

# FEDERAL UTILITY PARTNERSHIP WORKING GROUP SEMINAR

May 18-19, 2016  
Cincinnati, OH

eProjectBuilder UESC Case Study:  
Department of Veterans Affairs with TECO and ESG

Hosted by:



# Ralph Terrell

## TECO Energy



# Tampa VA UESC Project Summary



Federal Utility Partnership Working Group  
November 3-4, 2015 Houston, TX

# James A. Hayley Veterans' Hospital

- Located in Tampa, FL adjacent to University of South Florida
- Facilities include a Main Hospital (415 beds), a Nursing Home (118 beds), and multiple clinics
- Most of the larger buildings were constructed in the early 70's
- 21 buildings were included for a total SQFT of 1,179,916
- This is a teaching hospital with a full range of services including a nursing home and spinal cord injury center

# Project Overview

- Tampa VA Hospital UESC awarded in Dec 2015
- 21 ECMs
  - Work included lighting, water, controls, transformers and extensive HVAC work involving chiller plant optimization, chilled water distribution improvements, steam condensate recovery, and redesign of air distribution systems.
- ESG was selected to support TECO Peoples Gas due to long history of mutually developing projects in the Florida region under the UESC contract process
- Subs were selected through scope development and a competitive selection process
- Previous history with subs – both ESGs experience and our customer’s experience – was evaluated as an important selection parameter

# Project Overview

- Both the Veterans Administration and TECO had to work together as a team to address unknown work issues involving asbestos and other unexpected encounters.
- A creative solution was agreed on to put a special line item in the Contract that added special estimated funds to establish an asbestos remediation reserve account.

# Project Overview

- The reserve account established a firm fixed price basis for each instance where asbestos was encountered. Any unused funding could be used for:
  - A. Authorization of a T.O. to Modify additional required work
  - B. Partial payment
  - C. Partial buy down of the Contract

# ePB UESC pilot

- ePB is a web-based system for tracking and entering ESPC data for the life of a contract.
- The initial version was developed primarily for Federal ESPC projects to be used by ESCOs to generate data for analysis, reporting and bench marking against historical performance.
- The Tampa VA project was a trial use of ePB to see if it could be used for UESC projects.



# Utility ePB Experience

- TECO was asked by the VA to pilot a UESC in ePB
- TECO's Director of Accounting, Rosemary Barbour, normally handles UESC billing and entered our ePB information as submitted by our prime contractor, ESG
- Her primary comment was that at first everything was very confusing as the directions were primarily intended for use by ESCOs to track data for analysis, reporting and benchmarking.
- Hardest part was getting started and understanding who had to do what and why.
- It took a little longer to figure out what was required which caused some "hand wringing" at the VA but once that hurdle was crossed everything was easy.

# Brigitte Wilson

## Energy Systems Group



# ESCO ePB Experience

## Our experience with ePB so far

- Tampa VA Medical Center UESC awarded
- Two projects (ESPC) submitted
- Several projects pending proposal development
- Used both submission formats, ePB calculation, as well as override function

# ESCO ePB Experience

## ePB Schedules

- Summary Schedule
- Annual Escalation Rates
- Schedule-1 Cost Savings and Payments
- Schedule-2 Implementation Price by Energy Conservation Measure
- Schedule-3 Performance Period Cash Flow
- Schedule-4 First Year Estimated Cost Savings by Energy Conservation Measure
- Schedule-5 Cancellation Ceilings

# ESCO ePB Experience

## Snapshot of Summary Schedule

SUMMARY SCHEDULE BASIC PROJECT INFORMATION						
Project Contact Information	<b>Role</b>	<b>Institution</b>	<b>Name</b>	<b>Title</b>	<b>Email</b>	<b>Phone</b>
	Project Facilitator					
	Customer (Project Initiator)					
	ESCO (Project Builder)					
	Finance Specialist					
Primary Financier						
Project Identification & Characteristics	<b>Project Identification</b>			<b>Project Characteristics</b>		
	Task/Purchase Order #			List of Sites in Project (separated by commas)		
	Contract #			Number of Buildings in Project		
	Project Name			List of Buildings in Project (separated by commas)		
	Primary Project Location-City			Market Segment		
	Primary Project Location-State			Total Floor Area Affected by project (Square Feet)		
	Primary Project Location-Zipcode			Average Annual Energy Consumption of Affected Buildings (MMBtu/yr)		
	<b>Agency Name*</b>			<b>Implementation Period (months)*</b>		
Sub Agency Name/Region						
Project ID #						
Costs & Financials	<b>Financing Terms</b>			<b>Project Capitalization</b>		
	Applicable Financial Index:			Total Implementation Price (from Schedule-2 Total)		\$0
	Contract Term (years)		0	<b>PLUS Financing Procurement Price--capitalized construction period interest (\$)*</b>		
	<b>Index Rate*</b>			<b>PLUS Financing Procurement Price--other expenses (\$)*</b>		
	<b>Added Premium (adjusted for tax incentives)*</b>			LESS Implementation Period Payments (from Schedule-1, (c))		\$0
	Project Interest Rate (sum of two above inputs)		0.00%	Total Amount Financed (Principal)		\$0
	Financing Issue Date (mm/dd/yyyy)			Performance Bond Amount		
	Project Award Date (mm/dd/yyyy)			<b>Start date of loan (mm/dd/yyyy)*</b>		
	Effective Through (mm/dd/yyyy)					
	Primary Type of Financing (choose from list)			<b>Project Financial Summary</b>		
	Secondary Type of Financing (choose from list)			Annual Estimated Energy Savings (MMBtu)		
	Project Agreement Type (choose from list)			Annual Estimated Water Savings (kGal)		
	<b>Payment Timing (beginning or end of performance year)*</b>			Total Estimated Cost Savings		
			Total Guaranteed Cost Savings			
<b>Guarantee % of Estimated Savings*</b>			Total Payments			
Federal Contract Type						

# ESCO ePB Experience

## What we have learned

- Webinars and Update Emails are informative and helpful
- Excellent support from system administrators
- ePB instructions are clear and easy to follow
- Things to be aware of
  - Escalation rates
  - Guarantee savings %
  - Implementation Period Payment
  - Project Implementation Markup %

# Nathan Pennington & Lara Gast

## Department of Veterans Affairs



# UESC ePB Case Study

- First VA UESC awarded with full Task Order financials used
- eProjectBuilder was used and accepted by VA



# Benefits of using ePB for UESCs

## 1. Standardization

- No current standardization across contracts, agencies or utilities
  - Format varies across contracts
  - Data varies across contracts
  - Lack of consistency is more challenging for agency assessment
- With the T.O. schedule format driven by ePB, agencies now have consistent financial information across UESC projects in a standardized format
- Lenders may also benefit from standardized financials

# Benefits of using ePB for UESCs

## 2. Evaluation

- In accordance with FEMP guidance, M&V and other performance period services should not be financed as these costs are not incurred until the year in which the payment is due
  - T.O. schedule format revealed that some utilities were financing these expenses, leading to unnecessary financing costs for the government
  - Performance period expenses perhaps newer to UESCs since performance assurance became required, but important for agencies to guide utilities on the financing structure to avoid thousands of dollars of unnecessary interest expense

# Benefits of using ePB for UESCs

## 3. Tracking

- VA hopes ePB will become a tracking mechanism for all its ESPC and UESC activity in the future
  - Financial schedules
  - Benchmarking
  - M&V module data capture

# Agency ePB Experience

- T.O. schedules present a learning curve for utilities
  - Interpreting the terminology and converting it to UESC relevance
  - e.g. markup on T.O. 2 when a utility has an ESCO subcontractor
- VA had to remove “guarantee” language specific to ESPCs from the footnotes of each schedule and a column from the table on T.O. 1
- VA’s modified template is more acceptable to utilities, but it is NOT compatible with ePB
  - ePB can only receive uploaded data from its unmodified templates

# Recommendations

- Standardization is key for UESC project financials and performance assurance to ensure better transparency and outcomes
  - Also simplifies input into ePB
- FEMP and LBNL should continue developing a UESC-specific module for ePB
  - Agencies and utilities can provide feedback

# Questions?

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