

# 2019 ESCO Market Survey

# About the Clean Energy Business Council

- Registered as a Not for Profit Company in Masdar City, the Clean Energy Business Council is the organisation representing the private sector involved in the clean energy sector across the MENA region.
- CEBC goal is to establish a dialogue between the public and private sectors to drive the development of appropriate and much needed regulation and policy to support the development of this vital sector.

# Energy Efficiency Working Group

- To help remove barriers to Energy Efficiency in the MENA region
- Gather ESCOs to accelerate the ESCO markets in the GCC. Focus on UAE and Saudi Arabia for Commercial and Industrial sectors
- Four sub-groups:
  - Industrial EE
  - Advocacy
  - Finance
  - Communications

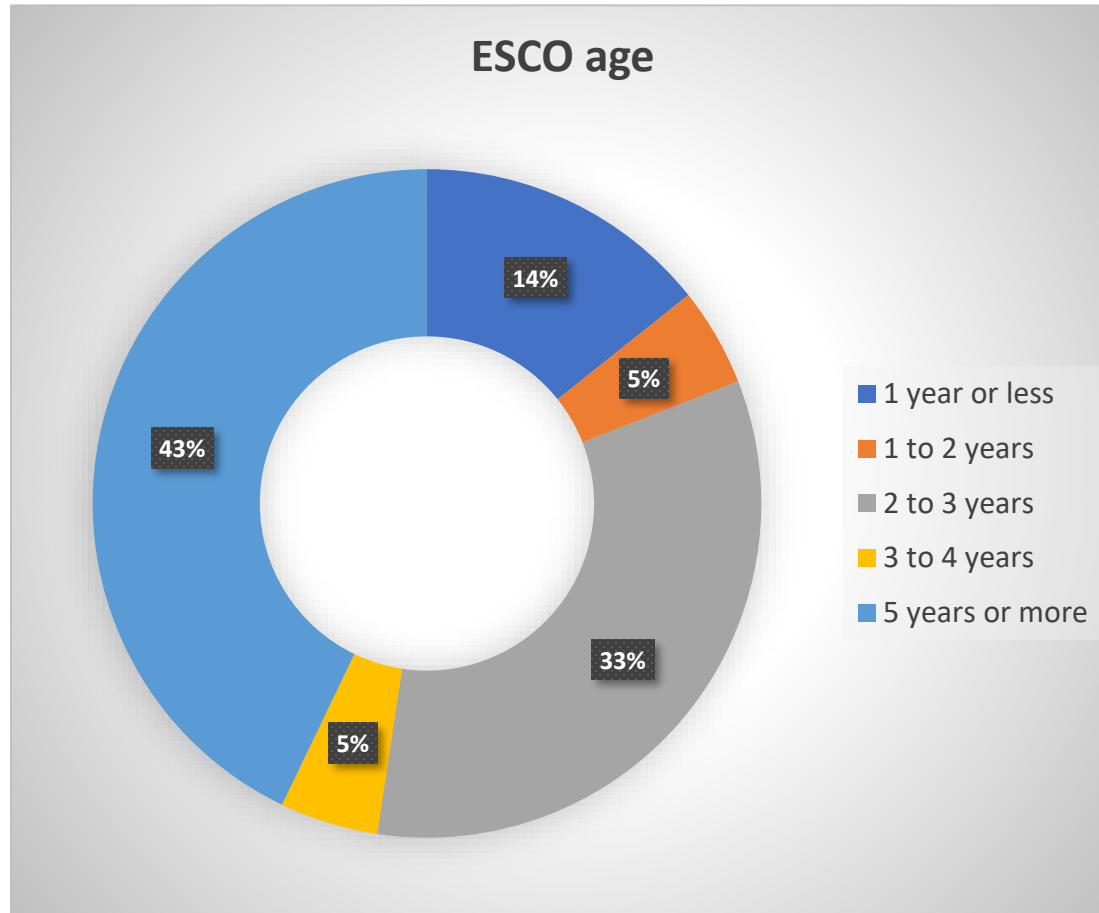
# Survey details

- Realized online by the CEBC between the 9<sup>th</sup> to the 25<sup>th</sup> of March 2019
- Survey sent to 25 UAE ESCOs, 21 responses obtained (84% participation)
- Responses by CEOs or Senior Management of ESCOs in the UAE

Al Mazrouie & Partners
Al Shirawi Facilities Management
Al Tayer Engineering
BK Gulf
Bond Interiours
Cofely Besix FM
Duserve
Enova
Environmental Solutions & Consultancy
Envirofina
Farnek Total Facilities Management
GECO
Hansa Energy Solutions
Honeywell
Imdaad
ISTA Middle East
Johnson Controls
Philips Lighting
Quantum Eurostar
QTM
Sharaf Electronics
Siemens
Smart Automation Energy
Smart4Power
Taka Solutions

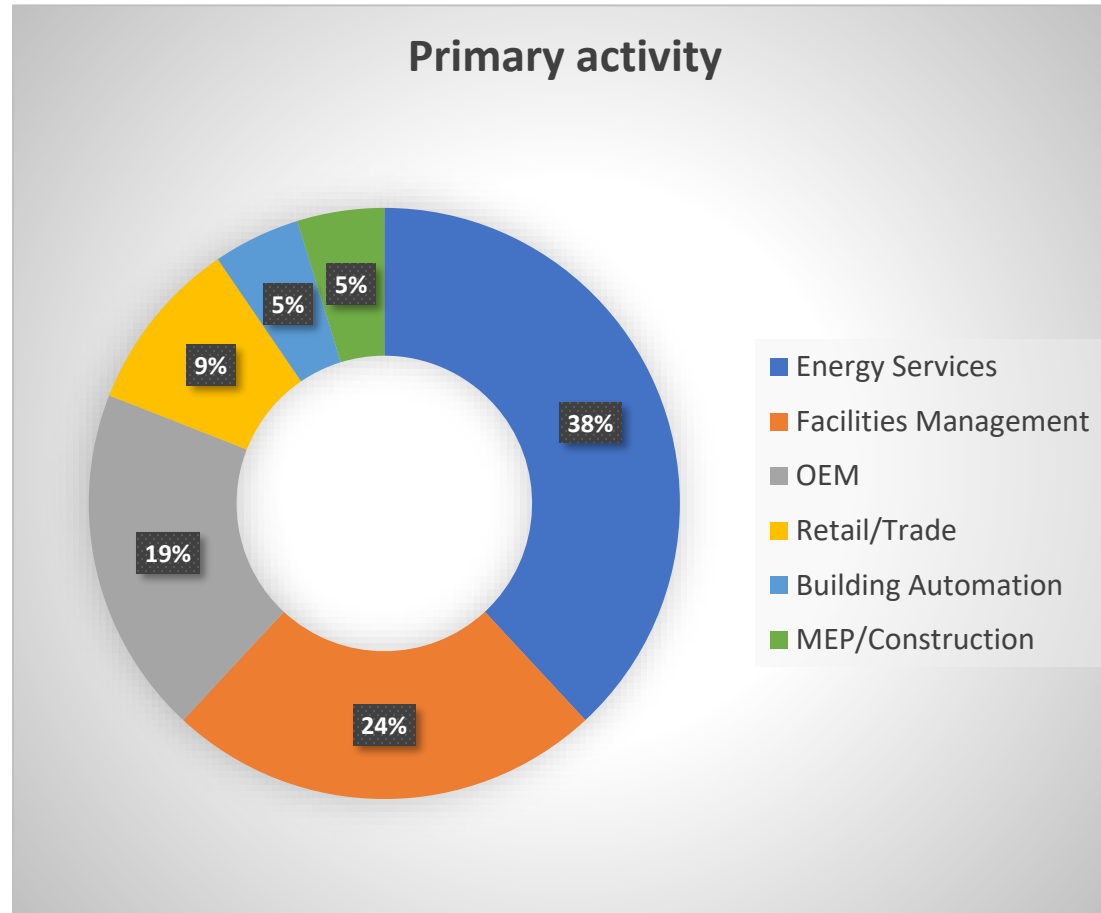
## Profile of UAE ESCOs

# How old are the UAE ESCOs ?



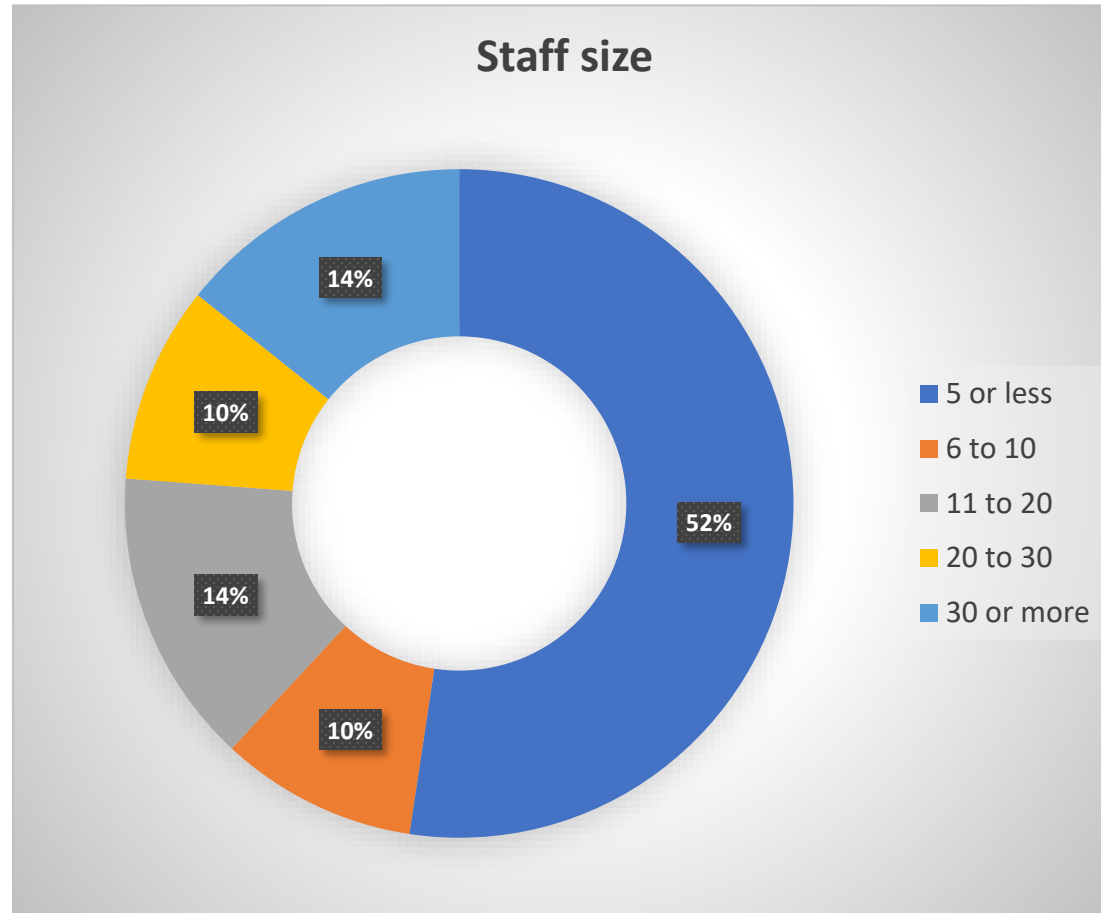
- 57% are less than 5 years old
- 43% operate for more than 5 years

# What is the primary business of UAE ESCOs ?



- 38% of the companies are pure ESCOs
- 25% come from the Facility Management business
- 19% are Product Manufacturers
- 9% are Products Retailers

# What is the staff size of UAE ESCOs ?



- Half of the ESCOs have 5 employees or less
- 8 ESCOs have more than 10 employees
- 5 ESCOs have more than 20 employees



# Where are they active ?

- All ESCOs have established themselves in **Dubai** and many are **active across the UAE**
- 5 ESCOs have physical teams located in other Emirates
- 50% of the ESCOs plan to open a branch in another Emirate in the coming 3 years, with **Ras Al Khaimah & Abu Dhabi** being the preferred places



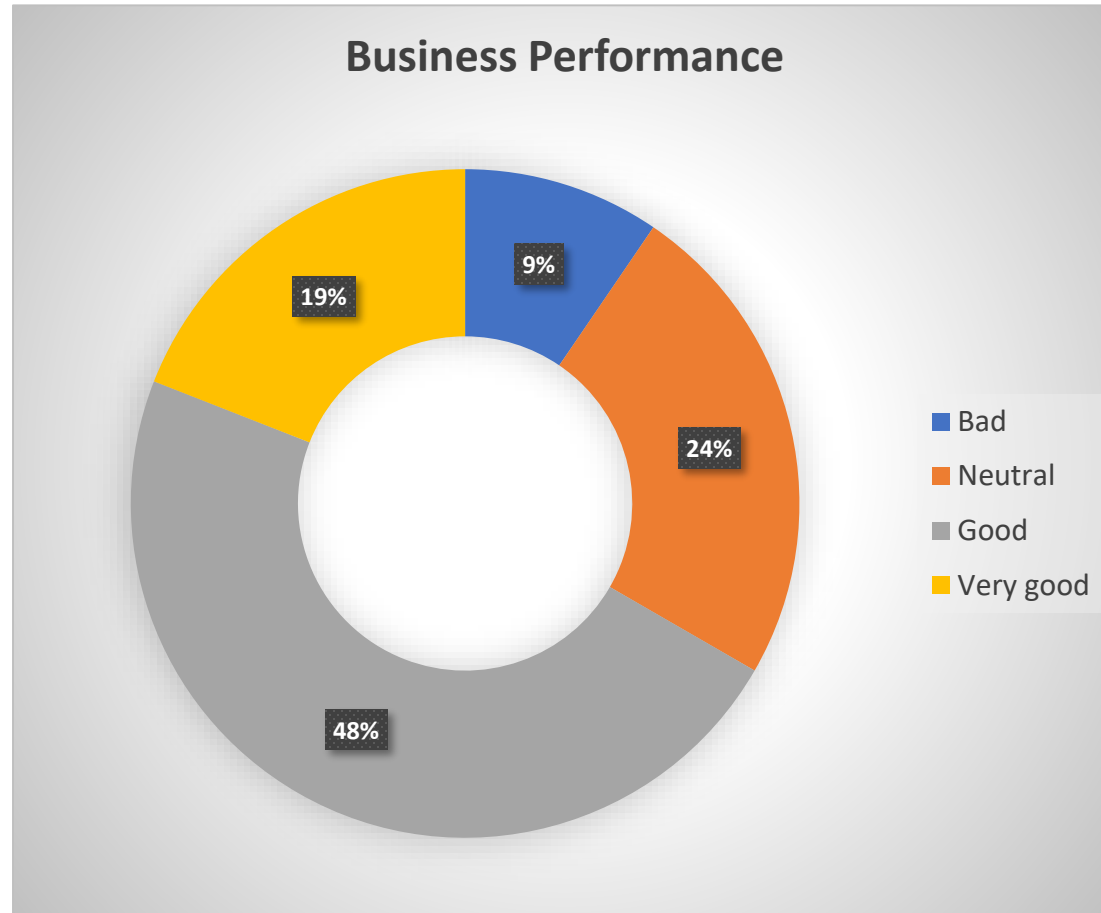
# Do they have export plans ?

- 50% of the UAE ESCOs plan to open, or have already opened, a branch in MENA with **Saudi Arabia** being the preferred location by far (70% of respondents), followed by **Egypt** and **Oman**
- Other GCC countries such as **Bahrain**, **Kuwait** and **Qatar** currently have a very low interest for ESCOs



## ESCOs market views

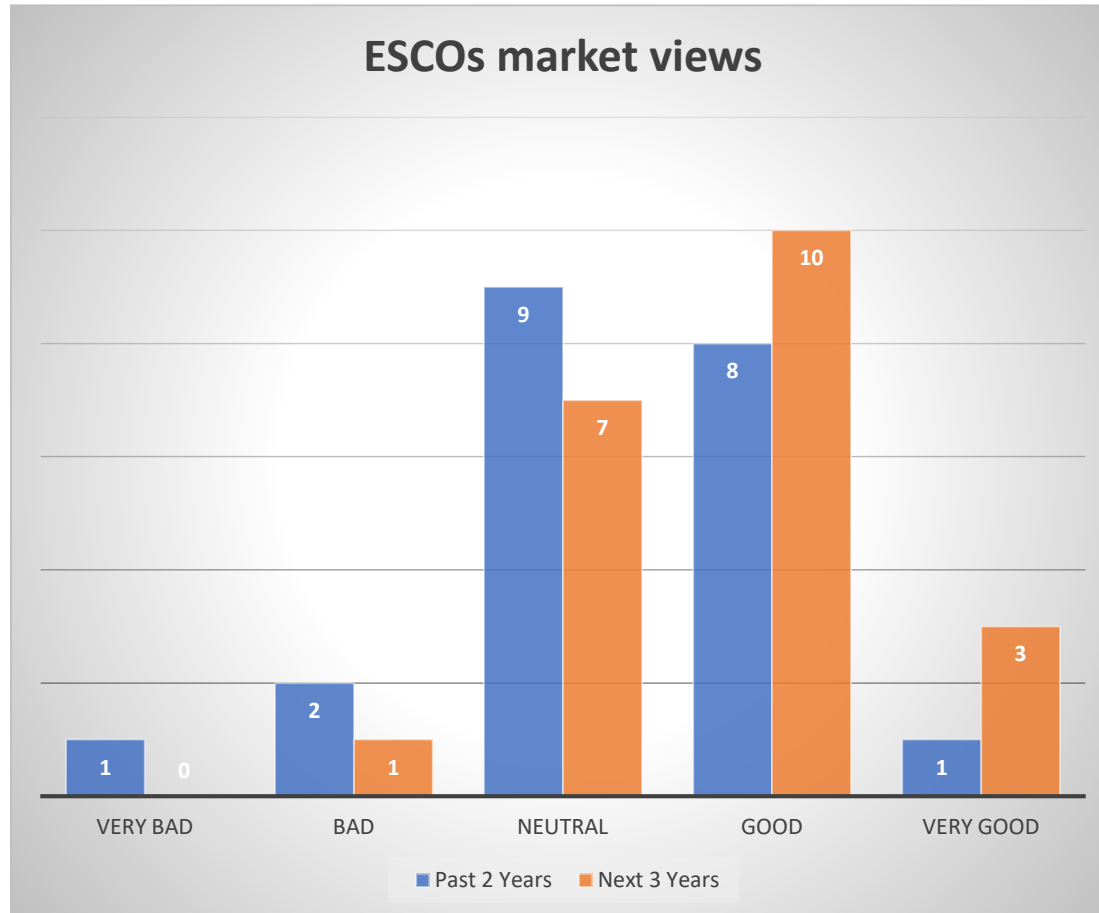
# Business performance satisfaction



How do you evaluate the business performance of your company over the last 2 years?

- Two thirds of the ESCOs qualify their performance as “Good” or “Very good”
- 2 ESCOs are not satisfied with their performance

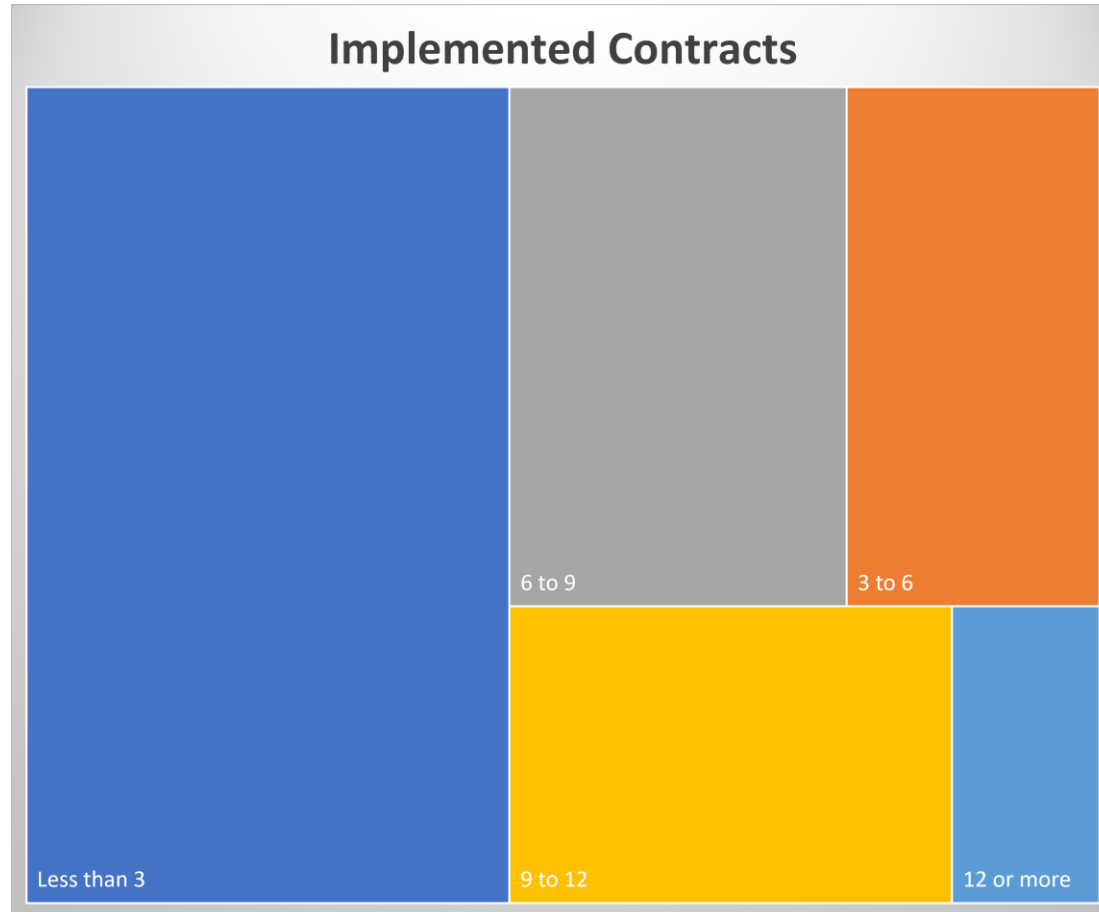
# The UAE Market in the past 2, and next 3 years



How do you evaluate UAE ESCO market business opportunities over the past 2 years and what is your outlook for the next 3 years?

- 57% of ESCOs think the UAE market was not good in the last 2 years (very bad, bad or neutral)
- 60% of ESCOs think the UAE market is going to be good or very good in the next 3 years

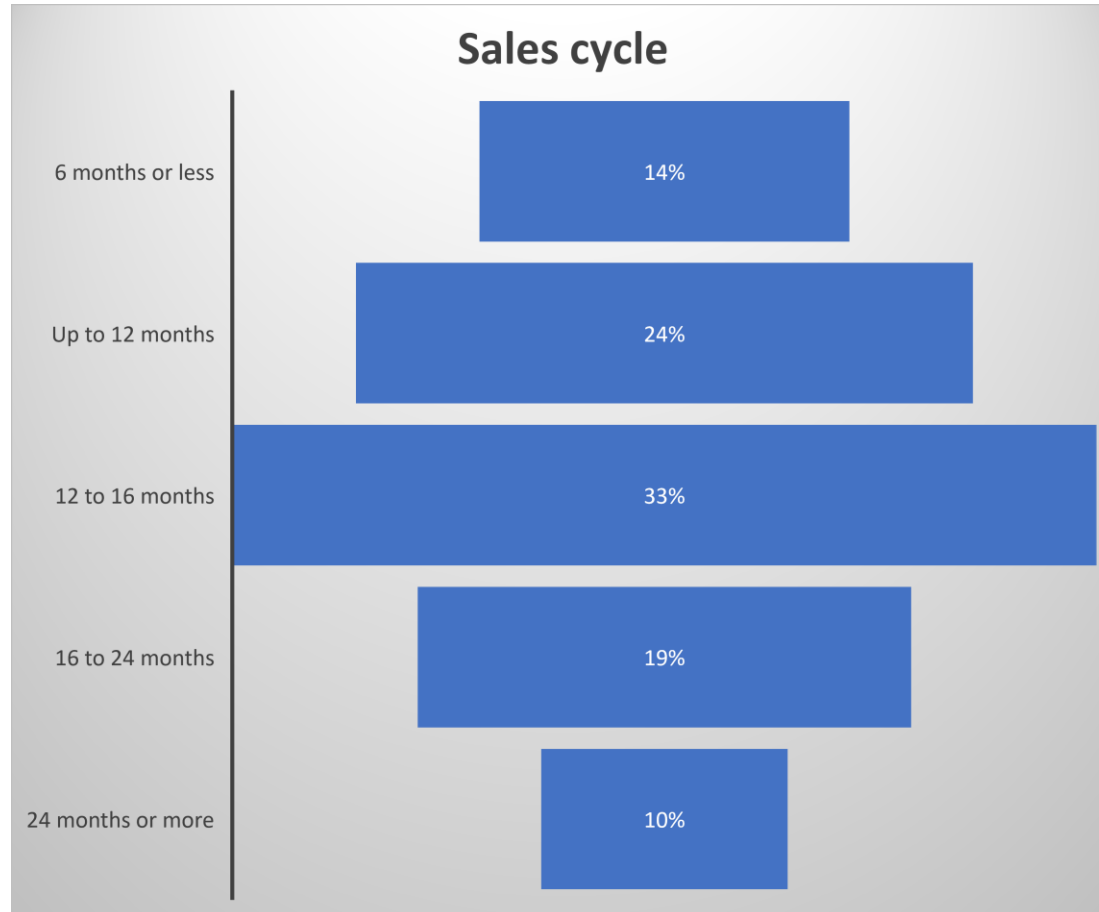
# How many contracts by ESCOs ?



How many ESCO contracts have you implemented in the UAE?

- 45% of ESCOs have done 3 or less contracts in the UAE since they started business
- Only 1 ESCO has executed 12 or more contracts in the UAE

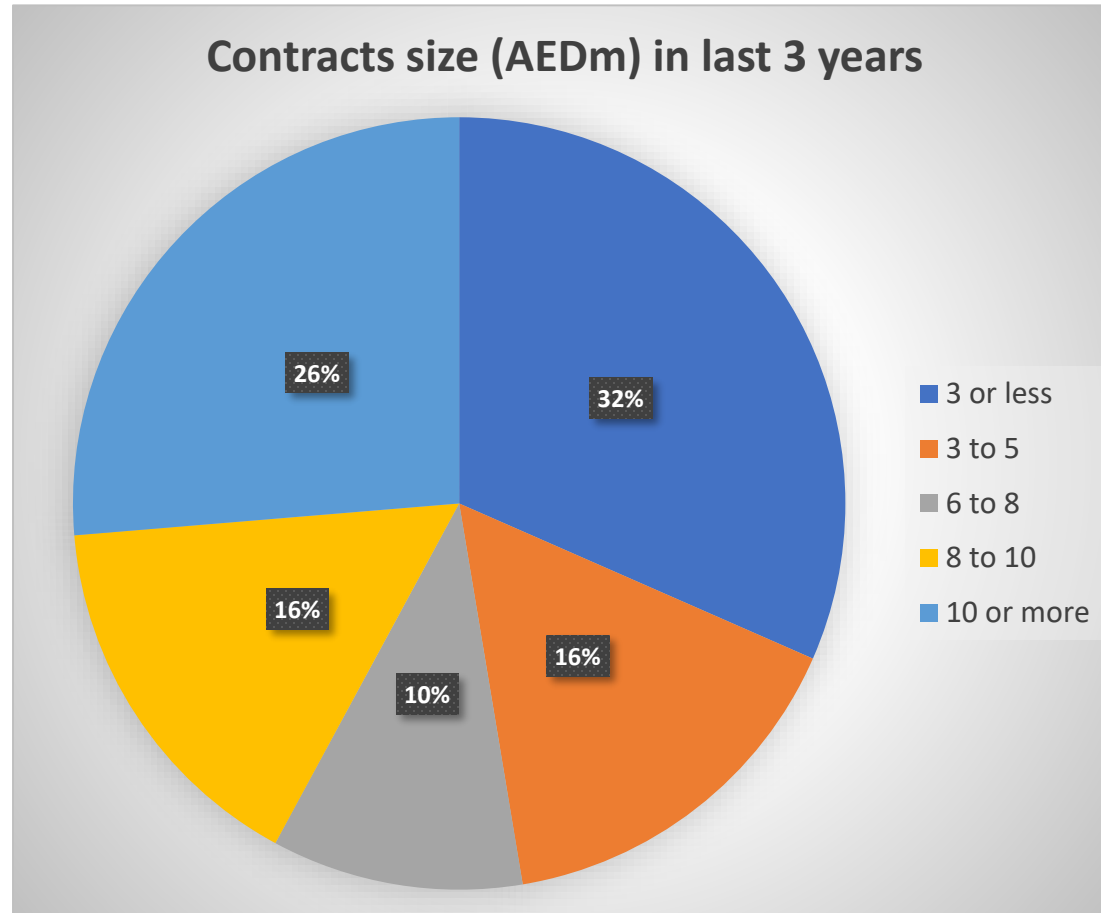
# How long does it take to sign a contract ?



What is, on average, duration of your sales cycle (from initial contact to signing of the contract)?

- For 60% of the ESCOs, signing a contract will take in average between 12 to 24 months
- Only 3 ESCOs manage to sign contracts in 6 months or less

# How large are the UAE ESCO contracts ?

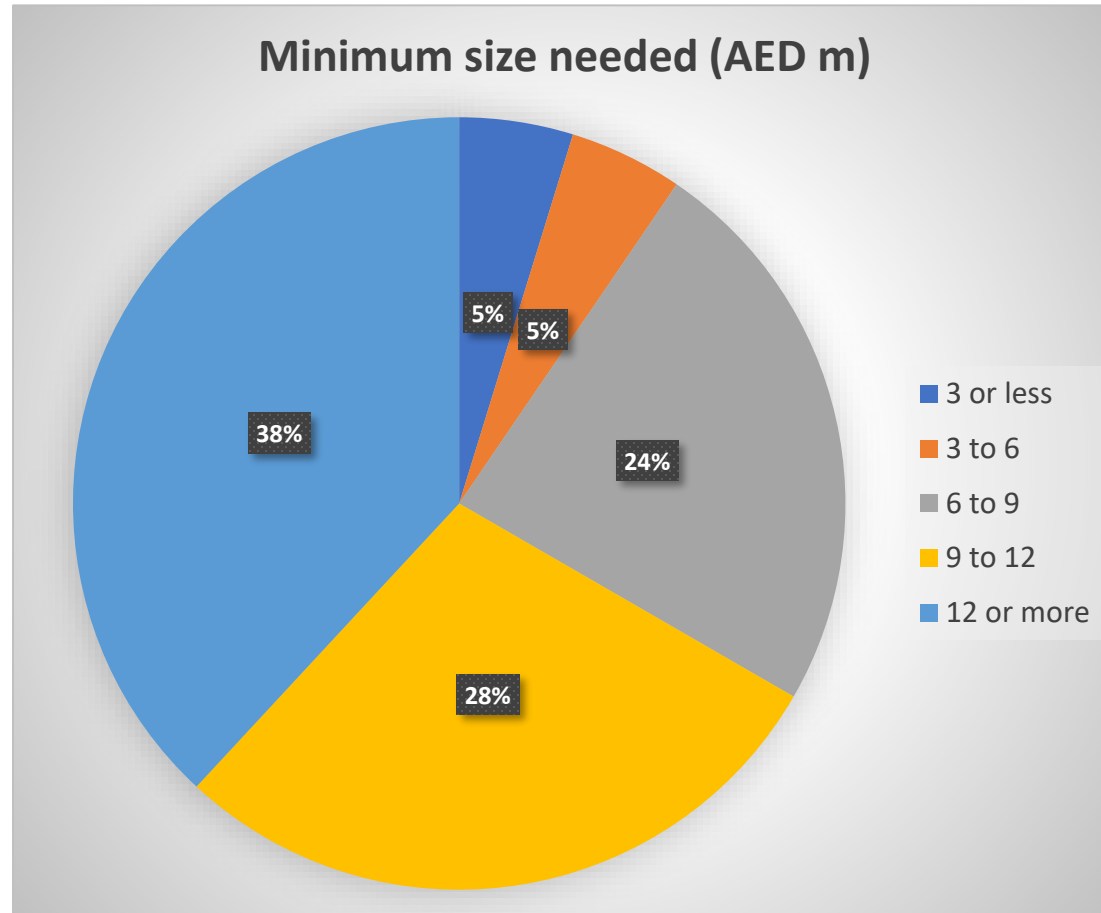


What is the average value of ESCO projects undertaken in the last 3 years?

- 50% of the ESCOs have contracts with an average value below AED 5 million
- 25% of the ESCOs manage to sign contracts with an average value of AED 10 million or more



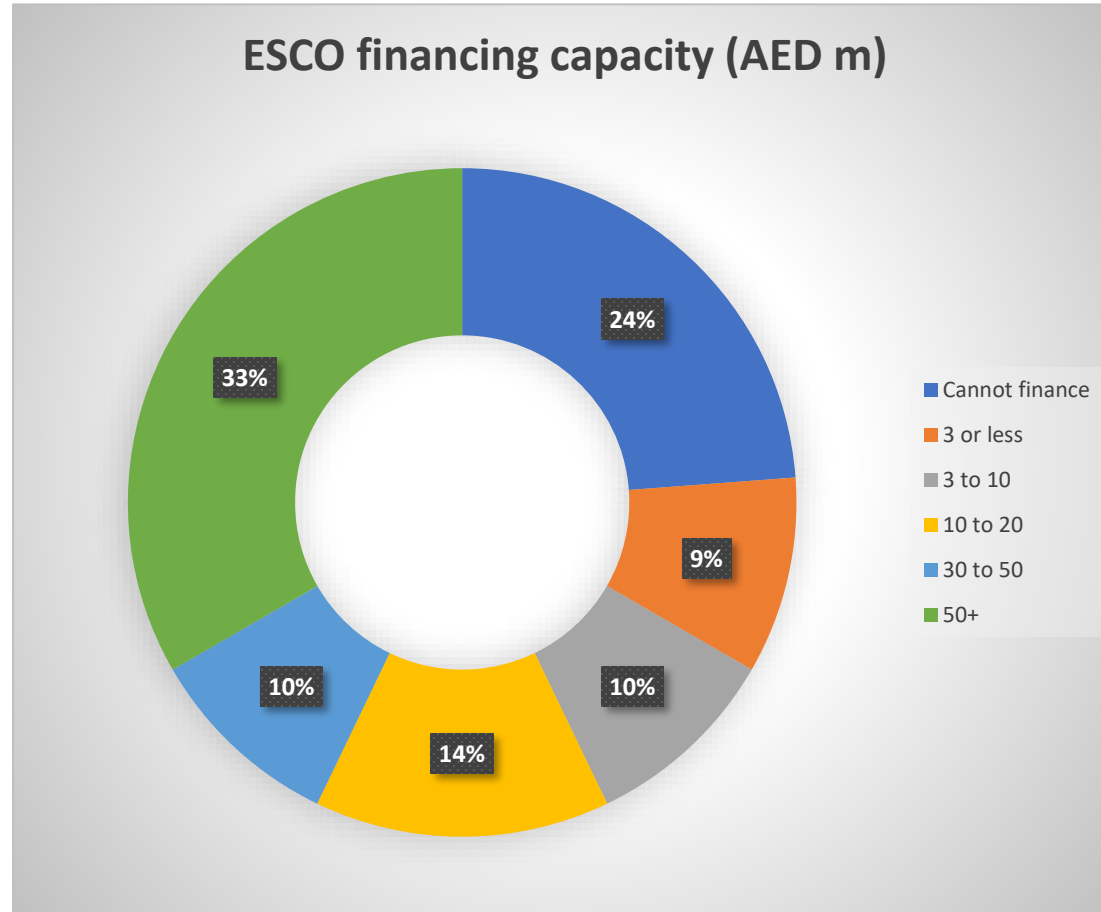
# What are the needed contract size ?



What minimum size of contract do ESCOs need, to continue doing business?

- **90%** need average contract size above **AED 6 million** to be able to continue operating
- **38%** need average contract size of minimum **AED12 million**

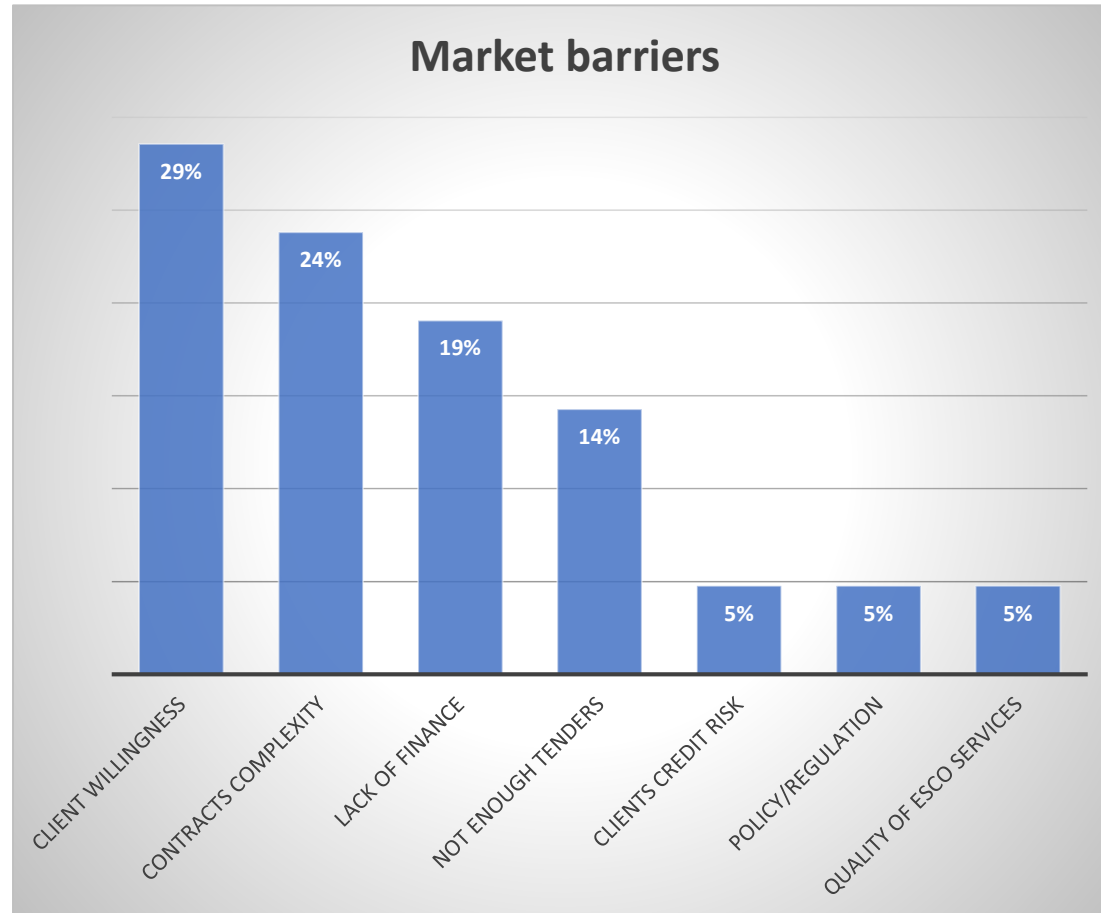
# Is project financing an issue ?



How much is your organization willing to fund for the implementation of ESCO projects?

- 75% of the ESCOs are capable of financing projects
- One third of the ESCOs can finance projects of AED 50 million or more

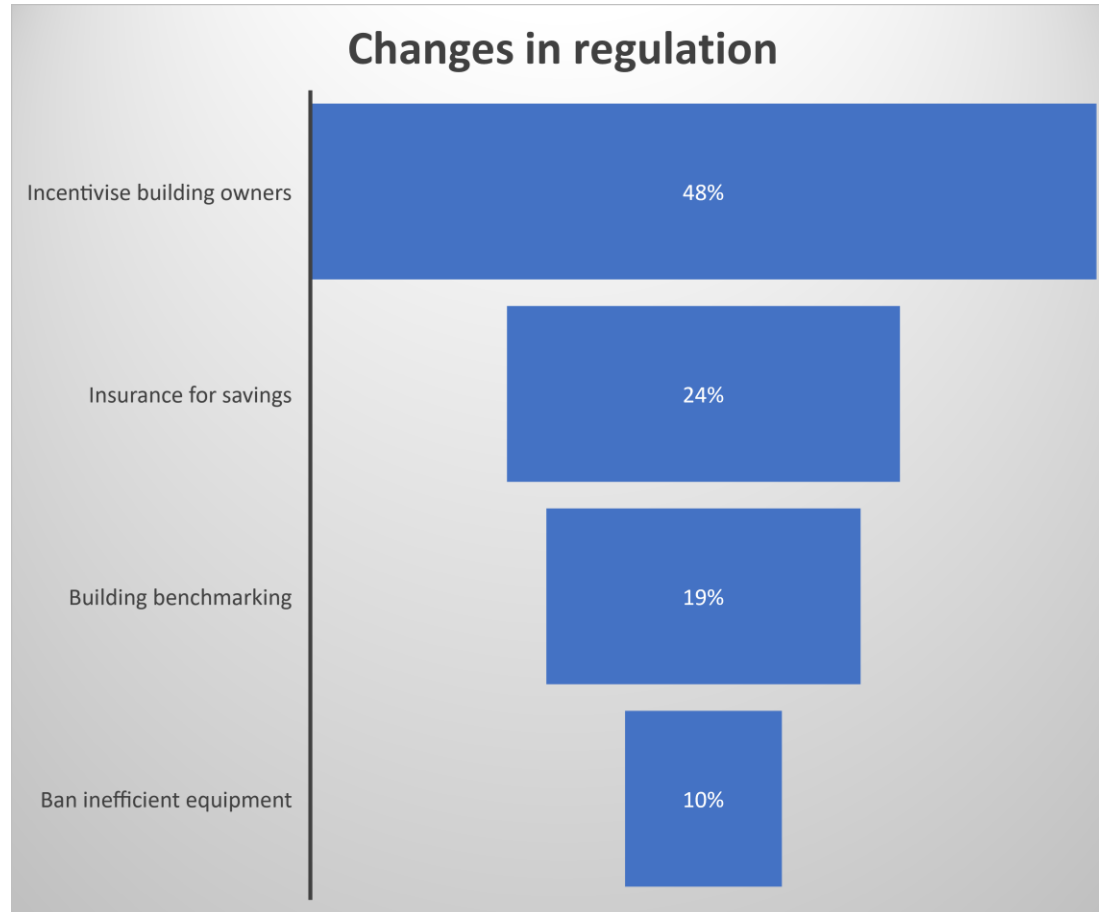
# Barriers to ESCO market development in UAE



What is the major stumbling block for the growth of the ESCO market in the UAE?

- **Client willingness** to save energy and **complexity of the contracts** are seen as the major barriers by 50% of the ESCOs
- **Lack of project finance** and **not enough tenders** are the next 2 issues

# What can Regulators do to help ?



What changes in regulation are needed to promote the ESCO market in the UAE?

- **Introducing incentives for building owners (or penalties)** is seen as the major point that Regulators can introduce to help stimulate the UAE ESCO market

# Thank You !

CEBC Energy Efficiency Working Group