



U.S. DEPARTMENT OF
ENERGY

Energy Efficiency &
Renewable Energy



Developing, Staffing, and Overseeing a State Energy Savings Performance Contracting Program

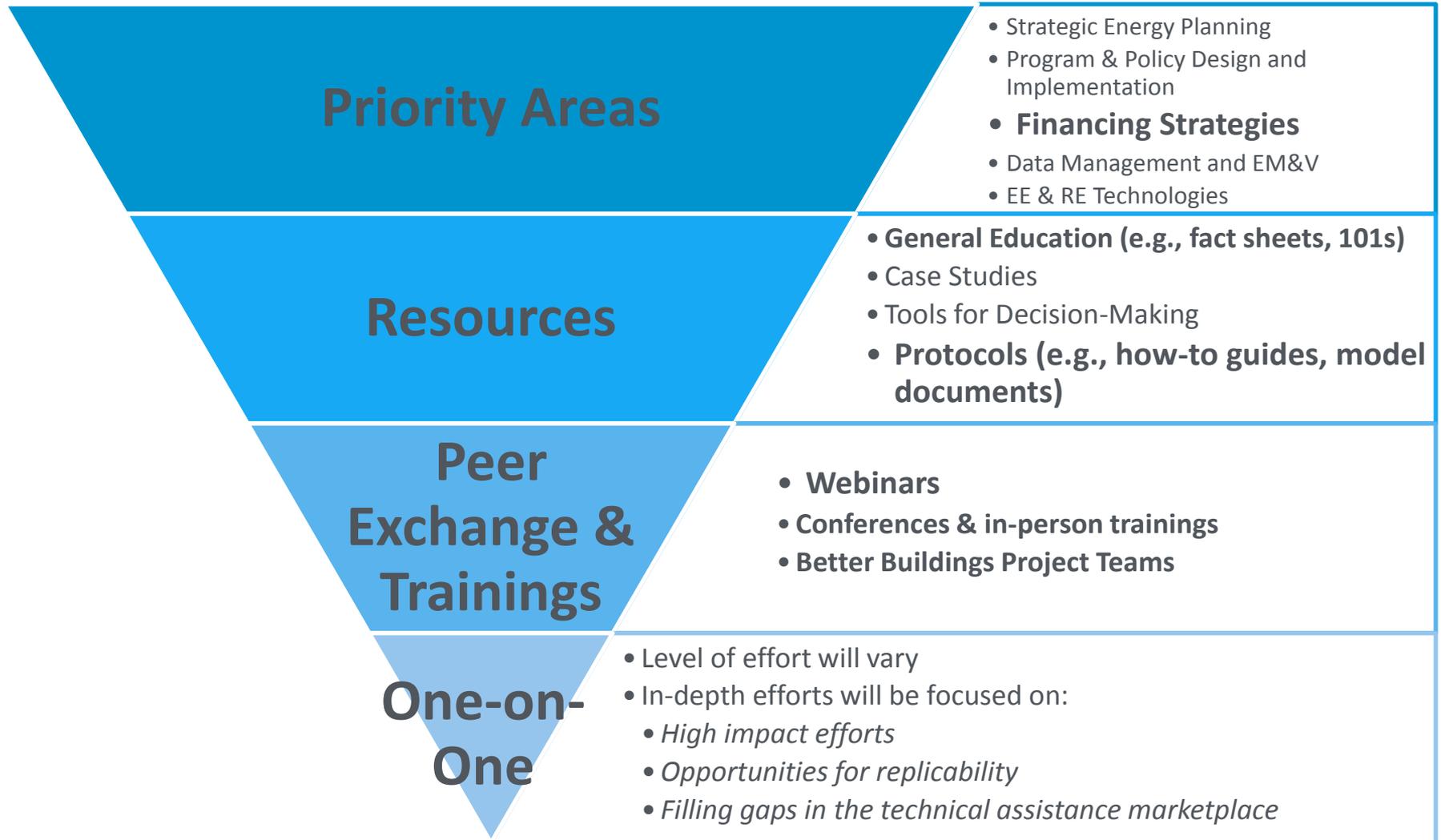
March 26, 2013

DOE's Technical Assistance Program

Agenda

- **Welcome & Introduction of Technical Assistance Program**
Chani Vines, U.S. DOE
- **ESPC Program Guidelines - Overview and Use**
Linda Smith, 9Kft Strategies in Energy
- **Experiences from the Field**
 - Scott Morrissey, Colorado Energy Office
 - Eileen McHugh, Massachusetts Dept. of Energy Resources
 - Len Hoey, North Carolina Energy Office
- **Q&A**

DOE's Technical Assistance Program



Priority Area: Financing Strategies

- **Resources**

- *Commercial PACE materials* live now on DOE Solution Center
- Also featured: *DOE's Clean Energy Finance Guide* & other finance resources
- Improved Solution Center portal for finance resources live later this year

- **Peer exchange & trainings**

- Additional national webinar, including –*Financing Energy Upgrades for K-12 School Districts (April 11th)*

ESPC Guidelines: Overview and Use

Linda Smith

President, 9Kft Strategies in Energy

(under contract to ICF International for the U.S. DOE TAP Program)

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ESPC Guidelines Overview: A State ESPC Program

Who:

- State Energy Office or state buildings administration (examples: WA, MA, HI, CO, VA, KS, MT, NC, GA, LA, WY)

Goals:

- Increase awareness of energy savings performance contracting (ESPC)
- Accelerate and expand the scope of energy efficiency by increasing the use of ESPC

Role:

- Provide education and training
- Provide technical assistance to end-users (state and local governments)
- Pave the way for projects (approved documents, standardized process)

ESPC Guidelines Overview

- For state energy offices, state buildings administration departments, or others in an influential role
- For developing, staffing, and overseeing a state ESPC program
- Bringing order to a vast amount of information from many sources
- Plug and play – take parts and make them your own

ESPC Guidelines Overview: Six Chapters

- 1. Energy Savings Performance Contracting (ESPC) Overview**
- 2. ESPC Program Overview**
(What would a program do and look like)
- 3. Education and Outreach**
(Strategies to define your market sector, and how to reach and influence decision-makers to adopt ESPC)
- 4. Establish a Process**
(Educational information about the familiar procurement and contracting documents used in ESPC)
- 5. Overseeing a Project**
(Deciding what technical assistance to offer and how to procure consulting services for ESPC experts)
- 6. Program Staffing** (Job descriptions and task lists)

ESPC Guidelines Overview: Appendices

Appendices A-F contain 30 resources

- **Topical guides**
 - How to develop a marketing plan
 - What technical assistance to offer
 - More
- **Information resources**
 - Contract documents at-a-glance
 - Program staff job descriptions
 - More
- **Customizable templates**
 - “What Is ESPC” handout
 - State Program Guidelines template
 - More
- **Links**

ESPC Guidelines (Highlight): Ch. 3 – Education & Outreach

3.1 Build a Marketing Plan

- Marketing Plan Template
- Program Goals and associated services
- Common Barriers and Solutions

3.2 Define the Audience

- Market Sectors to Target
- Clients to Target
- Individuals to Target
- Influencing Agents

3.3 Craft the Message

- Key Barriers
- Communicating Solutions
- Hot button messages
- Messaging Key Benefits

3.4 Leverage Resources

- Associations and Organizations List
- Public/Private Partnership Forum

3.5 Reach the Audience

- Outreach Strategies
- Program Website Layout
- Slideshow – “What is ESPC and How Does it Work?”
- Handouts (or Web Resources)

3.6 Program Guidelines for YOUR Program

- Template
- Program Guidelines of States

ESPC Guidelines (Highlight): Ch. 4 – Establish a Process

AT-A-GLANCE INVESTMENT GRADE AUDIT AND PROJECT PROPOSAL CONTRACT			
Section	Title	Description & Key Points	Negotiating Items & Recommendations
N/A	Recitals	Establish rationale for project; Establish contract authority, Define procurement process leading up to the contract, etc.	N/A
CONTRACT			
1	Contract	ESCO agrees to perform a Technical Energy Audit and to provide a proposal with a package of measures. Establishes timeframe for ESCO to complete audit, directs Client to assist, and instructs ESCO to diligently assess validity of information.	N/A
2. Compensation to ESCO			
2.a	Basis and Maximum Amount	Establishes maximum audit cost (based on square footage). Client will only pay for square footage actually audited.	Maximum is typically established in RFP response; Cost can be negotiated where scope and facility size differ from initial proposal.
1.3	Payment through Performance Contract	Payment for the audit will be deferred and treated as a cost of the performance contract, provided the performance contract is signed in a timely manner.	Client can pay for audit up-front if desired, with the benefit of expanding the scope of the performance contracting projects.
1.4	Project with Insufficient Cost Savings	The ESCO commits that there will be no cost to the Client for the audit in the event that the proposed scope of work does not meet the Client's pre-established guidelines. (It is the ESCO's responsibility to recognize if a project can be developed such that eligible efficiency savings pay for the total cost over a maximum financing term.)	This is standard.

5.2 Technical Assistance Services

- Project Screening Checklist
- Assess ESPC Project Potential
- Prioritize Projects for Technical Assistance

ESPC Guidelines: Take a Look

You're sure to find something useful!

Find the ESPC Guidelines at:

DOE Energy Efficiency & Renewable Energy
Solution Center

<http://www1.eere.energy.gov/wip/solutioncenter/default.html>

Soon to be posted

*Today's webinar session will also be posted

ESPC Guidelines in Action: Colorado



Colorado
Energy Office

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Colorado.gov/energy

ESPC Guidelines in Action: Colorado

Program Overview

- 2 on-call consultants
- 18 pre-qualified ESCOs
- Standardized documents to streamline the procurement and contracting processes
- Open to all public agencies in Colorado



ESPC Guidelines in Action: Colorado

STEP 1: Introduction

- EPC 101 Presentation

STEP 2: ESCO Selection Stage

- Meet with administrative, legal, procurement, facilities staff

STEP 3: Technical Energy Audit Stage

- Meet with agency and ESCO to set expectations
- Provide TEA contract template, assist in developing terms, and incorporate terms and expectations in contract
- Provide audit review, technical and contractual support; review energy and cost calculations
- Review and help develop the M&V plan, advise on final acceptance of Technical Audit

ESPC Guidelines in Action: Colorado

STEP 4: Construction

- Provide Colorado model EPC contract
- Meet with legal and facilities team to review general conditions
- Ensure contract meets terms of Audit and technical, financial and legal requirements
- Provide ongoing support during construction phase
- Provide CEO's M&V Guidelines. Assist in developing a final M&V plan and incorporate into performance contract.

STEP 5: Measurement and Verification

- Provide annual independent review of energy savings report
- Provide general technical and performance contracting expertise on an on-call basis when questions arise

ESPC Guidelines in Action: Colorado

- **CEO Pre-qualified ESCOs**
 - Annual review and re-approval process
 - Simplifies the selection process
 - Ensures highest level of quality
- **Standardized Process and Procedures**
- **Standardized Contract Documents**
- **On-going guidance and support at no cost**

ESPC Guidelines in Action: Massachusetts



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Energy Management Services Procurement Program

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ESPC Guidelines in Action: Massachusetts

Green Communities Division

- Green Communities Grants
- Energy Management Services Procurement Assistance (ESPC)
- MassEnergyInsight Energy Tracking and Analysis Tool
- Municipal Energy Efficiency Program
- Website filled with tools & resources for municipalities
- Email updates via listserv



ESPC Guidelines in Action: Massachusetts

State Government Support

- Statute and regulations – new section allowing Request for Qualifications
- In-house expertise
- Regional Coordinators
- Online Resources
 - Keys to a successful project
 - Guide
 - Model documents
 - Presentations
 - Webinars
 - Case studies
 - M&V guidelines (FEMP)



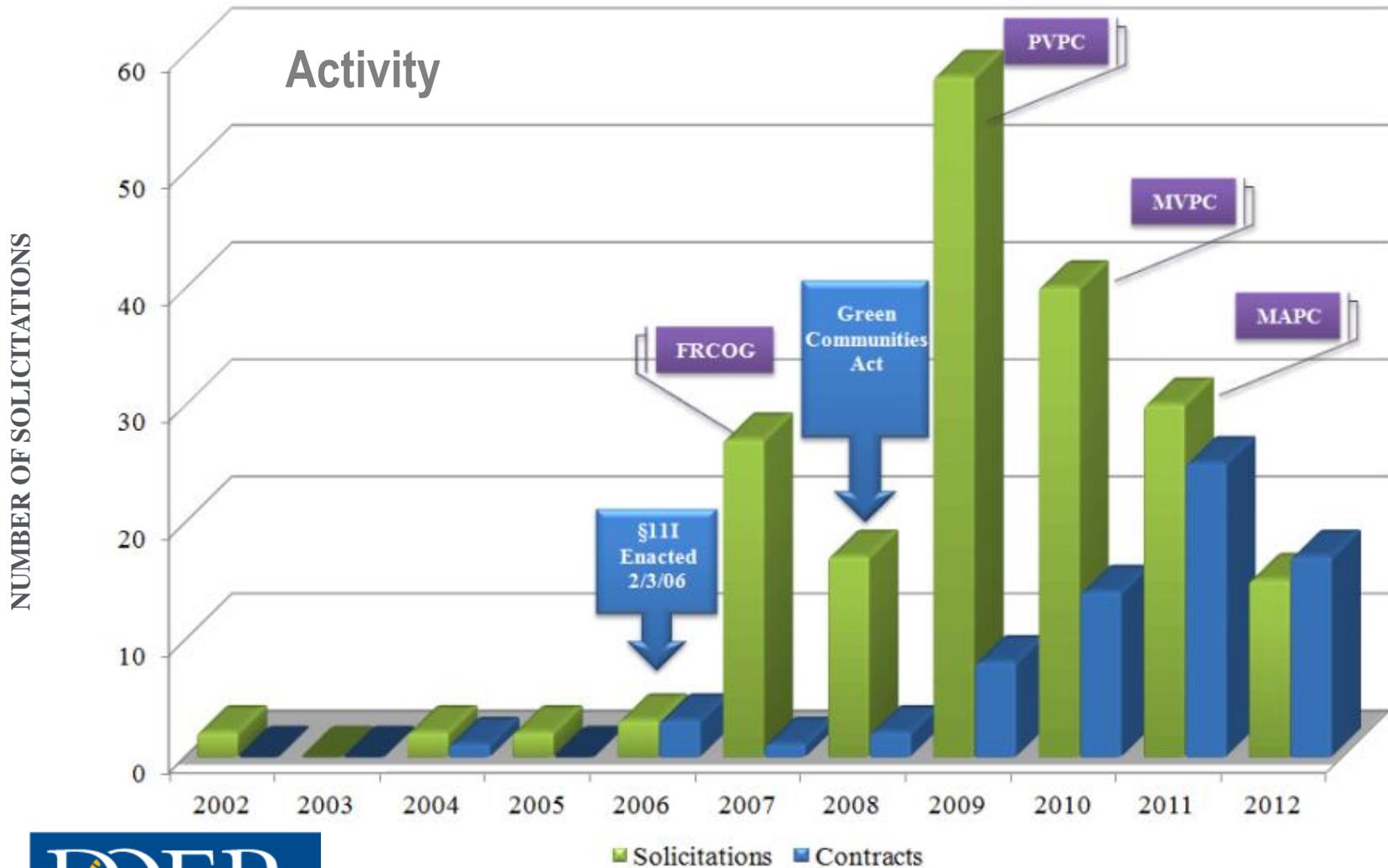
ESPC Guidelines in Action: Massachusetts

Statewide Outreach

- Workshops presented by SEO; sponsored by ESCOs; ESCOs provide speakers on specific topics (not a sales presentation)
- Outreach to local government officials through organizations (Massachusetts Municipal Association, School Business Managers Association, etc.)
- Outreach to regional government agencies (planning commission & councils of government, counties)
- One-on-one meetings



ESPC Guidelines in Action: Massachusetts



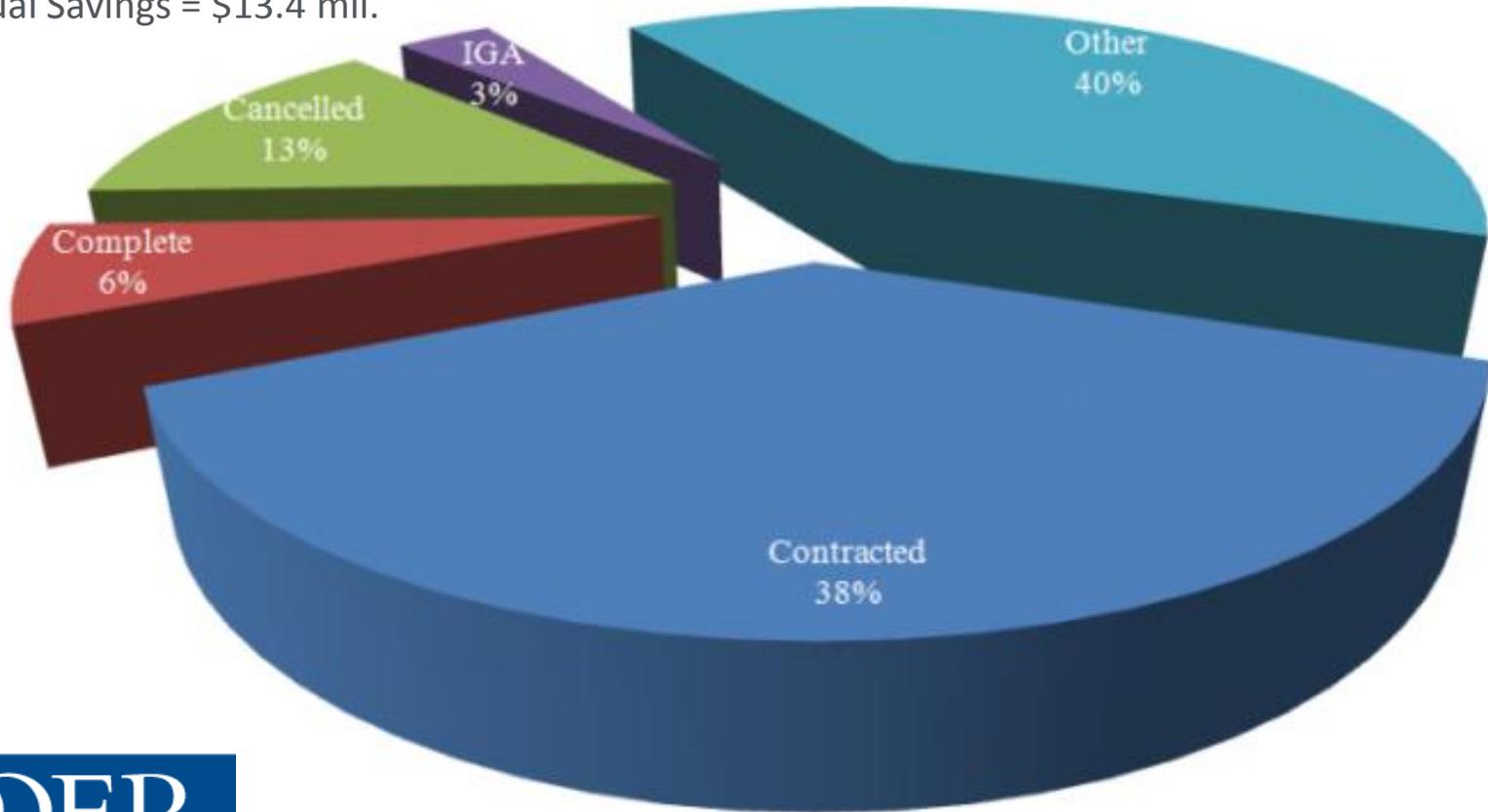
ESPC Guidelines in Action: Massachusetts

252 Solicitations

101 Contracts = \$284.8 mil.

Annual Savings = \$13.4 mil.

Municipal Activity 2001 - 2012



ESPC Guidelines in Action: North Carolina



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ESPC Guidelines in Action: North Carolina

- Shrinking budgets
- Personal assistance
- 3rd party technical assistance
- Strong ESC chapter
- Template documents
- Collaborative outreach

ESPC Guidelines in Action: North Carolina

Results

- \$160 MM in approved state contracts
- \$126 MM in approved local government contracts
- ~1,100 employed in above projects
- ~ \$200 MM in process

Tap into DOE ESPC Resources

Visit our ESPC pages on the TAP *Solution Center*

The screenshot shows the DOE Energy Efficiency & Renewable Energy Solution Center website. The header includes the DOE logo and navigation links for EERE Home, Programs & Offices, and Consumer Information. The main navigation bar features links for HOME, WEBCASTS, PROJECT MAP, RECOVERY ACT BENEFITS SAVING CALCULATOR, REQUEST TECHNICAL ASSISTANCE, and EVENTS. The current page is titled "Solution Center" and is part of the "Buildings" section. The main content area is titled "Energy Savings Performance Contracting (ESPC)" and provides an overview of the program. It is organized into several sections: Best Practices, Project Resources, Fact Sheets, and Energy Service Company Benchmarking. A left sidebar contains a navigation menu with categories like Financial Products, Buildings, Energy Efficiency Retrofits, and Residential Buildings. The "Energy Savings Performance Contracting (ESPC)" category is currently selected.

Energy Savings Performance Contracting (ESPC)

Below you will find tools and resources to develop Energy Savings Performance (ESP) contracting programs that allow for capital improvements to pay for themselves through energy savings. Performance contracting has become increasingly popular for state and local government agencies to meet their energy and climate goals by leveraging private investment. In addition to the best practices and project resources listed below, visit the [Energy Savings Performance Contracting](#) page at our [Financial Products](#) site.

Best Practices

- [Federal, Municipal, Universities and Other Case Studies from Different States](#)
- [Tips on How to Accelerate the ESPC Process](#)
- [Hawaii Success Story](#)
- [Massachusetts Success Story](#)
- [Colorado Success Story](#)
- [Utah Success Story](#)
- [Pennsylvania Success Story](#)
- [Washington Success Story](#)
- [Douglas County School District Success Story](#)

Project Resources

- [Maximize ARRA Impacts with ESPC](#)
- [ESPC Financing Options](#)
- [Expedited NEPA Review Suggested Process and Template](#)
- [State Legislative Information and Model Documents](#)
- [ENERGY STAR Portfolio Manager](#)
- [Introduction to ESP Contracting US EPA ENERGY STAR Buildings](#)
- [Training, Sample Documents and Guides for ESPC](#)
- [ESPC in the State Government Market](#)
- [ESPC in State Facilities](#)
- [ESPC Activities by State](#)
- [State and Territory Energy Office Information](#)
- [ESPC Investment Map \(by state\)](#)
- [Self-funded ESPC Programs](#)

Fact Sheets

- [What is Energy Savings Performance Contracting?](#)
- [The ESPC Process](#)
- [ESPC Opportunities and Advantages](#)
- [How to Select an Energy Service Company](#)
- [How to Finance an ESPC](#)
- [Flyer: ESPC and TAP Technical Assistance Services](#)

Energy Service Company Benchmarking

- [Federal Government Project Performance Benchmarks](#)
- [Healthcare Project Performance Benchmarks](#)
- [K-12 School Project Performance Benchmarks](#)
- [Post-secondary Project Performance Benchmarks](#)
- [Public Housing Project Performance Benchmarks](#)

http://www1.eere.energy.gov/wip/solutioncenter/buildings/performance_contracting.html



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Thank you to our speakers &
to all of you for joining us today!

DOE's Technical Assistance
Program welcomes your
questions and feedback at
TechnicalAssistanceProgram@ee.doe.gov