VARIATION A.2

Building type	Commercial building Public Building Residential Building
Occupation model	Individual
Type of DR	Implicit
Owner/Tenant relation	Owner occupier
Financing	FI Financing

In this variation, which in all other aspects corresponds to variation A.1 (generic model), the financing of the investment is done not by the ESCO but by a third-party bank of financial institution. Such financing is based on either a credit financing or a classical project financing. Accountancy wise, such financing is always "on balance" for the customers. This means that the underlying assets are on the active side of the customer's balance sheet and the corresponding credit or loan on the passive side. In other words, the customer is the economic owner of the assets, but he has a corresponding debt that may influence the way external financiers look at his capability to take on more loans. Thus, such accounting considerations are often an important driver for the type of financing solution that the customer is looking for. The financing solution and the accounting treatment will thus be intrinsically defined elements of the Business Model. Customer may decide to go with another ESCO if it offers a more adequate answer to his accounting requirements.

The ESCO will rarely want to add any margin to the cost of financing of the investment, if it wants to stay competitive, but needs to make its margin entirely on the periodical AEPC fees.