

# Energy service contracts of the MKS Group of Companies: the advantages are obvious

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**In recent years, the MKS Group of Companies has been widely developing activities for the implementation of turnkey small and distributed generation projects through energy service contracts. This mechanism is a mutually beneficial instrument of cooperation between the customer and the contractor.**

The key point is that all capital investments for the construction of a turnkey energy supply facility, all operating costs for the operation of this facility during the term of the energy service contract, as well as all operational risks, are borne by the contractor or partner-investor. It is important to note that energy service contract is a highly profitable type of business with a payback period of 2-4 years.

At the moment MKS Group of Companies has managed to collect a pool of projects for energy service contracts with a total value of 1.6 billion rubles. This portfolio consists of at least eight projects of small and distributed generation with total installed capacity of more than 35 MW.

An energy service contract can be implemented in two ways: a direct energy supply contract and a lease contract for complete generating equipment. The economic sense of both types of contracts is that the Contractor, after commissioning of the facility, supplies the Customer with electricity and heat at a discount relative to the prices and

tariffs of resource supplying organizations and networks. The size of the discount is a subject of commercial negotiations. The discount for energy resources is a guarantee of economic effect for the Customer. Moreover, at the end of the energy service contract the Customer has an opportunity to buy back the complete generating equipment at a negotiated price.

Considerable experience of “MKS Group” shows that the most convenient and simple is the equipment lease agreement. This form has a number of advantages. The customer pays only the lease payment based on the volume of consumed resources and a discount; the customer does not need to lease the land plot to the Contractor; there is no need to obtain new technical conditions for connecting the equipment to the networks and many others.

Thus, the implementation of energy service contracts is a profitable type of cooperation both for consumers - representatives of small and medium-sized businesses in Russia, and for investors. And successful activity of MKS Group of Companies in realization of energy service contracts contributes to increase of energy efficiency of Russian enterprises.

The first project of the MKS Group of Companies under the energy service contract was implemented in the Yaroslavl region in a block-modular design, with two MWM TCG 2016 V12 gas piston engines with a total capacity of 1.2 MW installed inside.