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Ameresco Grows Energy Efficiency and Solar Business in North America, Expands in UK and Europe

Founded in 2000, Ameresco is a leading energy efficiency and renewable energy company, and a sustainability partner for its customers. Ameresco provides comprehensive energy services and efficiency solutions—from identifying savings opportunities through analyzing data to upgrading a facility's energy infrastructure; from developing, building and operating renewable energy plants to providing energy supply and risk management solutions.

Ameresco has successfully completed projects for federal, state and local governments, healthcare and educational institutions, housing authorities and commercial and industrial customers. Headquartered in Framingham, Mass., the company has more than 1,000 employees working out of 69 offices in 34 U.S. states, five Canadian provinces and the United Kingdom. The company's gross revenues for the first three quarters of 2014 were \$412.2 million, 3.6% growth over the same period in 2013.

Executive Vice President David J. Anderson discussed the firm's business and trends in the energy efficiency, renewable energy and energy management markets.

CCBJ: What have been some of the key highlights for Ameresco's business over the last year?

Anderson: Ameresco acquired the energy consultancy and project management business of Energyexcel in Central London in 2014. It adds to our local presence in the UK and increases our commercial and industrial (C&I) customer base after having purchased Energy Services Partnership (ESP) in Castleford, UK last year.

We've had many project highlights in the past year, including:

In October, construction began on a 3 megawatt (MW) solar array on parking structures at Minneapolis St. Paul International Airport. Upon completion,

this first-of-its-kind project will be Minnesota's largest solar generation site and represent about 20% of the state's solar power capacity. The project also includes converting more than 7,700 metal halide light fixtures to energy-saving LEDs and building four new electric vehicle charging stations, which will bring the total to 18.

Ameresco is constructing a deep energy retrofit project for the General Services Administration (GSA) on two federal buildings just outside Washington, D.C. The comprehensive energy savings performance contract (ESPC) was awarded through the GSA's National Deep Energy Retrofit Challenge, and the project will be a proving ground for innovation to achieve greater 60% energy

savings. It features improvements to building controls and HVAC systems, more than 11,000 individually addressable LED lighting fixtures, a network of 2,000 new sensors, a geothermal well field, an 808kW custom-designed solar canopy, a 67kW carport and a new solar thermal heating system.

CCBJ: Without giving away any proprietary information, what can you share about how you qualify and prioritize public/institutional prospects for an ESPC pitch?

Anderson: Utilizing the ESPC model, the projects fund themselves through the savings and provide an opportunity for customers to work with an industry partner to make critical upgrades to achieve greater efficiency and savings without the burden of additional taxpayer cost. An ESPC can be a valuable model for public/institutional prospects. When we can identify savings measures to support the customer's overall project and the customer is committed to utilizing the ESPC model, it's a valuable solution.

CCBJ: How does your Energyexcel acquisition fit into your growth strategy? What kinds of opportunities do you see in the UK and Europe? What's driving growth for energy efficiency performance contracting in particular?

Anderson: As I mentioned above, we've acquired two UK firms which provide complementary energy efficiency,

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supply management and sustainability services. Together they broaden Ameresco's international expertise and service offerings for multi-national customers, and augment Ameresco's team with seasoned energy industry professionals locally. It provides geographic expansion abroad while increasing our business in the C&I space.

CCBJ: In the UK, you're competing with other American firms such as Honeywell; engineering/contracting firms such as Skanska and Carillion; and property managers including NG Bailey. How do you differentiate your value proposition?

We expanded our capabilities and value-added services to serve local and multi-national commercial, industrial and manufacturing customers in North America and Europe. It allows Ameresco to provide our comprehensive range of energy efficiency, renewable energy solutions and intelligent energy management services, addressing both sides of the customers' meter, including energy supply, demand response, real-time energy data information and analytics, and utility invoice management to a broader market.

Ameresco's ability to deliver a comprehensive set of solutions as an independent, single-source provider differentiates us from the competition and allows our customers to realize greater value.

CCBJ: You're still making landfill gas to energy (LFGTE) projects work, in spite of very low gas prices. What does it take to make a LFGE project work in the current energy market context? Are customers driven by sustainability and waste-reduction goals or air pollution regulatory drivers as well as the energy component?

Anderson: Ameresco has designed/built over 170 MWe of biogas facilities across the United States. The Company has partnered with both public and private enterprises to convert landfill

gas from an environmental liability into an economic and environmental benefit while at the same time displacing fossil fuel normally used to produce this same amount of energy.

This fall we completed three of our 4.3 MWe LFGTE projects—the Foothill Landfill in Linden, Calif., is expected to generate clean energy to power 2,600 homes; and the Forward Landfill in Manteca, Calif., and the Vasco Road Landfill in Livermore, Calif., together are expected to generate clean energy to power 5,100 local homes and businesses annually.

CCBJ: Your solar PV initiative with school districts in Ontario has 4.8 MW capacity installed with additional projects pending approval with the Ontario Power Authority. Revenues from OPA's generous 20-year Feed-in-Tariffs make these deals work. What's the story in other North American states and provinces? Where and how do you make solar PV work for schools and other public sector entities in markets with no FITs?

Anderson: We have a number of solar projects with schools in the United States. For example, in Massachusetts we have installed solar for schools including those in the Town of Natick, City of Melrose, City of Newton and others.

Financing varies by customer; however, some take advantage of funding available from project savings under comprehensive ESPCs; others utilize power purchase agreements; and others take advantage of grants and other funding enhancements.

CCBJ: Speaking of financing, the ESCO model has historically been more acceptable to public and institutional clients than commercial and industrial ones. What financing innovations are you developing—or supporting—that will make energy efficiency financing easier and cheaper for C&I firms?

Anderson: Prefer to keep this proprietary for now.

CCBJ: You've got an energy supply management business that offers "customized assessments of supply-side dynamics based on contracts in place, the current regulatory and market conditions, carbon market demands and ... future trends that could impact energy delivery and pricing." Yet you're not an energy supplier. So how does this work?

Anderson: We provide consulting and energy procurement services. This requires us to continuously monitor regulatory requirements for competitive purchasing of energy, and it requires us to monitor the market to determine the optimal time to purchase energy.

Our clients are mostly multinational industrials and well known commercial entities, in addition to our core public sector clients. The industrials are especially responsive to this offer, as energy is such a large part of the cost of their products.

Most of our larger clients pay us a monthly retainer, but there is a growing number of clients who choose to have our fee included in the cost of their energy supply. This service can be packaged with any of our other offerings. It is especially useful to have it combined with Utility Bill Management, as the data from the bills is used to develop annual energy budgets for clients and to create performance reports. ✪

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