FEMP Comprehensive ESPC Workshop

Introduction

Welcome!
Objective of the Workshop

To provide agency personnel with a comprehensive understanding of the ESPC process and a springboard to obtaining the information and tools needed to ensure that their projects are of the highest possible value.

Individual Learning Objectives are in the front section of the Handbook
DOE Federal Energy Management Program’s (FEMP’s) Mission

FEMP works with Federal leadership to accomplish energy change within organizations by bringing expertise from all levels of project and policy implementation to enable Federal agencies to meet energy related goals and to provide energy leadership to the country.
The FEMP home page is your source on energy and sustainability: www1.eere.energy.gov/femp/index.html
ESPC Web Pages:
www1.eere.energy.gov/femp/financing/espacs.html
FEMP home page → Project Funding → ESPCs

- Assistance and contacts
- Resources – **ESPC contract documents**, templates
  - See handbook front for contents
- Laws & Regulations
- Energy Service Companies (ESCOs)
- Awarded Contracts
- Case Studies
- Training
- Energy Awards Programs
FEMP’s ESPC Team is dedicated to helping agencies make the most of their ESPC projects

- The FEMP Federal Financing Specialist (FFS)
  - Your first point of contact
- FEMP Project Facilitators (PFs)
- National Lab experts supporting the FEMP ESPC program
- DOE Golden Office – ESPC contracting support

(More details provided throughout the workshop)
FEMP ESPC Contacts —
FEMP Federal Financing Specialists (FFS’s)

Scott Wolf
Western Region
including N. Marianas, Palau, Guam, American Samoa; plus East, South, and Central Asia; the Pacific; and Near East
360-866-9163
scott.wolf@ee.doe.gov

Tom Hattery
Northeast Region
plus State Dept.
202-256-5986
thomas.hattery@ee.doe.gov

Doug Culbreth
Southeast Region
plus Europe and Western Hemisphere
919-870-0051
carson.culbreth@ee.doe.gov

www1.eere.energy.gov/femp/financing/espcs_financingspecialists.html
Free FEMP ESPC Training

• 2013 Comprehensive ESPC workshops:
  – Apr 16-18, Washington DC
  – June 11-13, San Diego

• Customized agency workshops available

• On-demand Webinars

• FEMP Calendar of Events (all training dates)
  [link to calendar]

Go to Project Funding → ESPCs → Training
Overview of the Workshop

**Day 1 – Acquisition Planning through ESCO Selection**

**Phase 1:** Acquisition Planning

**Phase 2:** ESCO Selection – Preliminary Assessment (PA)

**Months**

1. **Streamlined Procurement**

   - 1
   - 2
   - 3
   - 4
   - 5

2. **Acquisition Planning**

   - 2
   - ESCO Selection

3. **Preliminary Assessment**

   - 3
   - 4

4. **PA Review, NOI**

   - 5

**Day 2 – Project Development through TO Award**

**Phase 3:** Investment-Grade Audit (IGA) to Award

**Timeline for Phase 1 – Phase 3**

- **6**
- **7**
- **8**
- **9**
- **10**
- **11**
- **12**

- **TO RFP, IGA**

  - **9**
  - **10**

  - **Proposal development and submittal**

  - **10**
  - **11**

  - **Proposal review and revisions**

  - **12**

**Additional Notes**

- Streamlined Procurement
- Acquisition Planning
- ESCO Selection
- Preliminary Assessment
- PA Review, NOI
- TO RFP, IGA
- Proposal development and submittal
- Proposal review and revisions
- Approvals, Final Negotiations, TO Award
Overview of the Workshop

Day 3 – Post-Acceptance

Phase 4: Project Implementation – Design, Construction, Project Acceptance

- 1 – 2 years or longer

- Post-Award Conference
  -ESCO Submittals
  -Agency Approvals
  -Notice to Proceed with Construction

Phase 5: Post-Acceptance Performance

- Up to 25 years including construction

- Invoices and Payments
- O&M per Task Order
- Modify contract as required
- M&V Activities
- Task Order Closeout

Key
- Agency Action
- ESCO Action
  *With Agency Participation/Oversight

- Construction, Inspections, documentation, training*
- Commissioning and Post-Installation M&V*
- Acceptance of Completed Project
The Parking Lot
Workshop Materials

- Workshop Handbook
  - Contacts, abbreviations, slides, and more
- Project Case Study and Sample Contract Documents (big book)
  - Follows one project from ESCO selection through the first annual M&V report
  - Includes additional sample documents and templates
Participant Introductions and Expectations
... Almost

Federal Energy Management Program
femp.energy.gov
Contracts that allow agencies to do energy projects with minimal up-front capital cost and no special appropriations from Congress.

**Energy Services Company (ESCO)**
- Provides development and installation of energy/water conservation measures
- Guarantees resulting cost savings sufficient to cover project costs

**Agency**
- Pays ESCO over term of contract from guaranteed cost savings
- Contract administration → life of contract
A Quick Look at Other Financing Options for Energy Projects
ESPCs are one of several vehicles that allow agencies to fund energy improvements without up-front capital costs or special appropriations.
ESPC ENABLE — A DOE Pilot Project Funding Program

- A standardized and streamlined process to quickly award and construct projects using GSA Schedule 84
- Intended for sites/ buildings with < 200,000 sq ft — or where ENABLE is best/only option
  - Encourages bundling of agency sites in a single project/procurement
- Targets lighting, water, and controls energy conservation measures (ECMs)
- Includes basic measurement and verification (M&V)
## Comparison of DOE ESPC IDIQ and ESPC ENABLE

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<tr>
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<th>“Traditional” ESPC</th>
<th>ESPC ENABLE</th>
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<tbody>
<tr>
<td><strong>Contract Vehicle</strong></td>
<td>DOE ESPC IDIQ Contract (or other Federal IDIQ)</td>
<td>GSA Schedule 84 (SIN246-53)</td>
</tr>
<tr>
<td><strong>Target Market</strong></td>
<td>Unlimited</td>
<td>Small federal facilities/buildings (&lt; 200K square feet)</td>
</tr>
<tr>
<td><strong>Energy Conservation Measures</strong></td>
<td>Unlimited (Includes renewables)</td>
<td>Lighting, Water, and basic HVAC Controls</td>
</tr>
<tr>
<td><strong>Time to Award Project</strong></td>
<td>8 – 20 Months</td>
<td>12-15 Weeks (Anticipated)</td>
</tr>
<tr>
<td><strong>Average Project Size ($)</strong></td>
<td>$14M</td>
<td>Less than $1M (Anticipated)</td>
</tr>
<tr>
<td><strong>Average Contract Term</strong></td>
<td>17–18 years</td>
<td>+/- 10 Years (Anticipated)</td>
</tr>
<tr>
<td><strong>Project Facilitator (PF) Required</strong></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>M&amp;V Required</strong></td>
<td>Yes</td>
<td>Yes (Simplified)</td>
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Both ESPCs and UESCs are used most often and have much in common:

Private sector provides audits, designs, labor, materials, financing

Agency pays for the project over time out of cost savings

After project is paid off, all further savings accrue to the agency

FEMP can provide project facilitation and other support
## Comparing ESPCs and UESCs

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<th>DOE ESPCs</th>
<th>UESCs</th>
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<tbody>
<tr>
<td>Private-sector partner</td>
<td>Energy services company (ESCO)</td>
<td>Serving utility company</td>
</tr>
<tr>
<td>Availability</td>
<td>Worldwide</td>
<td>Where offered/authorized</td>
</tr>
<tr>
<td>Contract type</td>
<td>Task orders under DOE IDIQ or conventional contract</td>
<td>GSA Area-wide contracts; Basic ordering agreements</td>
</tr>
<tr>
<td>Project size</td>
<td>$1 – 2 million or larger</td>
<td>Any</td>
</tr>
<tr>
<td>Savings guarantees and M&amp;V</td>
<td>Required</td>
<td>Negotiable (performance assurance required for annual scoring)</td>
</tr>
<tr>
<td>O &amp; M</td>
<td>ESCO responsible; who performs is negotiable</td>
<td>Negotiable</td>
</tr>
<tr>
<td>Eligible facilities</td>
<td>Federally owned</td>
<td>Where government pays utility bill</td>
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For More Information on Financing Options for Energy Projects

• Ask a FEMP Financing Specialist

• On-Demand FEMP Webinar: Alternative Financing Options
  – Go to FEMP → Project Funding → ESPCs → Training

• See “Alternative Financing Option Matrix” on FEMP Web – ESPC Resources page
  – Go to FEMP → Project Funding → ESPCs → Resources