



Local Governments
for Sustainability

CANADA

LCF 2023

ESCO Solutions for Municipalities

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– Municipal Sector
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What is an ESCO?

• Energy Service Company

- Partners with a municipality from:

concept □ audit □ design □ execution □ guaranteed outcome

- Modernize and replace aging infrastructure
- Improve operational and energy efficiency
- Tackle CO2 emissions and lower carbon taxes
- NRCan currently has 10 qualified ESCOs

Common Municipal Challenges

Why work with an ESCO?



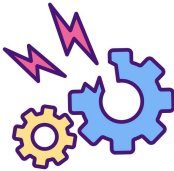
Cost of Inaction



Extra Costs to the Utilities



Carbon Tax



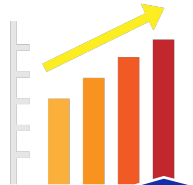
Failure of Equipment



Studies but no Execution



GHG 2050 Targets missed



Increased Deferred Maintenance



Safety Concerns



Less \$ for programs



Less \$ for other upgrades



Raising taxes

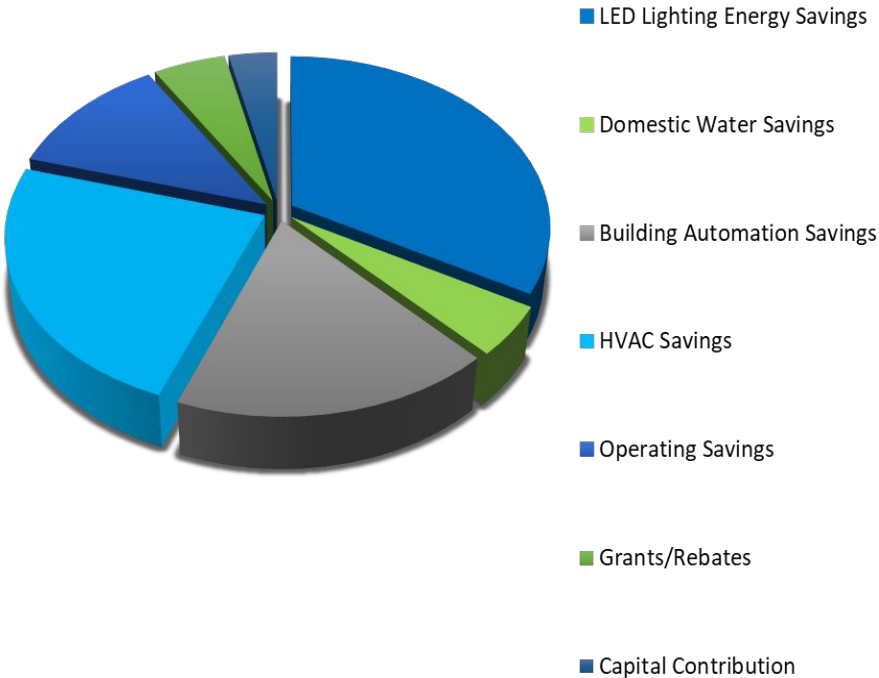


Unhappy constituents

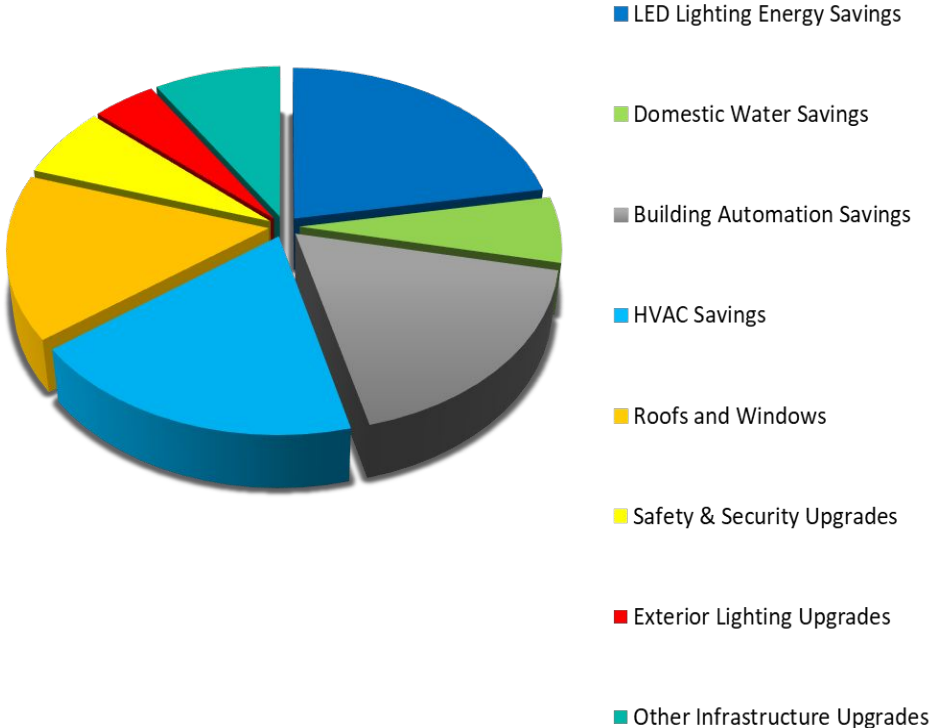
LED Conversions

How it Works

Sources of Infrastructure Improvements Funding

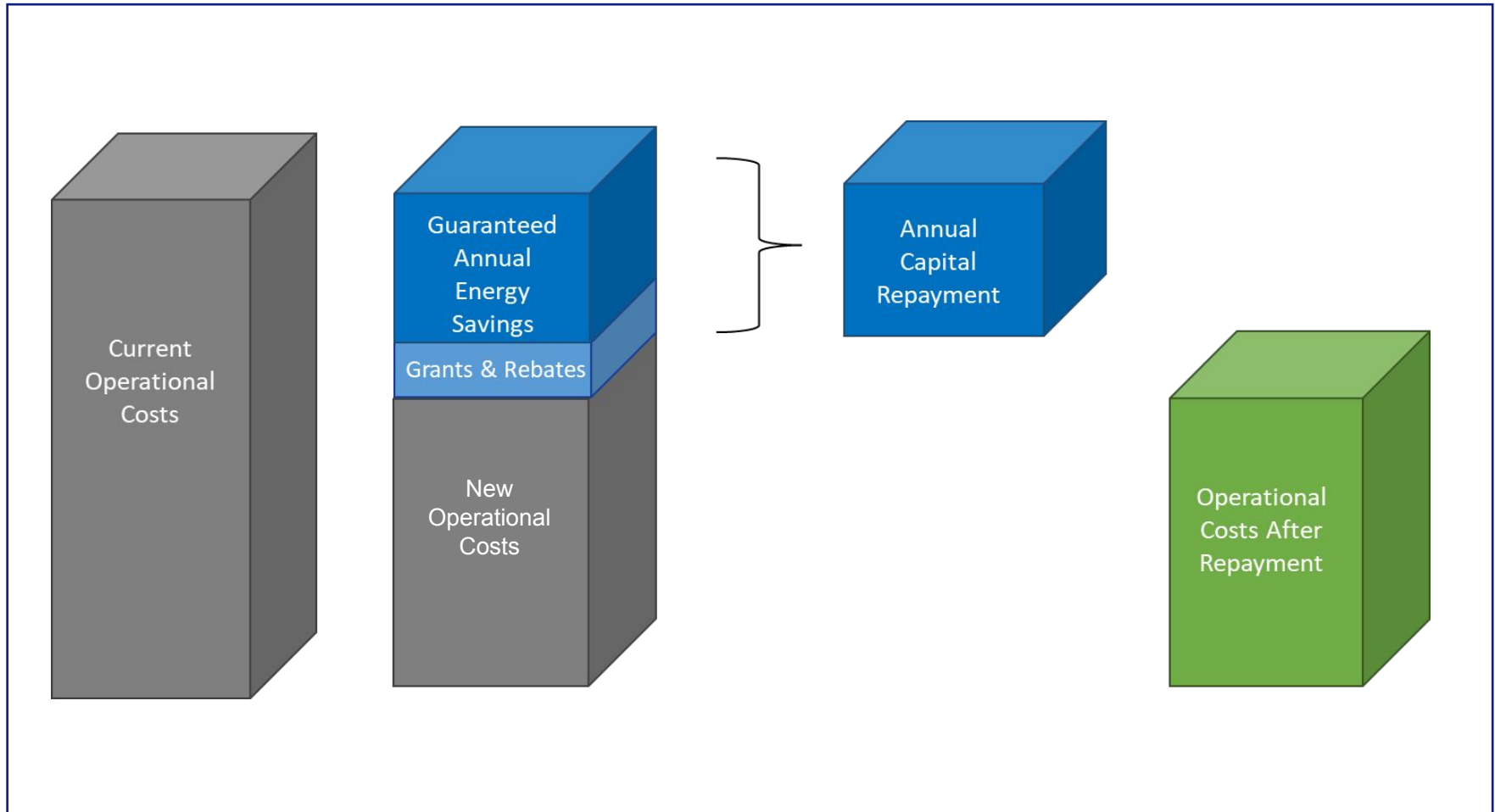


Uses of Infrastructure Improvements Funding



Implementing Efficiency in a Budget Neutral Solution

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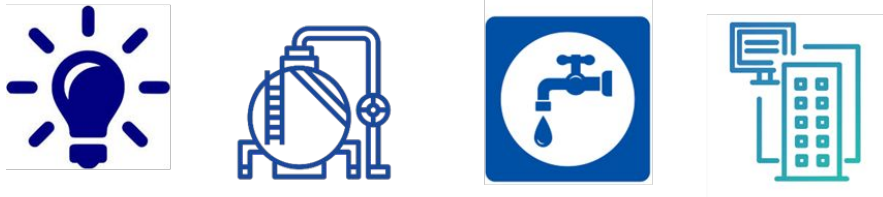
Examples

\$1 Million yearly utility spend



20% energy savings = \$200,000/year

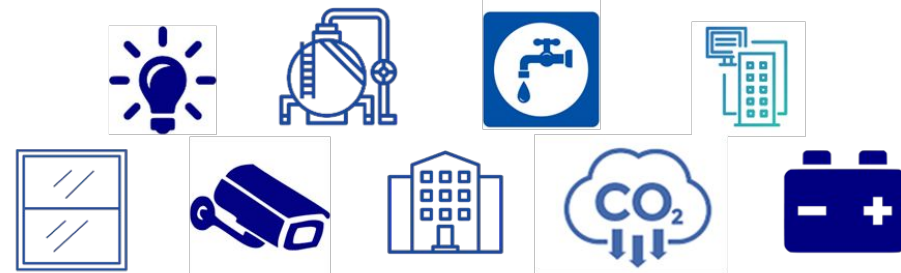
\$2,000,000
Deferred Maintenance &
Infrastructure Improvements



= 10 year simple payback

20% energy savings = \$200,000/year

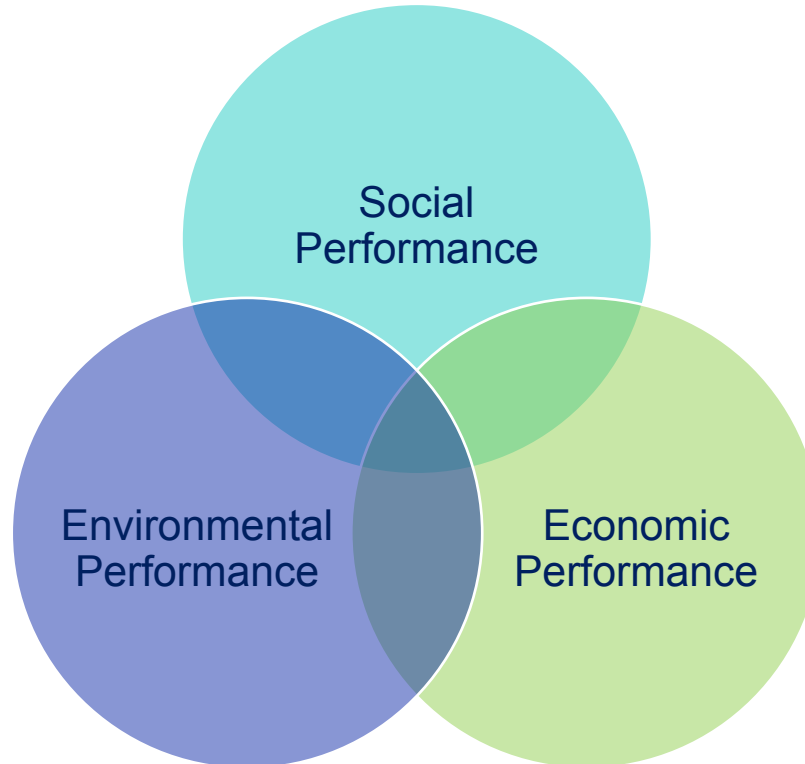
\$4,000,000
Deferred Maintenance &
Infrastructure Improvements



= 20 year simple payback

Different Delivery Models

Project Criteria	ESCO Model	Traditional Bid/ Spec Model
Financial Source	<ul style="list-style-type: none"> Existing Budget 	<ul style="list-style-type: none"> Capital Outlay
Grants and Rebates	<ul style="list-style-type: none"> Supported by Partner 	<ul style="list-style-type: none"> Internal Resources Required
Savings & Performance Guarantee	<ul style="list-style-type: none"> Yes, Generally 5-20 years 	<ul style="list-style-type: none"> No Guarantee
Risk Owner	<ul style="list-style-type: none"> Energy Services Partner 	<ul style="list-style-type: none"> Customer
Cost Guarantee	<ul style="list-style-type: none"> Yes, No Change Orders 	<ul style="list-style-type: none"> No Guarantee
Design Guarantee	<ul style="list-style-type: none"> Yes 	<ul style="list-style-type: none"> No Guarantee
Equipment Selection	<ul style="list-style-type: none"> Best Efficiency/ Value 	<ul style="list-style-type: none"> Low Bid
Contractors	<ul style="list-style-type: none"> Most Qualified 	<ul style="list-style-type: none"> Low Bid
Project Duration	<ul style="list-style-type: none"> 12-18 months 	<ul style="list-style-type: none"> Capital Dependent



Economic Benefits

- Energy & Water Cost Savings
- Address Deferred Maintenance Challenges
- Improved Occupant Productivity
- Economic development

Environmental Stewardship

- Greenhouse Gas reduction
- Renewable & Alternative Energy
- Less Energy Intensity

Social Responsibility

- Job creation
- Local participation
- Community education and Public Awareness

Question & Answers

Thank you,

Johnson Controls
Sustainable Infrastructure