

CALL FOR APPLICATION: Energy Service Companies (ESCO) to participate in the CAPRED's ESCO Pilot Demonstration Program

Cambodia Australia Partnership for Resilient Economic Development (CAPRED) Program	
CFA Number	CFA25-044
Project Name	Pilot Demonstration of the Energy Service Company (ESCO) Model for Energy Efficiency Services in Cambodia
Domain Name	Infrastructure
Application Closing Date	31 December 2025 <i>(The submitted applications will be reviewed on a rolling basis, starting one to two weeks after this announcement is posted and CAPRED will engage the eligible ESCOs before this due date)</i>
Program Duration	April 2025 – 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 important economic reforms to support 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 three Cross-Cutting components: 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, providing needed investment and 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 with ESCO models between ESCOs and businesses in rice milling, food processing, ice-making, hotel and animal farming sectors. CAPRED currently is also exploring potentials to expand piloting ESCO business model in other high energy consuming industries.

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 above sectors and potentially expanding to other major energy-consuming sectors.
- **Informing policy:** generate insights to inform policy development and regulatory frameworks for ESCO market development in Cambodia.

2. Purpose and Scope of the Program

CAPRED is seeking applications from ESCOs to participate in the Pilot Demonstration of the Energy Service Company (ESCO) Model for Energy Efficiency Services in Cambodia. The implementation process involves the following key stages:

- **Selecting project owners:** Project owners refer to a business that owns and operates an enterprise, factory or commercial building in CAPRED target sectors.¹ Project owners submit an Expression of Interest (EOI) to participate in the pilot program. Project owners meeting the selection criteria are selected. The criteria include a minimum of three years of

¹ Targeted sectors include food-processing, rice milling, animal farming, ice making, and hospitality businesses.



operation; minimum energy consumption of USD 8,000 per month; ownership or long-term tenure of the land and facilities; and commitment to sustainability. Completed

- **Conducting energy audit (level 2):** A level 2 energy audit ² will be conducted for selected project owners. The audit will be performed by an independent energy auditor using ISO 50002 standards. The cost of this audit will be covered by CAPRED. Underway
- **Consultation with project owners:** Following the level 2 energy audits, CAPRED and the project owners discuss the findings and confirm their interest and capacity to implement the recommended energy efficiency measures. Underway
- **Selecting potential ESCOs:** Potential ESCOs submit an Expression of Interest (EOI) to CAPRED. ESCOs meeting the selection criteria (listed in the EOI Response Form) are selected. Following the selection process, CAPRED will match the ESCOs with project owners. The purpose of this EOI
- **Conducting Investment Grade Energy Audit (IGAs):** Selected ESCOs will conduct a level 3 or Investment Grade Energy Audit (IGA) at selected sites, focusing on agreed Energy Efficiency Measures (EEM). The minimum investment value is USD 75,000. CAPRED may provide technical support to the selected ESCO or co-share financial support to conduct the IGA.
- **Contractual arrangement and negotiation:** Selected ESCOs and project owners negotiate and sign the Energy Saving Performance Contract (ESPC). CAPRED engages technical experts and commercial legal firms to establish an ESPC contract template that can be adopted in line with local commercial law and retain fair distribution of benefit between the project owner and the ESCO.

Investment in energy efficiency under the ESCO business model: ESCOs or project owners make the investment and conduct monitoring and verification of energy saving following IPMVP³ protocols. CAPRED may offer a package of support to de-risk the ESCO investment, as described in section 3 below.

3. CAPRED's potential support package

1. Project pipeline development

CAPRED has been working with factory owners, rice millers, and animal farm owners to conduct level 2 energy audits, determine energy efficiency measures, estimate investment cost and return on investment, identify preferred ESCO business models, and confirm willingness to proceed to investment with the ESCO business model. At the time of the release of this Call for Applications, 10 projects with estimated investment costs for energy efficiency measures of at least \$75,000 per project are ready to proceed to the next stage. More projects are undergoing level 2 energy audits.

The selection criteria for project owners are:

- Having been operating for at least 3 years
- Having an energy consumption of at least USD 8,000 per month
- Operating on land owned by the project owners or having long-term leasing tenure.

2. Technical assistance

A range of technical assistance both standardised and tailor made is available from CAPRED. They include:

- Development of an ESPC template suitable for the ESCO business model in the Cambodian context.
- Advisory support on the implementation of the ESCO business model for each project.

² CAPRED uses the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) definition of energy audits:

- o Level 1: Basic Energy Audit.
Provides a broad overview of energy consumption, identifying no-cost and low-cost opportunities. Suitable for smaller sites or as a preliminary assessment for larger facilities.
- o Level 2: Detailed Energy Audit.
Offers a comprehensive analysis of energy performance, quantifying a full range of opportunities across a site. This audit includes financial evaluations to assist in prioritizing energy-saving measures.
- o Level 3: Precision Subsystem Audit
Focuses on specific subsystems, such as HVAC or lighting, involving detailed measurements to accurately quantify energy-saving opportunities. This audit is beneficial for larger businesses with specialized equipment.

³ IPMVP is an International Performance Measurement and Verification Protocols used to measuring and verifying energy saving in ESCO business model.



3. Financial incentive

To stimulate investment with the ESCO business model in Cambodia, CAPRED has designed a financial incentive package to de-risk first movers' investments. Below is the incentive package for different ESCO business models **per project**:

Shared Saving Model:

- The minimum size of investment per project is at least USD 75,000.
- CAPRED will provide a grant to ESCO to bring the payback period of the investment to 4 years.
- The maximum grant per project will be capped at USD 50,000.
- The grant agreement between ESCO and CAPRED will be output-based.

Guaranteed Saving Model:

- The minimum size of investment per project is at least USD 75,000.
- When ESCO's guaranteed saving to the project owner is not met, CAPRED will co-share 50% of the amount to be compensated to the project owners.
- The maximum grant per project will be capped at USD 50,000.
- The grant agreement between ESCO and CAPRED will be output-based.

4. How to Apply

Interested ESCOs are invited to complete and submit the application form no later than **5 pm (Phnom Penh time), 31 December 2025** by e-mail to procurement@capred.org. Any applications submitted after this time and date will not be considered. CAPRED will review the submitted applications on a rolling basis, starting one to two weeks after this call is posted.

The program will host a Q&A session on 4 and 18 April 2025. Interested applicants can register to join the briefing via procurement@capred.org by 3 and 17 April 2025.

CAPRED is available to answer questions or provide more detail on this call for application. Please email to procurement@capred.org.

Attachment:

- Application form

Cowater International is an equal opportunity employer, basing employment on merit and qualifications as they relate to professional experience and position expectations. Cowater does not discriminate against any employee or applicant on the basis of race, religion, sex, gender identity, disability, age, or any other basis protected by law. CAPRED aims to have a diverse workforce and a workplace that is supportive of gender equality, disability, and social inclusion. Women, people with disabilities, and other minorities are highly encouraged to apply.

