Introduction to Chevron Energy Solutions

Chevron is a $165 billion U.S. Fortune 3 company employing more than 64,000 professionals in 180 countries. With a Standard and Poor’s AA investment-grade credit rating, it is the second-largest U.S.-based energy company and the fourth largest publicly-traded integrated energy company in the world, based on market capitalization.

Established in 2000, Chevron ES is one of the most reputable and successful energy services companies in the market, having completed nearly $2 billion in performance contracts with a current annual guaranteed savings portfolio of nearly $317 million. Chevron ES offers customized, comprehensive products and services that help institutions, businesses (including Chevron itself), and the federal government manage their energy use more efficiently, reduce energy consumption and greenhouse gas (GHG) emissions, and lower energy-related costs while improving operations and asset values.

With a business unit specifically dedicated to federal customers, Chevron ES’ mission is to help the government conserve and pay less for energy while ensuring reliable, secure, and available high-quality power for critical missions and operations. This is accomplished through the company’s expert engineering, design, and construction services utilizing state-of-the-art technologies, including renewables. Chevron ES is also often asked to operate and maintain facilities it has developed and has a successful and extensive record of providing these services for its federal customers.

Projects for our federal customers are developed with long-term reliability and sustainability being an overarching objective, and they are implemented in accordance with Chevron policies and procedures governing areas such as safety, environmental compliance, and quality. Because Chevron ES is not affiliated with specific vendors, products, or commodities, its philosophy is to provide unbiased choices and deliver objective, turnkey solutions tailored to meet customers’ needs using the right application of technologies.

Chevron ES has been in existence for 10 years; however, two of its legacy companies each bring over 30 years of energy-related experience.

Chevron Energy Solutions’ ESPC Approach

Chevron ES’ approach to performance contracting can best be described as incorporating thoroughly-tested components of our engineering/auditing, savings calculation, procurement, M&E, commissioning, O&M, and training services. Chevron invests over $22.2 billion in capital development and improvement projects each year. Given the enormity of this budget and what is spent on equipment and services each year, the corporation has developed well-honed processes/procedures and means/methods aimed at driving direct project costs to the lowest level possible without negatively impacting quality, functionality, or performance.

Chevron ES offers several competitive advantages to its federal ESPC customers:

- **Centralized federal business unit** as a company “Center of Excellence” in developing and implementing federal ESPC projects.
- **Central procurement** using massive purchasing power and market leverage typically results in favorable terms and pricing from many vendors.
- **Competitive bidding** through pre-negotiated purchasing agreements to lower pricing and negotiate more favorable terms.
- **Self-performance** of most scopes of work to minimize direct project costs.
- **AA investment-grade credit rating** to gain as much as a 100 basis point “discount” when Chevron is engaged as the prime contractor and plant operator.
- **World-class operations expertise** that carries a great deal of weight with capital markets and the financial community in general.

- **Static ESPC project teams** develop project plans and specifications to accomplish several goals:
  - Generate an accurate, detailed, and timely depiction of project design and performance necessary for approval milestones.
  - Establish cost estimates based on subcontractor bids, delivery lead times, and market pricing for equipment early in the project deployment cycle, which allows for a quick pricing commitment.
  - Leverage extensive resources to perform value engineering efforts for each project and continuously improve upon operations at each site through the incorporation of best practices made available though our global operations network.
  - Maintain inherent efficiencies through single-source accountability of design-build-operate projects.
  - Identify long-term operating risks and develop dependable, high-quality, and cost-effective strategies to mitigate them.

- **Significantly reduced design and construction timelines** with on-demand engineering resources, ready access to innovative project portfolios, as well as world-class construction and operations personnel.

**Chevron Energy Solutions' ESPC Experience**

The following table exemplifies some ESPC projects implemented by Chevron ES:

<table>
<thead>
<tr>
<th>Facility Names &amp; Locations</th>
<th>Scope of Work</th>
<th>Investment</th>
<th>Annual Savings or Guaranteed Cost Savings Over Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Picatinny Arsenal Dover, NJ ECM 5</td>
<td>• Boiler Plant Decentralization</td>
<td>$46,746,817</td>
<td>$117,734,294</td>
</tr>
</tbody>
</table>
| Detroit Arsenal Warren, MI ECM 1 | • Lighting Upgrades  
• HVAC Upgrades  
• Motor/Pump Replacement  
• Steam Trap Replacement | $7,332,268 | $19,537,720 |
| U.S. Coast Guard Elizabeth City, NC ECM 1 & ECM 2 | • HVAC Upgrades  
• EMCS  
• Standby Peak Power Generation  
• Lighting Upgrades  
• Radiant Heat | $3,013,616 | $5,689,231 |
| Marine Corps Logistics Base Albany, GA ECM 1 & ECM 2 | • Lighting Upgrades  
• EMCS  
• Radiant Heat  
• HVAC Upgrades  
• Steam Distribution  
• Compressed Air  
• Geothermal Heat Pumps*  
• Landfill Gas-to-Energy* | $33,617,982 | $100,913,805 |
| U.S. Department of Agriculture Gainesville, FL ECM 1 | • Laboratory Ventilation System Upgrades  
• Summer Boiler Additions  
• Chiller Replacement  
• Water Conservation  
• HVAC Controls Upgrade  
• Irrigation System Sub-Meter Addition  
• Refrigeration Unit Addition | $1,875,595 | $2,120,969 |

*Renewable Technology

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