



EOS Funding Solution

Traditional approaches to capital funding for energy efficiency projects has fallen into two camps:

1. Capital is utilised from reserves or from internal allocation against an investment case
2. External capital is raised, and the cost of such capital is amortised as an ongoing project cost

The former being referred to as a capital or **CAPEX** approach and the latter forming an operational or **OPEX** approach (i.e. the cost of the funding forms part of the investment case and although lowering relative returns means that capital is preserved).

In many cases capital preservation is a corporate policy as any deployment outside of investment in core business activities struggles to gain support unless that non-core investment is very low risk, the business completely understands the proposition and that there is a significant impact on costs (as opposed to an increase in revenue or market share).

OPEX structures, including finance leases, operational leases, hire purchase or debt and equity instruments, still require a risk/cost assessment, still require a good level of understanding in the project performance (and in particular in its ability to repay external liabilities) and must still achieve a savings hurdle to justify placing those liabilities on the Companies balance sheet (as all these instruments are classed as '**on-balance sheet**' under **IFRS16 Leases**).

Notwithstanding the above, commercial and industrial (C&I) businesses are now facing into a non-fiscal, environmental challenge –

- **Sustainability** and the journey to **Net Zero Carbon**.
- **Corporate Social Responsibility (CSR) and Environment, Social and Governance (ESG)**
- **Climate Change Declarations (CCD)**

Each of these challenges colour the decisions around the two historic ways that projects (which comply with or promote a 'greening of the estate') are to be funded and return on investment.

Financial returns are now competing with carbon reduction, energy efficiency with renewable generation and many such projects are outside of a company's comfort zone.

This journey to Net Zero now has **a new approach to funding, outside of the CAPEX and OPEX models and with a low risk profile, even for complex carbon reduction projects.**

This **new way** removes the traditional question and replaces it with an ability to acquire Clean Energy Solutions with **ZERO CAPEX and ZERO OPEX**.

It is called **The Energy Optimisation Solution**.

The **EOS** proposition allows organisations to speed their Journey to Net Zero and to save money along the way.

EOS will fully invest all the capital required for the project. They will arrange and manage the design, construction and operation of the energy optimisation solution (including Battery Energy Storage Systems (**BESS**) and any suitable generation technology, such as Solar PV, CHP or Electric Vehicle Charging (EVC) to form **BESS+**). All necessary permissions, connection agreements and infrastructure upgrades will also be included in the funded package.

Once the asset is operational EOS will leverage its considerable reach into the Supplier, Aggregator and trading desk supply chain to maximise the return on investment over the term of a Service/Lease Agreement.

The aggregated savings and revenue benefits from operations are then shared between EOS and the C&I host under the contract terms, meaning both parties are fully commercially aligned.

ALL OPEX costs (maintenance, insurance and administration) are covered by EOS and the savings/revenue are therefore a **net benefit** to the host.

Preserved capital and/or the savings that EOS creates can be utilised for tougher, internal carbon reduction approaches that are behavioural and revolve around consumption reduction and education rather than being cash hungry projects which need investment.

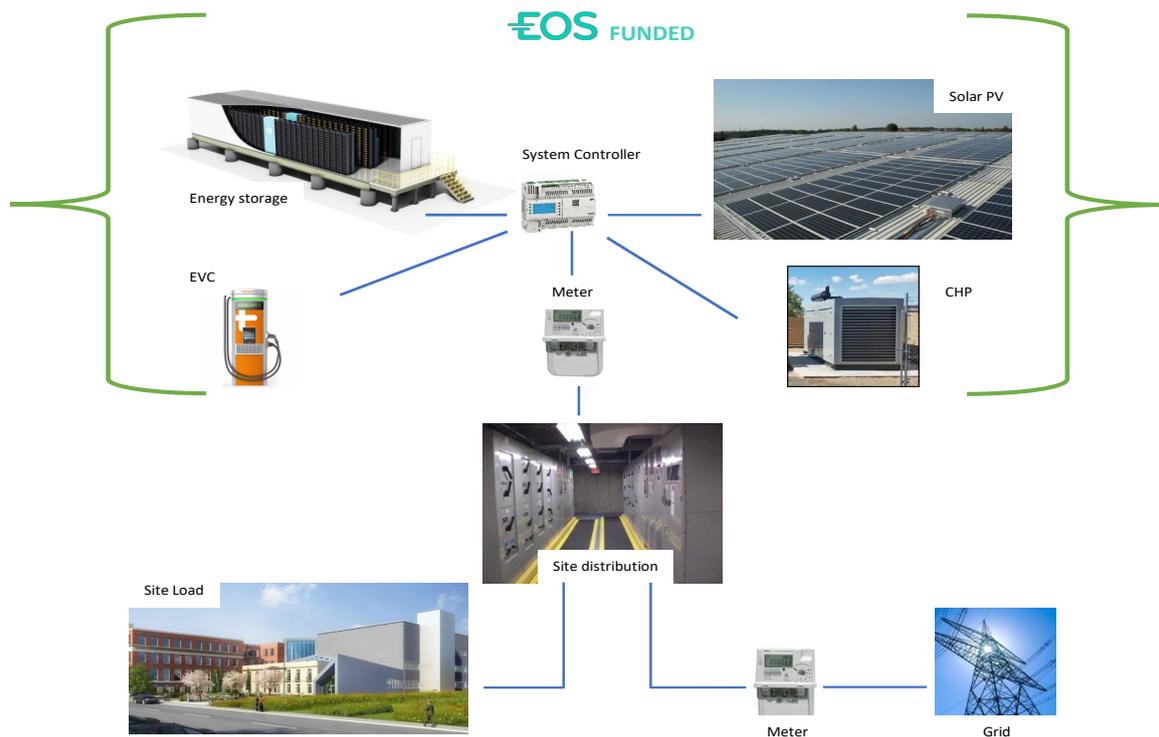
Additional initiatives to move to Net Zero and the resources required can be afforded.

This “**Third Way**” the “**Energy Optimisation Solution**” way is a Win, Win, Win.

1. Your organisation Wins through saving money and being able to deploy resources in smarter ways
2. Your organisation also Wins by accelerating your Journey to **Net Zero** through the faster deployment of renewables and energy storage to power your organisation with **Clean Energy**.
3. The Climate Change Challenge Wins through deployment of green generation and Battery Energy Storage to help stabilise the Grid as more and more Renewables come on to the Electricity Network and as they displace carbon intensive Fossil Fuel generation.

For Clean Power Solutions, **you can now stop debating the CAPEX vs OPEX question.**

The “**EOS Third Way**“ is the new and the smart way to achieve **your Clean Power and Carbon Reduction objectives.**



For further Information on ZeroCAPEX/ZeroOPEX Battery Energy Storage and on-Site Renewables

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