

## CALL FOR APPLICATION: ESCO Pilot Demonstration Program

Cambodia Australia Partnership for Resilient Economic Development (CAPRED) Program	
CFA Number	CFA24-037
Project Name	Pilot Demonstration of the Energy Service Company (ESCO) Model for Energy Efficiency Services
Domain Name	Infrastructure
Application Closing Date	5 pm (Phnom Penh Time), 8 December 2024
Program Duration	December 2024 – June 2027

### 1. Background

#### 1.1 About CAPRED

The CAPRED Facility is Australia's flagship bilateral economic development program in Cambodia, focusing on economic recovery and resilience over the next five years, with a possible three-year extension. The Facility supports Cambodia in implementing a range of necessary economic interventions and reforms to maintain the country's economic transition. These interventions and reforms aim to encourage more productive and inclusive public and private investment, promoting a resilient, inclusive, and sustainable economy (RISE).

CAPRED interventions fall under three technical components including: Agriculture and Agro-processing; Trade, Investment and Enterprise Development and Infrastructure Development; and one Cross-Cutting component comprising: Gender Equality, Disability and Social Inclusion (GEDSI); Climate Resilient initiatives, and policy support.

#### 1.2 About the ESCO Pilot Demonstration

The Cambodian government released the National Energy Efficiency Policy (NEEP) in 2023. One key strategy within NEEP is fostering the development of the Energy Service Company (ESCO) market in Cambodia.

ESCOs offer a proven business model, guaranteeing energy savings over a contracted period. While globally recognized, Cambodia's ESCO market is still nascent. To leverage ESCOs' potential to drive energy efficiency, CAPRED aims to pilot investment models between ESCOs and businesses within the agro-processing sector: rice milling, food processing, and animal farming.

The objectives of this program are as follows:

- **Testing the viability:** assess the technical, financial, and economic feasibility of the ESCO model starting with the agro-processing sector.
- **Informing policy:** generate insights to inform policy development and regulatory frameworks for ESCO market development in Cambodia.

The implementation process involves the following key stages:

- **Selecting project owners:** project owners from the targeted sub-sectors were invited to submit an Expression of Interest (EOI) to CAPRED in April 2024. 10 project owners were selected considering factors like size, energy consumption patterns, using of high energy-consuming equipment, and commitment to sustainability.



- **Conducting energy audit (level 2):** the selected project owners have undergone the energy audit process conducted by the external energy auditors supported by CAPRED. The primary purpose of the energy audit was to assess their current energy usage and identify opportunities for energy-saving.
- **Consulting with project owners:** Following the energy audit's findings, CAPRED has conducted consultations with project owners to present the findings and discuss their interest and capacity to implement the recommended energy efficiency measures.
- **Selecting potential ESCOs:** After that, promising ESCOs and energy solution providers are invited to submit an Expression of Interest (EOI) to CAPRED. The selection process will consider factors such as technical expertise, financial capacity, proposed business models, and alignment with the energy efficiency objectives of the project owners and the pilot program. Following the selection process, CAPRED will facilitate matchmaking between the chosen ESCOs and the appropriate project owners.
- **Selecting pilot projects:** CAPRED will select up to 4 projects with a high potential for success to proceed as pilot demonstrations. The detailed scope of the program can be found in the next section.
- **De-risking the ESCO investment.** CAPRED will offer grant support and guarantee mechanisms to de-risk ESCO investment projects, accelerating market entry and reducing payback periods for pilot initiatives.
- **Capacity building for ESCOs.** To support the selected ESCOs in successfully implementing pilot projects, CAPRED will provide targeted capacity-building initiatives. These will include on-the-job mentoring and coaching for ESCO staff, focusing on practical skills such as investment-grade audit, financial analysis, measurement and verification (M&V), project management, etc.

## 2. Purpose and Scope of the Program

CAPRED is seeking applications from promising ESCOs or energy solutions providers with a proven track record in energy efficiency to participate and collaborate in the **ESCO Pilot Demonstration Program**. With the support from CAPRED, the selected applicants will undertake the following key roles:

- **Investment Grade Audit (Energy Audits Level 3):**
  - Following energy audit level 2 results, conduct detailed investment-level audits in collaboration with CAPRED experts.
- **Project Design and Implementation:**
  - Develop project designs, including engineering specifications and procurement plans.
  - Implement the selected energy-efficient measures including but not limited to equipment upgrades and system optimizations at the project owner's facility.
  - Oversee construction and installation activities.
  - Receive on-the-job coaching from CAPRED experts on – including but not limited to – technical design, procurement, and overall project management.
- **Financing and Investment:**
  - Arrange equity financing for the ESCO project with project owners through performance-based contracts.
  - CAPRED will offer grant support and guarantee mechanisms to de-risk investments.
- **Energy Saving Performance Contracting:**



- Enter into performance contracts with the project owner, guaranteeing specific energy savings.
- With CAPRED's support, develop and negotiate performance contracts with project owners.
- **Measurement & Verification (M&V):**
  - Develop an M&V plan for the proposed energy-efficiency measures.
  - Monitor and verify energy savings to ensure contract compliance.
  - Receive on-the-job coaching from CAPRED experts on – including but not limited to – M&V methodologies and data analysis.
- **Operation and Maintenance (O&M):**
  - Provide ongoing O&M services for energy-efficient systems.
  - Monitor equipment performance and address any issues promptly.
  - Receive on-the-job coaching from CAPRED experts at O&M.

### 3. Target Participants

Applications are open to all Cambodia-based companies that meet the following criteria. Women-led companies are encouraged to apply.

#### Eligibility Criteria:

- The company is registered in Cambodia.
- The company has operated for at least 3 years.
- The company is committed to becoming an ESCO.
- The company has expertise with a proven track record of implementing energy efficiency services relevant to the pilot project's proposed EEMs.
- The company has proven experience in sourcing equipment, installation, and maintenance services.
- The company consists of key staff demonstrating project experience and qualifications to support the entire project lifecycle.
- The company is capable of providing a minimum investment of USD 75,000.
- The company's preferred ESCO business model aligns with the project owner's needs.
- The company is willing to enter a minimum five-year energy-saving performance contractual agreement with the project owner.
- The company is committed to embracing gender equality, disability, and social inclusion (GEDSI) in business management will be prioritised.
- The women-led company will be prioritised.

#### Other eligibility criteria include:

- Demonstrating integrity and high ethical standards.
- Displaying sensitivity and adaptability to cultural, gender, religious, racial, national, and age differences.
- Treating all people fairly without favouritism.
- Fulfilling obligations to GEDSI sensitivity and maintaining a zero-tolerance policy for sexual harassment.
- Strictly comply with the DFAT Child Protection Code of Conduct and Policy.  
(<https://www.dfat.gov.au/sites/default/files/child-protection-policy.pdf> )

### 4. Evaluation Criteria

CAPRED will use an objective and reliable process to evaluate each application. The applications will be evaluated on the following criteria (in no particular order):



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- Compliance with this Call for Applications.
  - Understanding and ability to meet the eligibility criteria.
  - The applicant is willing to adopt the ESCO business model as a pathway to growth in the energy efficiency market.
  - The applicant is willing and open to participate in the long-term partnership with the project owner and CAPRED.
  - The applicant is willing and open to learning and building their capacity with the support from CAPRED experts.
  - The applicant's business contributes to GEDSI (gender equality, disability, and social inclusion), sustainability, and/or the environment.

**Due diligence checks will be conducted on the company being selected for the CFA prior to participating in the program.**

## 5. How to Apply

Interested businesses are invited to complete and submit the application form no later than **5 pm (Phnom Penh time), Sunday 8 December 2024** by email to [procurement@capred.org](mailto:procurement@capred.org). Any applications submitted after this time and date will not be considered.

CAPRED is available to answer questions or provide more detail on this call for application. Please e-mail to [procurement@capred.org](mailto:procurement@capred.org).

### Attachment:

- Call For Application Form

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