

SUMMARY TABLE OF ESCO STRUCTURES

Description	Funding	Construction	Ownership	O&M	Potential application
Public Sector - traditional	LBS funds Grant funding Other public funds	Public procurement of construction contracts by LBS	LBS direct	LBS internal or public procurement of O&M contract	LBS procure schemes. The heat is then sold on to heat customers. Full LBS control. LBS take all the risk and benefit.
Public sector – arms length organisation	LBS funds Grant funding Other public funds ALMO Borrowing	Public procurement of construction contracts by ALMO	ALMO	ALMO direct or public procurement of O&M contract	As above but LBS set up an ALMO to manage the delivery and operation of the scheme. Potential to avoid public procurement rules and engage in commercial markets. Full LBS control. LBS take all the risk and benefit.
Public Private Partnership – JV company	Part as Public Sector plus private sector equity plus private sector debt	Public/private sector procurement of construction contracts (depends on JV structure and partner capabilities)	JV Co Ltd	JV Co direct or Public/private sector procurement of O&M contracts (depends on JV structure and partner capabilities)	LBS and a partner as shareholders of a single entity. LBS able to exert influence over priorities such as reduction of fuel poverty, CO ₂ reduction, prioritising connection of future developments. Shared risk.
PPP – split responsibilities (e.g. energy supply private – infrastructure public sector)	Part as public sector plus private sector equity plus private sector debt	Split public/private procurement with interface management	Split public/private	Split public/private procurement of O&M services. Public O&M potentially packaged with private sector partner	LBS and partner with different roles, e.g. LBS procure pipe network, partner funds EC and customer interfaces. Benefits as with JV option, i.e. LBS retain maximum possible influence. Risk is shared in part, but can be weighted heavily in one direction (e.g. network construction risk if LBS fund the network installation would sit with LBS).
Private sector – direct energy services contract	Private sector debt/equity Grant funding – limited availability Supported by contract for services	Public procurement for energy services (heat, power) – fixed scope Private sector construction contracts	Private sector – reversion to public after defined period	Private sector	Infrastructure ownership reverts to public sector once the contract for services has repaid the private sector debt/capital spend. Risk sits with private sector until asset is transferred.
Private sector – concession	Private sector debt/equity Grant funding – limited availability. Supported by concession	Public procurement for concession – fixed area/service variable scope. Private sector construction contracts	Private sector – reversion to public after defined period	Private sector	As with direct energy services contract option above, but the concession covers a fixed area rather than a fixed set of loads. Typically this would be for a new development area where specific requirements can be placed on developers to connect to a network. Risk sits with private sector until asset is transferred.
Private sector speculative	Private sector debt/equity Grant funding – limited availability. Underwritten by supply contract	Private sector	Private sector	Private sector	LBS has no influence over the connected loads, receives none of the commercial benefits but takes none of the risk. Still contributes towards some of LBS's drivers – CO ₂ reduction etc., but risks being at odds with LBS social agenda.