfare				
	No. of Copies	Unit cost		
<i>Publication of report (including distribution)</i>				
<i>Photocopying</i>				
<i>Communications (Phone/ Fax/ Mail/ Courier)</i>				
<i>Total</i>			\$50,000	