Energy service contracts: How to reduce energy supply costs without investment

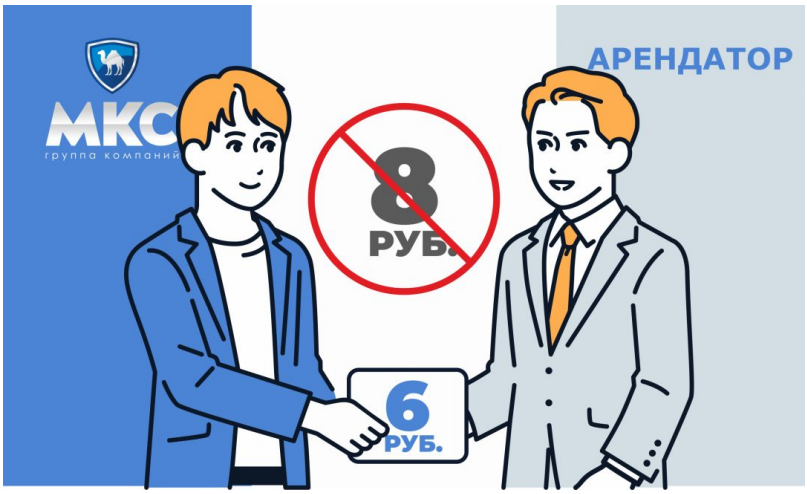
September 13, 2024

Modern companies are faced with the need to optimize energy costs. Constant growth of electricity tariffs, strict environmental standards and the need to improve energy efficiency force companies to look for innovative solutions. However, not every company can afford large investments in the modernization of the energy system. In such cases, the energy service contract comes to the rescue, which allows to get significant savings without initial financial investments.

Energy service contract what is it?

An energy service contract is a flexible mechanism that provides the customer (lessor) with an opportunity to lease generating equipment, such as a power complex (mini-HPP) or gas-fired power generators, with a guaranteed discount on electricity and heat. The main idea is that all capital investments for construction and operation of the facility are assumed by MKS Group, and the lessor receives savings immediately after the facility is put into operation.

The energy service contract has many different variants of names: energy service contract, energy contract, ESCO contract, energy service contract, energy service contract, energy saving contract, energy performance contract, energy saving contract, energy efficiency contract, energy service agreement, energy efficiency service contract, energy efficiency service contract, energy service contract, energy service contract, energy service contract, as well as energy supply contract with improved performance.



How does an energy performance contract work?

Analysis of the object. Before concluding a contract, specialists of MKS Group conduct an energy audit of the facility. This allows to identify current electricity consumption, hourly load profiles, as well as identify potential areas for savings. Through a thorough analysis, specialists can produce a detailed feasibility study (FS) that will form the basis for the project.
Feasibility Study and Proposal Formation. After the analysis is completed, a feasibility study is formed, in which the lease parameters are described in detail: type and number of gas piston units (GPU), volumes of generated electricity and heat, as well as calculation of the size of discounts compared to the current tariffs of energy supply companies.
Conclusion of an energy contract for the lease of generating equipment. When all parameters have been agreed upon, an energy service contract (lease agreement) is signed. At this stage, the terms of the energy center lease, the technical characteristics of the gas piston plant, and the terms of maintenance and monitoring are fixed.
Equipment installation and commissioning. After the contract is signed, the process of construction or installation of the power center begins. MKS Group undertakes all works related to installation and commissioning of the facility.
Operation and maintenance. During the entire term of the energy service contract, MKS Group performs technical maintenance of the equipment, ensuring its uninterrupted operation and maximum energy efficiency.
Advantages of energy service contract for business

No initial investment. One of the main advantages is that the lessor does not bear capital expenses for equipment installation. All costs of design, construction, installation and maintenance are covered by MKS Group.
Guaranteed savings. The lessor starts to receive economic effect immediately after commissioning of the facility. This makes it possible not only to reduce energy costs, but also to stabilize energy costs for the entire duration of the contract.

Flexibility of contract terms. Unlike standard energy supply contracts, an energy service contract provides greater flexibility. The lessor is not limited by rigid tariffs and can optimize consumption depending on its needs.
Increased reliability of energy supply. Renting a power complex based on gas power generators allows to ensure stable power supply to the enterprise, reducing dependence on external power suppliers. This is especially important for companies whose operations critically depend on reliable and uninterrupted power supply.
Long-term benefits. After the payback period, the company continues to benefit from lower energy costs. Plus, the installed equipment remains at the site, which makes it possible to continue its operation on favorable terms.
Your own energy complex is an individual approach to electricity costs and independence. On the part of the state, all problems are solved in a long and formulaic way. Cooperating with us, we take all your problems on ourselves, solve them individually and as quickly as possible.
Technical parameters of the equipment

MKS Group of Companies offers rental of a power center, which is a ready-made solution for generating your own electricity at your production site. For example, a 4.3 MW power center can operate on natural gas and provides consistently high efficiency. Main parameters of this power center:

Total capacity: 4.3 MW (4300 kW)
Equipment type: gas piston unit (GPU)
Fuel: natural gas
Frequency: 50 Hz
Voltage level: 10 kV
Operating time before overhaul: 80,000 motor hours
Operating time before overhaul: 10 years depending on operating conditions.
This equipment allows you to significantly reduce energy costs, providing a stable power supply with high efficiency.

It is important to note that the energy complex can be of any capacity, and the equipment is selected by power consumption to meet the needs of the tenant.

Example of a successful project

Energy center for nitrogen fertilizer production (22.5 MW). Thanks to the energy service contract, the company reduced its energy costs by 8% and received a stable and reliable energy supply.

Conclusion

Energy service contracts from MKS Group are a reliable tool for reducing energy costs and improving energy efficiency of the enterprise. Due to flexible terms of equipment lease the lessor receives savings without capital investments, as well as minimal risks in the process of operation. Successful examples of realized projects confirm the effectiveness of this approach for companies in various industries.

Contact us to discuss partnership opportunities and start realizing savings today.