ESPC PPA Overview

Tracy Logan
Program Analyst
• **OMB/CEQ Memo:** “Supporting Energy and Sustainability Goal Achievement Through Efficiency and Deployment of Clean Energy Technology” (August 16, 2011)
  

  “ESPCs can incorporate purchase of on-site renewable energy, if the result is lower energy consumption and costs to the Government […] Agencies should […] submit to OMB for review all proposals for PPAs entered into under ESPC authority…”

• **Note:** The process for submitting this information to OMB is still a draft process.
• Can be completed under the DOE, or other Federal agency IDIQ ESPC contracts.

• Can be completed through a site-specific full and open competition ESPC.

• All agencies, regardless of ESPC contracting method, are directed to report their proposed ESPC PPA projects to OMB for review, via FEMP.

• OMB to review all PPAs (both stand-alone and as ECMs in an ESPC).
The PPA Project Must Qualify as an Energy Conservation Measure

- Just like traditional Energy Conservation Measures, the PPA must meet the criteria outlined in the ESPC statute.

- Statutory Definition of Energy Conservation Measure (ECM):
  1. Measures that are applied to a Federal building
  2. That improve energy efficiency
  3. Are lifecycle cost effective
  4. And involve:
     - Energy conservation;
     - Cogeneration facilities;
     - Renewable energy sources;
     - Improvements in operations and maintenance; or
     - Retrofit activities.
1. Is the PPA applied to a Federal building?

• Is the project located on Federal land or buildings?
2. Does the PPA improve energy efficiency?

• Does the project decrease the amount of energy required by a Federal building to maintain its same level of operation?

• Does the project reduce the use of conventional energy in a Federal building by substituting conventional energy fuels with renewable energy?

• Identify energy efficiency improvement(s) associated with the project including avoided transmission and distribution losses resulting from on-site generation.
3. Is the PPA lifecycle cost effective?

- Does the project result in the reduction in the total cost of owning, operating, and maintaining a Federal building, as compared to a baseline in which the existing energy source and related energy support structure is maintained?

- Identify the project’s lifecycle cost savings, including estimated renewable output (kWh) and renewable cost per kWh.
4. Does the PPA involve:
   • Energy conservation;
   • Cogeneration facilities;
   • Renewable energy sources;
   • Improvements in operations and maintenance; or
   • Retrofit activities?

   • What activity does the project involve?
## DRAFT - ESPC PPA Information Submission Process

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Start</strong></td>
<td>- Agency decides to move forward with ESPC and notifies FEMP of their plans to include a PPA ECM; FEMP notifies OMB.</td>
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<tr>
<td>Preliminary Assessment (PA) Stage</td>
<td>- Upon completion of PA, FEMP helps Agency fill out information template; FEMP forwards template to OMB.</td>
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<tr>
<td>Investment Grade Audit (IGA) Stage</td>
<td>- Upon completion of the IGA, FEMP helps Agency update information template.</td>
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<tr>
<td>OMB Review Period</td>
<td>- FEMP sends OMB updated template &amp; draft agreements.</td>
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<tr>
<td>Contract Award</td>
<td>- Agency forwards final agreements and template to FEMP.</td>
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FEMP looks forward to helping DOE sites navigate this project funding option.

**Tracy Logan**
Federal On-Site Renewable PPAs, ESPC PPAs, DOE Utility Acquisitions
(202) 586-9973
tracy.logan@ee.doe.gov