

FEDERAL UTILITY PARTNERSHIP WORKING GROUP SEMINAR

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Nashville, TN

UESC and ESPC Quiz!

Hosted by:



Authorization

- *True or False:*

The EPO Act of 1992 authorized federal agencies to enter into energy savings contracts; codified in 42 USC 8287, is it true that it is the authority for both UESC and ESPC?

Competition

- *True or False:*

Is it true that all utilities within the state in which a Federal facility is located must be given fair consideration for UESC task orders?

- *True or False:*

Is it true that since utilities are subject to regulation by their PUC they do not have to competitively select their subcontractors when developing a UESC?

- *True or False:*

Is it true that Agencies must reach out to all ESCOs on the DOE-qualified list before selecting one to develop their ESPC?

Contracting Party

- *True or False:*

Is it true that either the serving utility or their ESCO partner can be the prime on a UESC?

- *True or False:*

Is it true that the competitively selected ESCO is always the prime on an ESPC?

Guarantee

- *True or False:*

Is it true that OMB requires performance assurances or a savings guarantee in order for a project to be scored annually?

- *True or False:*

Is it true that ESPC projects can opt not to have a savings guarantee?

Financing

- *True or False:*

Is it true that in a financed ESPC, the ESCO enters into a financing agreement with a third party finance company?

- *True or False:*

Is it true that Utility companies exclusively use their own capital to finance UESC projects?

- *True or False:*

Is it true that there is no need to compete among finance companies for UESCs or ESPC financing?

Maximum Project Term

- *True or False:*

Is it true that ESPCs may have terms up to 25 years as stated in 42 USC 8287?

- *True or False:*

Is it true that 42 USC 8256 (for all agencies) and 10 USC 2913 (DoD agencies) state that UESCs may have terms up to 25 years?

Measurement & Verification

- *True or False:*

Is it true that M&V is not allowed in UESC projects?

- *True or False:*

Is it true that M&V is a requirement in ESPC projects?

Project Size

- *True or False:*

Is it true that UESC task order have a lower limit of \$1 million and an upper limit of \$20 million?

- *True or False:*

ESPC projects must never exceed \$5 million

Technologies

- *True or False:*

Is it true that in a UESC Electric companies may install only electric technologies and gas companies may install only gas-driven technologies?

- *True or False:*

Is it true that UESC and ESPC projects should be comprehensive in nature in order to achieve the deepest energy and dollar savings?

Approach

- *True or False:*

Is it true that the same utility selected through a fair consideration process typically implements each step of the UESC process (PA, FS, D&I)?

- *True or False:*

Is it true that ESCOs take a turnkey approach to the ESPC process (audit, DES, D&I)?

Privately financed projects comparison points between UESC and ESPC

ITEM	UESC	ESPC
Authorization & Contract Term	<p>42 USC 8256 is silent on term</p> <p>AWC = 10 Years</p> <p>GSA opinion concludes UESC term up to 25 years is appropriate;</p> <p>DOD: 10 U.S.C. 2913</p>	<p>42 USC 8287 provides for terms up to 25 Years</p>
Competition	<p>Limited acquisition among serving utilities</p> <p>Bids at subcontract level</p>	<p>ESCO selection from “sweet 16” (Agency down selects 3+ then chooses)</p> <p>Bids at subcontract level</p>
Contract Mechanism	<p>Most commonly contracted as an “Energy Management Services Agreement” under a GSA Utilities Areawide Contract with the serving Utility.</p> <p>Also contracted using an Agency/Utility Basic Ordering Agreement</p> <p>Or a standalone contract with the serving utility</p>	<p>Contracted as Task Orders using the U.S. Army or DOE ESPC IDIQ Contract</p>

Privately financed projects comparison points between UESC and ESPC

ITEM	UESC	ESPC
Cost Structure	Open Book: DOE/FEMP project support (typically no fee)	Open Book: DOE/FEMP fee for contract use/facilitator
	Direct Expenses <ul style="list-style-type: none"> - Subcontracts Competed - Engineering - Project Management - Construction Management - Post-installation costs for term defined in contract (typically 1-3 years: project management, Performance Assurance Plan) 	Direct Expenses <ul style="list-style-type: none"> - Subcontracts Competed - Engineering - Project Management - Construction Management - Post-installation costs for term of the contract (project management, M&V and negotiated role in O&M, Repair & Replacement)
	Indirect Expenses <ul style="list-style-type: none"> - office support - OH&P 	Indirect Expenses <ul style="list-style-type: none"> -office support -OH&P

Privately financed projects comparison points between UESC and ESPC

ITEM	UESC	ESPC
Overhead & Markup	Utility – limited by PUC or Governing Board When used, ESCO partner – shared w/ Utility Subcontractors	ESCO Subcontractors
Guarantee Level	For projects that are financed, “annual scoring”, OMB requires performance assurances or guaranteed savings (Performance Assurance Plan recommended; some utilities may offer a savings guarantee)	42 USC 8287 requires a savings guarantee

Privately financed projects comparison points between UESC and ESPC

ITEM	UESC	ESPC
Interest Rate	<p>Based on Government and utility credit ratings with possible mark-ups/discounts for</p> <ul style="list-style-type: none"> -Technology Risk -Amount of Loan -Term of Loan -Post-construction risk / Performance Assurance Plan and duration 	<p>Based on Government and ESCO credit ratings with possible mark-ups/discounts for</p> <ul style="list-style-type: none"> -Technology Risk -Amount of Loan -Term of Loan -Post-construction risk / M&V Plan and duration
Project Team	<p>Agency acquisition team Utility When used, ESCO partner As requested, DOE/FEMP project support Local subcontractors</p>	<p>Agency acquisition team ESCO DOE/FEMP facilitator Local subcontractors</p>

Privately financed projects comparison points between UESC and ESPC

ITEM	UESC	ESPC
Time to Project Award	Typically less than 1 and up to 2 Years	Typically less than 18 Months and up to 3 Years
Measurement & Verification	<p>OMB requires performance assurances</p> <p>Strategy is based on:</p> <ul style="list-style-type: none"> -Technology/Risk -Measurement Level -Project economics <p>Included in Performance Assurance Plan (typically 1-3 years; often training agency to use and optimize ECMS including a recommissioning strategy)</p>	<p>42 USC 8287 requires M&V for term of loan</p> <p>Strategy is based on:</p> <ul style="list-style-type: none"> -Technology/Risk -Measurement Level -Project economics

Alternatively financed projects comparison points between UESC and ESPC

ITEM	UESC	ESPC
Motivation	<p>Optimize customer consumption before adding new generation</p> <p>Provide customer service</p> <p>Generate profit</p>	<p>Additional business line</p> <p>Provide customer service</p> <p>Generate profit</p>
Resources	<p>Enabling Documents</p> <p>Guide for Contracting Officers</p> <p>Training workshops, webinars, direct project support staff, project facilitators</p> <p>Website</p> <p>FUPWG</p> <p>http://energy.gov/eere/femp/utility-energy-service-contracts</p>	<p>ESPC contract</p> <p>Extensive tool set</p> <p>M&V protocol</p> <p>Training workshops, webinars, project facilitators</p> <p>Website</p> <p>http://energy.gov/eere/femp/energy-savings-performance-contracts</p>