

The Customer's Guide to the NAESCO Accreditation Program: Understanding the Value of NAESCO Accreditation

What is NAESCO?

Founded in 1983, the National Association of Energy Service Companies (NAESCO) is the leading trade organization representing and advocating on behalf of the energy efficiency industry in the energy marketplace, the media, and the government both at the state and federal level. NAESCO members implement more than \$5.5 billion of energy efficiency, renewable energy, and distributed generation projects each year. NAESCO introduced its accreditation program in 1996.

The Accreditation Process

All companies seeking NAESCO accreditation must apply to an Accreditation Committee of industry experts unaffiliated with NAESCO member companies. The Committee members include two performance contracting experts from the Lawrence Berkeley National Laboratory, an engineer with 20+ years experience as an owner's rep on performance contracting projects and two lawyers with extensive experience representing state energy offices, utilities, and the types of organizations that are typical ESCO customers.

The Committee performs a rigorous, confidential examination of the ESCO's technical competence, project economics, and business practices and talks with multiple customer references to determine if the ESCO delivered each project on time, competently, and the project is producing the projected savings.

Not Every NAESCO Member is Accredited

While only NAESCO member companies can be accredited, not all NAESCO members choose to apply for accreditation. As a result of the rigor of the application process, not all members that apply are granted accreditation. Also, companies that have violated the NAESCO Ethical Guidelines have been stripped of their accreditation and have resigned from NAESCO.

Why Accreditation Matters

There are several hundred companies across the US that call themselves ESCOs, but only 24 have been accredited by NAESCO. What makes these companies different?

- **The NAESCO accreditation process is more rigorous than the pre-qualification processes used by state and local governments. Many public agencies recognize the value of NAESCO Accreditation in the RFP evaluation process by allowing ESCOs to submit their NAESCO Accreditation in lieu of the entities' pre-qualification application.**
- **The data collected by the NAESCO Accreditation Program (5,500 projects) validates the performance of the ESCO industry and is used by state and national policy makers to advocate for the wider use of performance contracting.**
- **Accredited companies accept NAESCO Ethical Guidelines, which specify that they will maintain high quality standards in providing both products and services, will not make misleading or exaggerated claims about energy costs, will present truthfully their own qualifications and capabilities, will not misrepresent the capabilities of competitors, and will not circumvent the customer's established ESCO selection process. These Ethical Guidelines are reinforced by an Ombudsman that investigates complaints from customers and other ESCOs and refers violations to the NAESCO Board.**

Three Types of NAESCO Accreditation

The NAESCO accreditation program includes three categories of companies:



Energy Service Company (ESCO)

ESCOs develop and implement turnkey, comprehensive energy efficiency projects. ESCOs offer performance-based contracts (i.e., contracts that tie the compensation of the ESCO to the energy savings generated by the project) as a significant part of their business.



Energy Service Provider (ESP)

ESPs offer all of the services provided by ESCOs, and additionally offer energy supply options. These options can include the development and implementation of build/own/operate distributed generation, cogeneration or combined heat and power (CHP) projects or the firm contracting of energy supply.



Energy Efficiency Contractor (EEC)

EECs offer some, but not all, of the services of an ESCO. EECs typically concentrate on one energy efficiency measure (e.g., lighting) or one type of service (e.g., engineering or construction management), but can offer multiple measures or services and typically work as subcontractors to ESCOs or ESPs.

Criteria for NAESCO Accreditation

Companies applying for **ESCO Accreditation** must demonstrate the following capabilities, substantiated with a track record of successful projects.

- **Technical and managerial competence to develop comprehensive energy efficiency projects, defined to include, at a minimum, lighting measures; efficient motors and drives; and measures involving heating, ventilation, and air conditioning systems.**
- **Technical and managerial competence to provide a full range of energy services, defined to include conducting energy audits; providing or arranging for project financing; providing project design and construction management; providing operations and maintenance services; and verifying energy savings according to accepted industry practice.**
- **Regular business practice of developing performance-based projects, defined to mean projects for which the developer's compensation is contingent upon the projects realizing verified cost savings.**

Companies applying for **ESP Accreditation** must demonstrate all of the capabilities of an ESCO plus the technical and managerial competence to provide energy supply through the development and implementation of build/own/operate distributed generation, cogeneration, or combined heat and power projects or the firm contracting of energy supply.

Companies applying for **EEC Accreditation** must demonstrate the technical and managerial competence to implement one or more energy efficiency technologies (e.g., lighting), or services (e.g., construction management), substantiated by a track record of successful projects.

Please note:

NAESCO does not certify either expressly or by implication that any accredited company's customer(s) will, in fact, realize the cost savings projected by that company; or, that any accredited company has any particular level of financial strength or viability.

If you have a complaint about a project implemented by a NAESCO accredited ESCO, please contact the NAESCO Ombudsman: <http://naesco.org/ombudsman>.

Look for the NAESCO Accreditation logo and ask to see a current NAESCO Accreditation Certificate

