

U.S. DEPARTMENT OF ENERGY | Energy Efficiency & Renewable Energy



Module J

Proposal Review — TO Financial Schedules

Solar array at Oak Ridge National Laboratory

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Milestones in the ESPC Process

• Acquisition Planning	Phase 1
• ESCO Selection	2
• Preliminary Assessment	2
• Notice of Intent to Award	2
• Request for Proposal	3
• Investment-Grade Audit	3
• Proposal	3
• Task Order Award	3
• Final Design and Construction	4
• Project Acceptance	4
• Post-Acceptance Performance Period	5

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Cost Elements of ESPCs

Project Development	• Energy surveys, proposals
ECMs	• Direct costs for design, installation/construction
Indirect Costs	• e.g, overhead and profit
Financing	• Interest, financing procurement costs
Performance-Period Services	• O&M, R&R, M&V

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Task Order Financial Schedules:
The Cut-to-the-Chase Project Description

All costs appear in the TO schedules

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Schedule	Description	Office that uses the Schedule
TO-1	• Guaranteed annual cost savings & annual contractor payments (savings and payments by year)	Lawyers, COs, Leadership,
TO-2	• Implementation price by ECM (investment costs)	Contracting, Price Analysts
TO-3	• Performance-period cash flow (financing info, annual cash flows)	Budget, Finance, Resource Managers
TO-4	• First-year energy & cost savings by ECM and tech category (savings breakout by ECM)	Energy Managers, Engineering, Facility Managers
TO-5	• Annual cancellation ceiling	Leadership

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ESPC: Purchasing Savings

- The government buys a basket of savings
 - TO-1 – Annual Cost Savings & Payments
- The basket is detailed by ECM
 - TO-4 – First-Year Energy & Cost Savings by ECM and Technology Category
- The guarantee is for one total amount of cost savings (not for individual ECMs)
- The government pays for savings as they accrue

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Which Schedule?

Q1: The annual guaranteed savings for the entire term?
A: TO-1

Q2: Payments for performance-period services in Year Three?
A: TO-3

Q3: Maximum termination liability for Year One?
A: TO-5

Q4: Implementation price for ECMs?
A: TO-2

Q5: Energy cost savings by ECM?
A: TO-4

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Review Questions U.S. DEPARTMENT OF ENERGY | Energy Efficiency & Renewable Energy

Q6: Name three ESPC cost elements.

A:

- Project development
- ECMs (implementation)
- Indirect costs and profit
- Financing costs
- Performance-period services

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Next: K

Proposal Review – Financing



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