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Associação Brasileira das Empresas de
Serviços de Conservação de Energia

Energy Conservation Service Companies Market Potential for Energy Efficiency

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(ABESCO)

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Themes

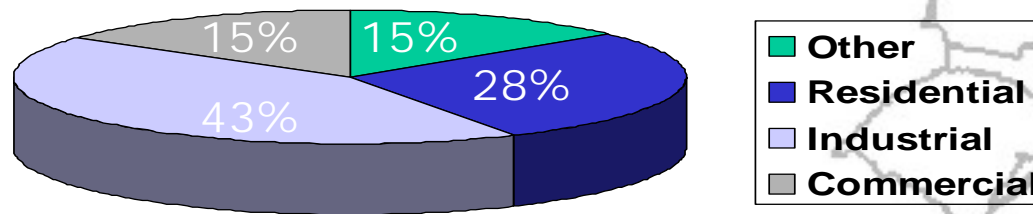
- Typical projects without financing mechanisms
- Market potential
- Energy Efficiency Industry (ABESCO)
- Barriers



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Market Segmentation





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Typical Project

- **Consumer A4 – 2 MW**
- **Electric Energy Expense: R\$ 150.000/month**
- **Savings: 15 %**
- **Simple Payback < 1.5 years**
- **Project amount: R\$ 400,000**
- **Term: 3 to 5 years**
- **Energy Savings Shared : 70 to 90 %**





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Typical Projects

Sources of financing funds

- Energy
- Energy Conservation Service Company own funds
- Government controlling agency (Aneel)
- Customer
- Current base : R\$ 80 million / year



Market Potential

- Reduction in Demand 1.400 MW (2%)
- Investments R\$ 2.1 billion
- Projects ~ 5.000
- Energy saved 1.500 R\$ / Kw
- System expansion 2.600 R\$ / Kw
- 3 year forecast of 25% of market potential for industrial, commercial and public users.



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Brazilian Association of Energy Conservation Service Companies (ABESCO)

- **Founded in 1997 by 15 associate entities**
- **Non-profit organization**
- **Represents Energy Efficiency Companies**
- **Currently 75 associate entities**
- **Present in 3 states (Rio de Janeiro, Ceará, Mato Grosso do Sul)**
- **Mission: “promote the energy efficiency industry in the country, increasing competitiveness of the Brazilian economy through sustained development.”**

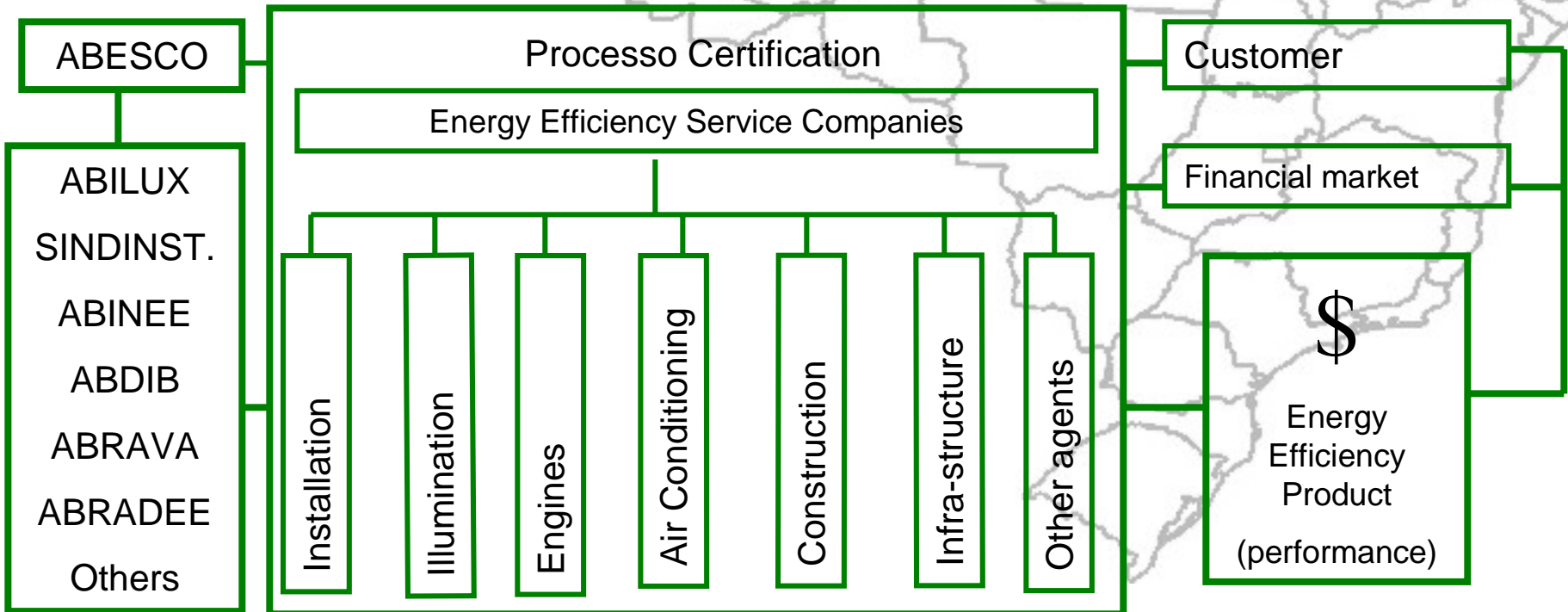




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Energy Efficiency Industry





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Industry Partners

- (94 affiliates) **ABILUX** – Brazilian Lighting Industry Association
- (123 affiliates) **SINDINSTALAÇÃO** – São Paulo Installation Industry Union
- (554 affiliates) **ABINEE** – Brazilian Electric & Electronic Industry Association
- (134 affiliates) **ABDIB** – Brazilian Basic Infra-Structure Association
- (32 affiliates) **ABEGAS** – Brazilian Gas Company Association
- (45 affiliates) **SINDICEL** – São Paulo State Union for Electric Conduit and Non-Ferrous Lamination
- (77 affiliates) **ABCE** – Brazilian Association of Electric Energy Dealers
- (52 affiliates) **ABCE** – Engineering Consultants Association of Brazil
- (400 affiliates) **ABRAVA** – Brazilian Refrigeration, Air-Conditioning, Ventilation and Heating Association.
- (1,400 affiliates) **ABIMAQ** – Brazilian Association of Machines and Equipment
- (59 affiliates) **ABRACE** – Brazilian Association of Large Industry Energy Consumers
- (44 affiliates) **ABRADEE** – Brazilian Electric Energy Distributor Association





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Financial Market Agents

Financial Market

- Brazilian Banking Federation
- Caixa Economica Federal
- ANB-AMRO
- Banco do Brasil
- Banco Safra
- IFC - International Finance Corporation
- BMC
- Banco Mundial
- Unibanco
- Sudameris
- Nossa Caixa
- Itaú
- BNDES

Venture Capital and Specialized Funds

- A2R - ABB - FondElec - NVST Brasil - Petrobras - Veritel

Insurance

- Geraseg - Cibrasec





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Support Actions for Integration

Integration Seminars

First held Nov 29, 2001: Abesco / Abilux / Sindinstalação / Fiesp / Febraban and Procel.

Second held Sept 10, 2002: Abesco / Abinee / Abdib / Abilux / Abradee / Sindinstalação / Fiesp / Febraban and Procel.

São Paulo State Industry Federation Agreement applied in other states

Developed through regional ABESCO offices, utilizing São Paulo experience, with Industry Federations in other states.



Development “Tools”

Certification (QUALITY)

- Agreement ELETROBRÁS / PROCEL / ABESCO (first stage in April 2003)

Financing Mechanisms

- **Guarantee Fund:** Brazil, India and China (World Bank) Agreement
- **Investment Fund:** Holding focusing on Energy Efficiency Service Companies’ business (Ministry of Mining and Energy / PROCEL / BNDES National Development Bank)

Barriers

Incentive to increase Public Sector efficiency

- **Government examples: USA & Canada**
- **Good potential and financing difficulties in the sector – sewerage treatment example**
- **Reduce constraints on Public Investment Companies**
- **Federal Law 3.330 dated January 5, 2000**
- **Public Sector Performance Contract – Infraero (MG) underway since 2000**

Barriers

Incentive to Strengthen Energy Efficiency Service Companies

- Federal program to consolidate support for energy efficiency service companies within the World Bank project – Pilot projects in heavy usage sectors: industry / business / public

Federal Law 10295

- Integration of energy efficiency service companies with legislation regulation in order to assure consolidation of results.