10 Differences Between Energy Savings Performance Contracts (ESPC) and Design/Bid/Build (D/B/B)

ENERGIA™
Maximum Energy Savings Guaranteed℠

	COMPARISON	ESPC	D/B/B	THE DIFFERENCE
1	Cost to Initiate	Self-Funded	Owner Pays Out-of-Pocket	The competitive nature of an ESPC proposal incentivizes Energy Service Companies (ESCOs) to offer comprehensive options, with maximum value to the owner.
2	# of Contracts	One	Multiple	In an ESPC, the ESCO is the single point of total accountability for all issues related to the project. Change orders are not permitted. The ESCO is responsible for absorbing unplanned costs.
3	Project Timeline	Fast & Flexible	Fixed & Subject to Delays	In an ESPC, the owner can adjust the scope of work throughout the design process until a final scope and price are determined. The owner can consider numerous project scenarios to determine which meets overall project goals.
4	Owner Input	Maximum	Minimal	In an ESPC, the owner meets procurement obligations through the competitive selection of the ESCO. The owner can then provide direction on preferred equipment brands and contractors that have delivered quality work for them previously.
5	Project Cost	Fixed & Guaranteed	Variable	With ESPCs, the ESCO will provide the owner a guaranteed maximum price for the construction with no allowable change orders unless the owner initiates.
6	Contractor Involvement	From Project Start	Only During Construction	The contractor is involved in the ESPC process from the beginning. The combined ESPC team of owner, ESCO, and third-party energy consultant can unlock tremendous value for an owner; the project scope and approach can be changed if more advantageous options are identified as the project unfolds.
7	Project Guarantees	Long Term	One Year Only	ESCOs within ESPCs also provide a long-term financial performance guarantee that the savings produced by the project/equipment will be sufficient to cover the cost of project financing for the life of the project (typically 15-20 years).
8	Lifetime Cycle Cost	Considered	Not Considered	In an ESPC project, equal focus is provided to immediate financial priority and lifetime cycle cost. In a D/B/B project, capital cost is the primary driver.
9	Project Funding	Guaranteed	Not Guaranteed	In a D/B/B project, it may take years to secure sufficient funds to implement a comprehensive energy project. In an ESPC project, all necessary funds are produced by the project itself.
10	Measurement and Verifcation	Included	Not Included	ESPCs provide annual measurement and verification (M&V) for the life of the project to prove that the systems are functioning properly and providing the guaranteed energy savings. D/B/B projects are the responsibility of the owner to monitor and maintain and usually do not compare to an ESPC in operational efficiency or energy savings over time.

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