



Innovative Energy Efficiency Finance Approaches

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Energy Saving Performance Contracting

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About the Energy Services Coalition

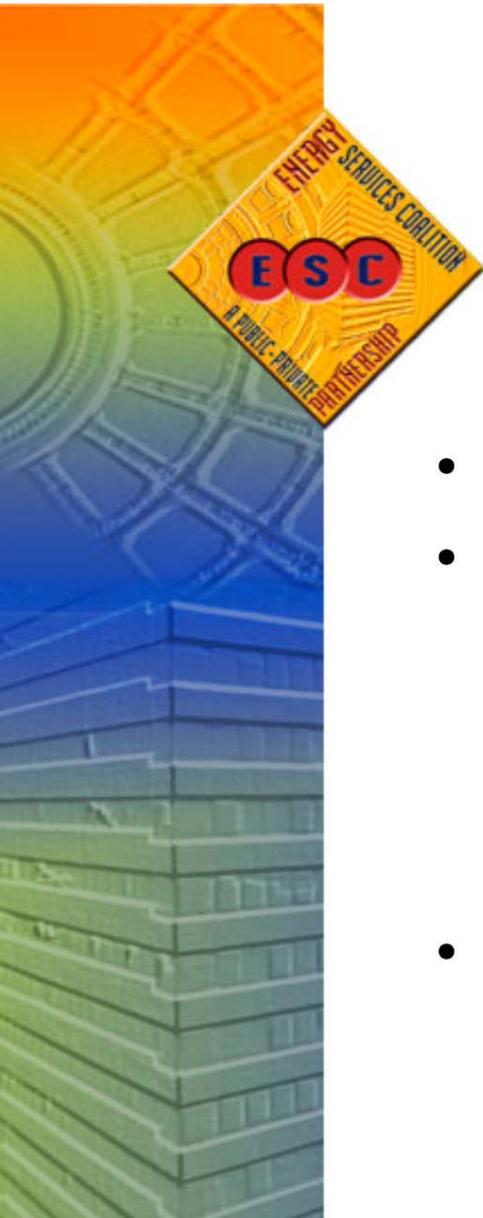
- Public-private partnership of individuals promoting energy savings performance contracting
- Department of Energy Partner providing education, outreach, tools and technical assistance



What is Energy Performance Contracting?

“The use of guaranteed savings from the maintenance and operations budget (utilities) as capital to make needed upgrades and modernizations to your building environmental systems, financed over a specified period of time.”

-United States Department of Energy



Heard of It?

- Nearly a \$5 billion per year industry
- Used in Cities, Counties, States for State Agencies and Universities and Schools, Federal Facilities, Department of Defense, Commercial and Industrial for 30 years
- Examples of City and County Projects



More Recently In

- Energy Efficiency and Conservation Block Grant (EECBG)
Subtitle B—Energy Savings Performance Contracting
- Financial Assistance Funding Opportunity Announcement

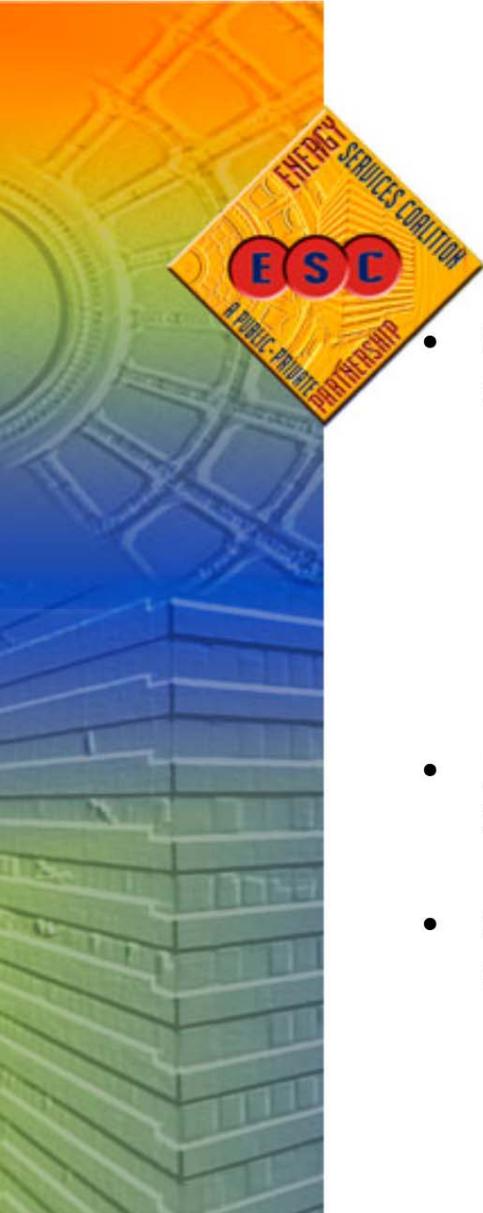
DE-FOA-0000013 # 4 in Eligible Activities and a typical vehicle for #5, #6, and in some cases with #11, #12, and #13

A Great Source to Leverage Dollars



Benefits of Energy Performance Contracting

- Infrastructure Modernization
- Environmental Stewardship
- Economic Development – Real Jobs Now
- Long Term Reduction in Operating Costs
- Improved Working Environments
- National Security
- Elimination of Deferred Maintenance Lists



Benefits of Energy Performance Contracting

- Cost savings and reduction of energy consumption through infrastructure modernization
 - Energy projects with little/no funding; little/no technical experience
 - Shifts risk from owner to ESCO (guaranteed savings)
 - 22-27% estimated energy savings per project
- Environmental stewardship through CO₂ displacement and other Green House Gases
- Streamlined procurement process and contractor continuity
 - Expanded local economic benefits through opportunities for local subcontractors, suppliers, and distribution networks



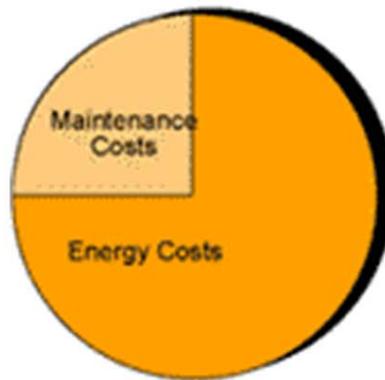
How Does EPC Work?

- You and the ESCO identify energy saving opportunities.
- The ESCO implements a package of improvements to be paid from savings.
- The ESCO guarantees that savings will meet or exceed annual debt service payments to cover all project costs, over an agreed period.
- The ESCO pays any savings shortfalls.

Energy Performance Contracting How It Works



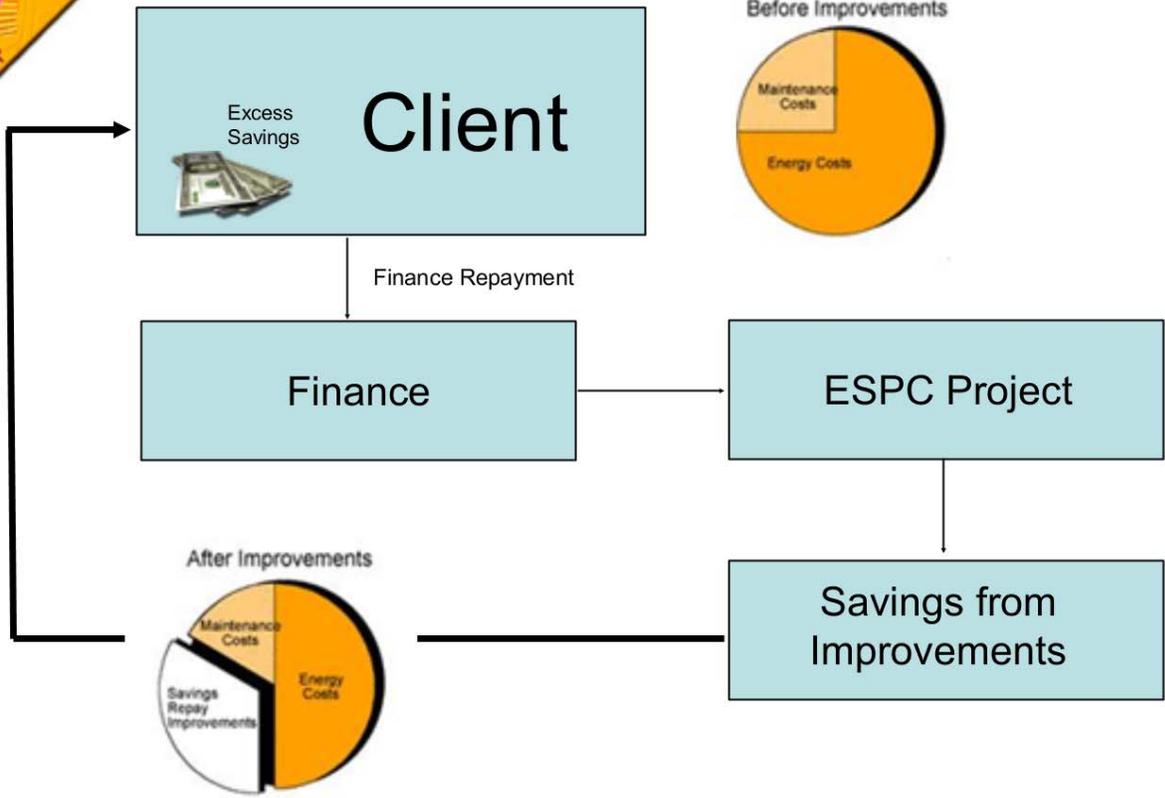
Annual Budget
Before Improvements



After Improvements



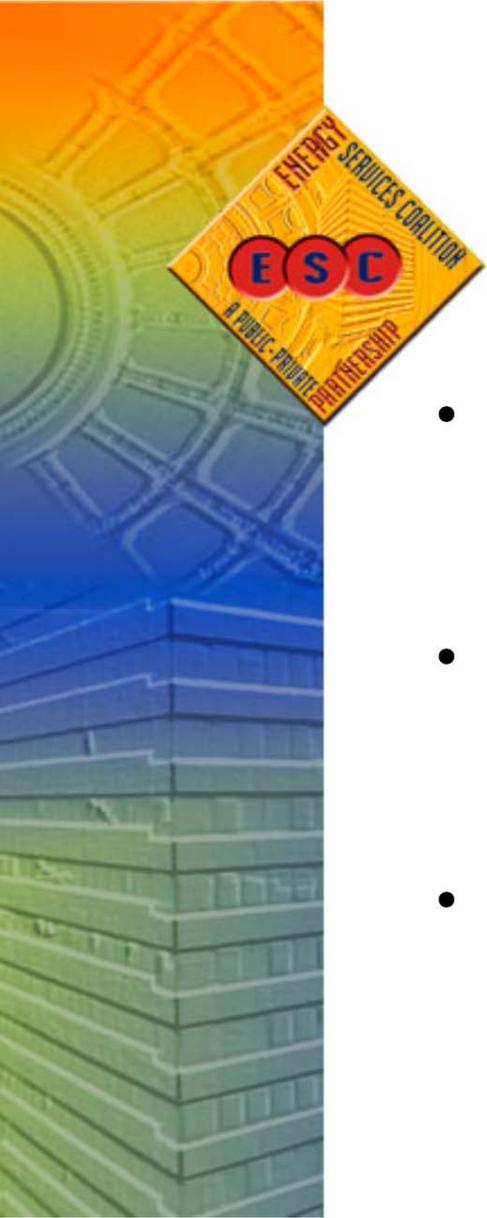
How the Money Flows





Financing & Funding

- Lease-purchase finance agreements where savings meet annual payments
- Other funding sources (bonds, treasury)
“Biggest Bang for the Buck - Leveraging Funds”
<http://energyservicescoalition.org/webinars/2009-06-05/index.html>
- Funds to incent the project funding and scope (utility rebates, grants, in-house funds, etc.)
- Blend lease-purchase financing with supplemental funds
<http://energyservicescoalition.org/resources/financing.htm>
- ESCO facilitates financing but doesn't typically profit from financing



Why Use Energy Performance Contracting?

- Speed of the process from beginning to post construction
- Single Point Accountability before, during, and after the construction period.
- Quality Assurance – Performance and savings are guaranteed for the life of the contract.



Energy Performance Contracting = Risk Reduction

- Contractually guaranteed measured savings
- Integrated project analysis, design, and construction
- Long term monitoring of savings and performance
- Up-to-date training for facility operating personnel
- Services and materials based upon quality and life cycle value, rather than on lowest first cost

5 Steps to Success



1. Decide if performance contracting is right for you
2. Select an Energy Service Company (ESCO)
3. ESCO identifies energy-saving opportunities
4. ESCO implements projects
5. Verify savings and enjoy the benefits



Energy Service Company (ESCO) Will Put the Pieces Together

- Identify and evaluate opportunities Design systems (engineering), specify & purchase
- Manage construction
- Arrange for financing without upfront costs
- Provide long-term energy management services
- Guaranteed performance!

A Turnkey Solution



Has Anyone Really Done This?

City of Little Rock, City of Glendale, City of Compton, City of Fullerton, City of Garden Grove, City of Millbrae, City of Tulare, County of Fresno, Kings County, Alameda County, Arapahoe County, City of Golden, City of Longmont, City of Jacksonville, Collier County, Ada County, City of Anderson, City of Pittsburg, City of Wichita, City of Parsons, City of Covington, Jefferson County, City of Cumberland County, Flathead County, Granite County, Ravalli County, Washenaw County, Jackson County, City of Laurel, Flathead County, Granite County, Ravalli County, Wilcox County, City of Henderson, City of Reno, City of Buffalo, City of Kingston, City of Rome, Oklahoma County, City of Hillsboro, Clackamas County, Multnomah County, City of Echem, City of Bedford, City of Big Spring, City of Conroe, City of Houston, City of Tyler, Denton County, Arlington County, City of Charlottesville, City of Kent, City of Lynnwood, Kitsap

A first hand example . . .

Welcome

Mr. Ted Atwood

Energy Advisor

Baltimore, MD



Performance Contracting

- Invested \$31 mm to perform:
 - Energy efficiency
 - Water conservation
 - Energy Generation
- Resulting Savings of \$5.6mm/yr
- Energy savings sufficient to power over 5,000 homes
- Financed \$5mm in capital improvements



Performance Contracting

- Applications:
 - Buildings
 - Transportation
 - Water purification facilities
 - Water sewage facilities
 - Waste utilization
 - Solar and wind applications



Has Anyone Really Done This?

Case Studies

City of Little Rock, City of Glendale, City of Compton, City of Fullerton, City of Garden Grove, City of Millbrae, City of Tulare, County of Fresno, Kings County, Alameda County, Arapahoe County, City of Aurora, City of Golden, City of Longmont, City of Jacksonville, Collier County, Ada County, City of Anderson, City of Pittsburg, City of Wichita, City of Parsons, City of Covington, Jefferson County, City of Cumberland, City of Baltimore, Washtenaw County, Jackson County, City of Laurel, Flathead County, Granite County, Ravalli County, Wilson County, Cheshire county, City of Henderson, City of Reno, City of Buffalo, City of Kingston, City of Rome, Oklahoma County, City of Hillsboro, Clackamas County, Multnomah County, City of Bethlehem, City of Bedford, City of Big Spring, City of Conroe, City of Houston, City of Tyler, Denton County, Arlington County, City of Charlottesville, City of Kent, City of Lynnwood, Kitsap County

<http://energyservicescoalition.org/localgovernment/casestudies/index.html>

Available Tools and Resources



Instruments, Contracts, Guides, More information:

<http://www.energyservicescoalition.org>

Technical Assistance – ESC, TAP, Your State Energy Office, NASEO, NAESCO

Sample completed Energy Efficiency Conservation Strategy

<http://www.naseo.org/eecbg/index.html>

For more local government information:

<http://www.energyservicescoalition.org/localgovernment/>



Questions?

or

“Hey folks, I'd like some help!”

simply e-mail

info@energyservicescoalition.org