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Financial Strategies

TRANSPORTATION ENERGY SERVICES COMPANIES (T-ESCOs): OPPORTUNITIES AND
EXPERIENCES TO DATE

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Energy services companies (ESCO) assist building and home owners in implementing energy efficiency technologies by leveraging – or financing - ongoing energy cost savings to reduce initial investment costs. In addition to providing capital, ESCO's typically work with building owners to outline the costs and benefits of energy savings projects; manage the installation of projects; and monitor and verify that the energy savings are being realized. ESCOs first started operating in the 1970s in response to the energy crisis. ESCOs played an important role helping to develop and advance effective, appropriate energy efficiency technologies and systems. Today, ESCOs are a relatively standard service; they are also largely operated by private sector, for-profit organizations.

The Vermont Energy Investment Corporation (VEIC) is a mission driven non-profit organization focused on reducing the environmental and economic costs of energy use. As part of our mission, VEIC operates a public purpose energy savings company, Commons Energy, which serves a variety of non-profit entities, including municipalities, university, schools and hospitals. Building on this model and using funding provided by the Schmidt Family Foundation, VEIC investigated the potential of developing a transportation energy savings company, or T-ESCO with a particular focus on energy efficient light duty fleet vehicles, namely plug-in hybrid and all-electric vehicles. VEIC's motivation behind developing T-ESCO models is to advance adoption of electric vehicle technology, lower energy costs and reduce fossil fuel consumption and greenhouse gas emissions.

The VEIC T-ESCO feasibility analysis was designed to understand the market potential for a T-ESCO model; evaluate the type and amount of support services needed to support fleet adoption of energy efficiency vehicles; and determine if a T-ESCO could reliably generate a revenue stream to support the needed services. Our analysis also inventoried the availability and reliability of technology systems required to support a T-ESCO, including vehicle monitoring devices that record driving patterns, energy consumption and greenhouse gas emissions.

VEIC's analysis included focus group research and pilot projects as well as extensive financial and business case analysis. Our findings include an assessment of the market potential for T-ESCO, the potential benefits and opportunities. We will also present on VEIC's perspective on including transportation services into our Commons Energy program. Findings and materials will be useful to transportation planners interested in advancing electric vehicle technology and/or new strategies to fund and finance transportation projects.