

Program Overview

Energy Savings Performance Contracts (ESPCs)

If you're doing all you can to meet your agency's energy efficiency, water conservation, and renewable energy goals but are frustrated by a lack of funds, then a Super ESPC could be the answer.

Executive Order 13423 of 2007 and EISA 2007 set new federal energy goals:

- Cut energy use (compared to 2003) by 3% per year in 2007 through 2015
- Increase use of renewable energy to not less than 3% of total electricity use in 2007 – 09, not less than 5% in 2010 – 12, and not less than 7.5% in 2013 and thereafter, with at least half from new sources in each year
- Reduce water use by 2% per year, 2008 – 2015

ESPCs Make Energy and Cost Savings Pay for Improvements

An ESPC is a contracting vehicle that allows agencies to accomplish energy projects for their facilities without up-front capital costs and without special Congressional appropriations to pay for the improvements.

An ESPC project is a partnership between the customer and an energy services company (ESCO). The ESCO conducts a comprehensive energy audit and identifies improvements that will save energy at the facility. In consultation with the agency customer, the ESCO designs and constructs a project that meets the agency's needs and arranges financing to pay for it. The ESCO guarantees that the improvements will generate savings sufficient to pay for the project over the term of the contract. After the contract ends, all additional cost savings accrue to the agency. Contract terms up to 25 years are allowed.

Super ESPCs Streamline the Process

Super ESPCs are indefinite-delivery, indefinite-quantity (IDIQ) contracts established by DOE to make ESPCs as practical and cost-effective a tool as possible for agencies to use. These "umbrella" contracts were competitively awarded to ESCOs who demonstrated their capabilities to provide energy projects to federal customers. The general terms and conditions are established in the IDIQ contracts, and agencies implement projects by awarding delivery orders to the Super ESPC ESCOs. Agencies can implement a Super ESPC project in far less time than it takes to develop a stand-alone ESPC project.

Congress and the President Encourage Agencies to Use ESPCs

Congress and the President encourage agencies to use ESPCs to finance and implement efficiency improvements and meet their energy goals. Legislation authorizing ESPCs was enacted in 1992, and DOE promulgated regulations for their use in 1995. Super ESPCs were placed to streamline the process in 1998, and the ESPC authority was made permanent by the Energy Independence and Security Act of 2007.

More than 460 ESPC projects have been awarded by 19 different federal agencies in 47 states. About \$2.3 billion has been invested in U.S. federal facilities through ESPCs, saving over 18 trillion Btu annually, equivalent to the energy used by a city of over one half million.



The Naval Base Coronado's solar power system, financed through an ESPC, is one of the largest federal solar power installations in the nation. The solar installation covers an impressive half-mile parking structure and is made up of 3,078 photovoltaic panels.

The grid-connected system reduces the Navy's electrical load and strain on San Diego's electric operating system, as well as the region's transmission and distribution system.

TWO KINDS OF SUPER ESPCS

Regional "General-Purpose" Super ESPCs

The entire United States, and all U.S. Territories are covered by Regional Super ESPCs.

The Super ESPC ESCOs are listed at www.eere.energy.gov/femp/financing/superespccos.html

Regional Super ESPCs are intended for projects based on a wide variety of proven energy efficiency and conservation measures. Super ESPC ESCOs have demonstrated their capabilities with the following:

- Boiler and chiller plant improvements



ESPC PROGRAM OVERVIEW

WHAT AN ESPC PROJECT CAN DO FOR YOUR FACILITY: IMPROVEMENTS, BENEFITS, TECHNOLOGIES

- Building automation and energy management control systems
- Heating, ventilation, and air conditioning (HVAC) equipment
- Lighting improvements
- Building envelope modifications
- Chilled water, hot water, and steam distribution systems
- Electric motors and drives
- Refrigeration
- Distributed power generation systems
- Renewable energy systems
- Energy/utility distribution systems
- Water and sewer systems
- Electricity peak shaving or load shifting
- Energy cost reductions through rate adjustments
- Energy-related process improvements
- Other

Technology-Specific Super ESPCs

Technology-specific Super ESPCs can be used for federal facilities worldwide. These ESPCs emphasize four advanced technologies:

- Geothermal heat pumps
- Photovoltaics
- Biomass and alternative methane fuels
- Solar thermal

The emphasized technology must be the center of a tech-specific ESPC project, but bundling other technologies into these projects is allowed and encouraged.

For a list of delivery orders placed under Regional and Technology-Specific Super ESPCs, see FEMP's Web site at www.eere.energy.gov/femp/financing/superespcs_awardedcontracts.html

Expert and Objective Technical Support

FEMP's ESPC team can provide technical assistance to assure successful, best-value energy projects.

FEMP Project Facilitators are experts in the field who guide agencies through the ESPC process. Project facilitators and others on FEMP's team provide consultation to agency customers on contracting and financing issues, measurement and verification, and technology and engineering issues.

The FEMP team helps agencies implement projects that are financially smart, technically excellent, and contractually and legally sound.

Getting Started

To get started, FEMP provides free services through the Initial Proposal stage, without the need for an Interagency Agreement. After the Initial Proposal, FEMP services can be provided on a cost reimbursable basis. The Interagency Agreement spells out tasks and costs of FEMP project facilitation.

FEMP also offers free introductory and advanced ESPC workshops.

www.eere.energy.gov/femp/financing/superespcs_training.html

Contact FEMP's Federal Energy Project Financing Specialists

www.eere.energy.gov/femp/financing/superespcs_contacts.htm

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BENEFITS OF SUPER ESPCS

Goals

- Progress in meeting Federal energy, water, renewables, and emissions-reduction goals

Quality and Value

- Access to private-sector expertise in energy efficiency, water conservation, and renewable energy
- Built-in incentives for ESCOs to provide high-quality equipment, timely services, and thorough project commissioning
- Infrastructure improvements to enhance mission support
- Healthier, safer working and living environments

Your Project, Your Way

- Flexible, practical contract and procurement process

Expert, Objective Technical Support

- FEMP team contracting and financing support, project facilitators, advanced technology experts, and training for agency teams

Smart Management

- Building efficiency improvements and new equipment without up-front capital costs
- Energy improvements without relying on special Congressional appropriations
- Guaranteed energy and related O&M cost savings
- Enhanced ability to plan and budget energy and O&M accounts
- Less vulnerability to budget impacts of volatile energy prices, weather, and equipment failure

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