Abstract

The growing consumption of energy in Singapore has spurred the public sector to promote energy efficiency programs. As the energy consumption in building services is one of the largest area of energy use, the public sector aim to promote energy efficiency using performance contracts. The use of Performance Contract is an innovative form of contracting between building owners and Energy Service Companines (ESCO) that offers energy efficient operations. It delivers guaranteed cost-effective energy efficiency programs to building owners thus providing a transparent way to manage risks while achieving energy efficiency in buildings. Due to the novelty of this form of contract in Singapore, studies were done on the international efforts in promoting performance contracts. An interview with a manager from the Building and Construction Authority (BCA) was conducted to understand the problems and progress of promoting performance contracts in Singapore.

This paper studies the concept of performance contracting and examines whether performance contracting is indeed the best tool to be adopted for achieving energy efficiency in completed buildings in Singapore. It is based on the study of the characteristics, procurement process, contractual risks and potential savings in performance contracts as compared to non-performance contract.

From the research, it was found that performance contract does achieve energy efficiency in completed buildings. However, further improvements can be made to its characteristics and apportionment of risks to attain an even better tool for achieving energy efficiency in completed buildings.