ILNAS

Institut luxembourgeois de la normalisation
de l'accréditation, de la sécurité et qualité
des produits et services

ILNAS-EN 17669:2022

Energy Performance Contracts - Minimum requirements

Contrat de performance énergétique - Exigences minimales

Energiespar-Contracting - Mindestanforderungen

11/2022

National Foreword

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Contrat de performance énergétique - Exigences minimales

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Contents

Page

European foreword

This document (EN 17669:2022) has been prepared by Technical Committee CEN/CLC/JTC 14 “Energy management and energy efficiency in the framework of energy transition”, the secretariat of which is held by UNI.

This European Standard shall be given the status of a national standard, either by publication of an identical text or by endorsement, at the latest by May 2023, and conflicting national standards shall be withdrawn at the latest by May 2023.

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Introduction

Energy efficiency improvement is one of the pillars of the energy transition. It is considered as one of the most cost-effective ways of addressing the growing demand for energy, climate change mitigation, energy security and increased competitiveness.

Directive 2012/27/EU on energy efficiency defines the term "Energy Performance Contracting" as “a contractual arrangement between the beneficiary and the provider of an energy efficiency improvement measure, verified and monitored during the whole term of the contract, where investments (work, supply or service) in that measure are paid for in relation to a contractually agreed level of energy efficiency improvement or other agreed energy performance criterion, such as financial savings”.

NOTE Sometimes in English the term "Energy Performance Contracting" is used with the same meaning of "Energy Performance Contract" although "contracting" can refer to the process of establishing and delivering an energy performance contract.

The new energy efficiency directive (EU) 2018/2002 highlights that reaching an ambitious energy efficiency target requires barriers to be removed to facilitate investment in energy performance improvement actions (EPIAs). One step in that direction is the clarification provided by Eurostat on how to record energy performance contracts for the public sector in national accounts, which offers opportunities to remove uncertainties and facilitate the use of such contracts.

The lack of broadly accepted best practices or guidelines for Energy Performance Contracts (EPCs) demands the development of a standard specifying the minimum requirements of the contractual agreement that matches the needs of:

- policy makers to provide tools for quality, transparency and effectiveness in EPIAs;
- building owners, public or private organizations and energy service providers to adopt a contractual framework for energy services that provides clear and transparent risk allocation and guaranteed energy efficiency improvement and other agreed energy performance criteria;
- financial institutions and banks to have a reference contractual framework between user and energy service provider that clearly specify value generation (including multiple benefits or co-benefits of energy efficiency improvements) and risk allocation;
- property valuators to help assessing the value of the asset in relation to its energy efficiency and sustainability performance for the project lifetime.

This standard addresses the multiple domains of the EPCs: technical, financial, legal and provides a common framework of methods to integrate the minimum requirements of energy efficiency improvement.

Because an EPC usually has an impact on the risk allocation between the energy service provider, the financial institution and the beneficiary of the energy efficiency improvement services, the requirements have implication on the economic evaluation, legal, fiscal and accounting procedures for both public and private organizations.

This document can be used in conjunction with the following:

- management system standards,
- energy management standards,
- risk management standards,
- asset management standards,

- underwriting procedures of financial institutions (European Bank Authority – EBA),
- international accounting standards (International Financial Reporting Standards - IFRS),
- Eurostat statistical treatment of EPC,
- Environmental Social and Governance (ESG) requirements, or
- Action plan for Sustainable Finance.

The production of renewable energy on site does not necessarily achieve energy efficiency improvement. Even if energy consumption across the boundary decreases, there may be no measurable improvement in energy efficiency related to the energy use as a result of the change.

However, renewable energy production may be a component of an EPC and is therefore considered to be in the scope of this document when combined with an EPIA.

1 Scope

This document specifies the minimum requirements for Energy Performance Contracts (EPCs). The energy performance improvement actions (EPIAs) are intended to achieve a guaranteed level of energy efficiency improvement and other agreed energy performance related criteria irrespective of the quantity, use, or types of energy consumed.

This document is applicable to EPIA(s) on existing assets.

The requirements are set in order to provide:

- transparency throughout the whole process of establishing an EPC,
- cost effectiveness in relation to the benefits generated by the EPIA,
- a quality assurance, risk mitigation, and risk allocation toolkit,
- material information necessary for financial and technical calculations for both the beneficiary and the energy service provider.

The document is applicable to energy service providers and beneficiaries regardless of their type, size, complexity, or geographical location.

This document may be used by financial institutions and other stakeholders of the process.

NOTE This document could be used in conjunction with Eurostat or International Accounting Standards Board (IASB) guidance or other standards to comply with taxonomy and non-financial reporting directive or Corporate Sustainability reporting if applicable.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

EN 17463 *Valuation of Energy Related Investments (VALERI)*

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

3.1
energy consumption
quantity of energy applied

[SOURCE: EN ISO 50001:2018, 3.5.2]

3.2
energy efficiency
ratio or other quantitative relationship between an output of performance, service, goods, commodities, or energy, and an input of energy

EXAMPLE Conversion efficiency, energy required/energy consumed

Note 1 to entry: Both input and output should be clearly specified in terms of quantity and quality and be measurable.

[SOURCE: EN ISO 50001:2018, 3.5.3]