



Financing Program Support for ARRA Recipients

Energy Savings
Performance Contracting
January 21, 2010



A few housekeeping notes...

- All participants are muted. Use chat window to ask questions throughout the session.
- If you have technical difficulties, please type issue into the chat window.
- Slides and audio will be available a few days after the webinar at this link:
<http://www.eecbg.energy.gov/solutioncenter/webcasts/>



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- Purpose of this Webinar
- Objections to Energy Savings Performance Contracting
- Financing Solutions
- Technical Assistance



- Common objections
 - Why should I consider ESPC anyway
 - There is no money to fund these transactions in today's economic climate
 - There is no time for me to get this accomplished
 - I don't have people resources
- Tools to overcome those objections
- Describe available technical resources



Our Scenario . . .

Let's presume a state agency, or local governmental entity is the recipient of \$250,000 of funds from the American Recovery and Reinvestment Act

Some typical options include:

- Efficiency Studies
- Purchase of Goods and Services
- Financial Programs



- \$250,000 of engineering studies
 - \$1,500 - \$3,000 per study
 - Yields 80 to over 150 studies
 - Some engineering contracts / jobs – around 15 people for 6 months
 - Likelihood that some energy efficiency work may evolve from the awareness of need resulting in some jobs and energy saved



- \$250,000 of installed lighting retrofits
 - Likely around 3,000 4 lamp T-12 to T-8 conversions
 - Around 180,000 square feet of space retrofitted
 - Estimated annual energy savings (3000 burn hours) just over 640,000 kWh
 - Some jobs created – around 5 people for 3-4 weeks - short term construction





- \$250,000 installed rooftop units (cooling only)
 - Likely 12, 15 ton units
 - Around 54,000 square feet of space impacted
 - Estimated annual energy savings just over 73,000 kWh
 - A couple of jobs – 4-6 people, 2 weeks – short term construction





- \$250,000 of installed chiller
 - Likely 1, 200 ton chiller
 - Around 60,000 square feet of space affected
 - Estimated annual energy savings just over 120,000 kWh
 - A few jobs – 4 or 5 people, 2 weeks - short term construction



- \$250,000 of installed boiler
 - Likely 1, 2500 MBH boiler
 - Around 50,000 square feet of space affected
 - Estimated annual energy savings just over 225 MCF
 - A few jobs – 2-4 people for 2-3 weeks - short term construction





- \$250,000 as a 20% incentive for ESPC
 - Likely a \$1,250,000 Project including
 - Lighting retrofit and controls for 330,000 square feet of facility **and**
 - Energy management system for 250,000 square feet of occupied space **and**
 - Variable frequency drives on multiple pumps and air handling units **and**
 - Replacement of a 175 ton chiller **and**
 - Hot water pump replacement **and**
 - Air and water balancing **and**
 - Some roof repair



- Estimated annual energy savings of \$150,000 and additional operational savings of \$9000 to repay the borrowed funds
 - Over 1,600,000 kWh saved per year
- Over 60 people rotated on and off this project over a 10 month project cycle.



Project Financing

“There’s no money out there.”

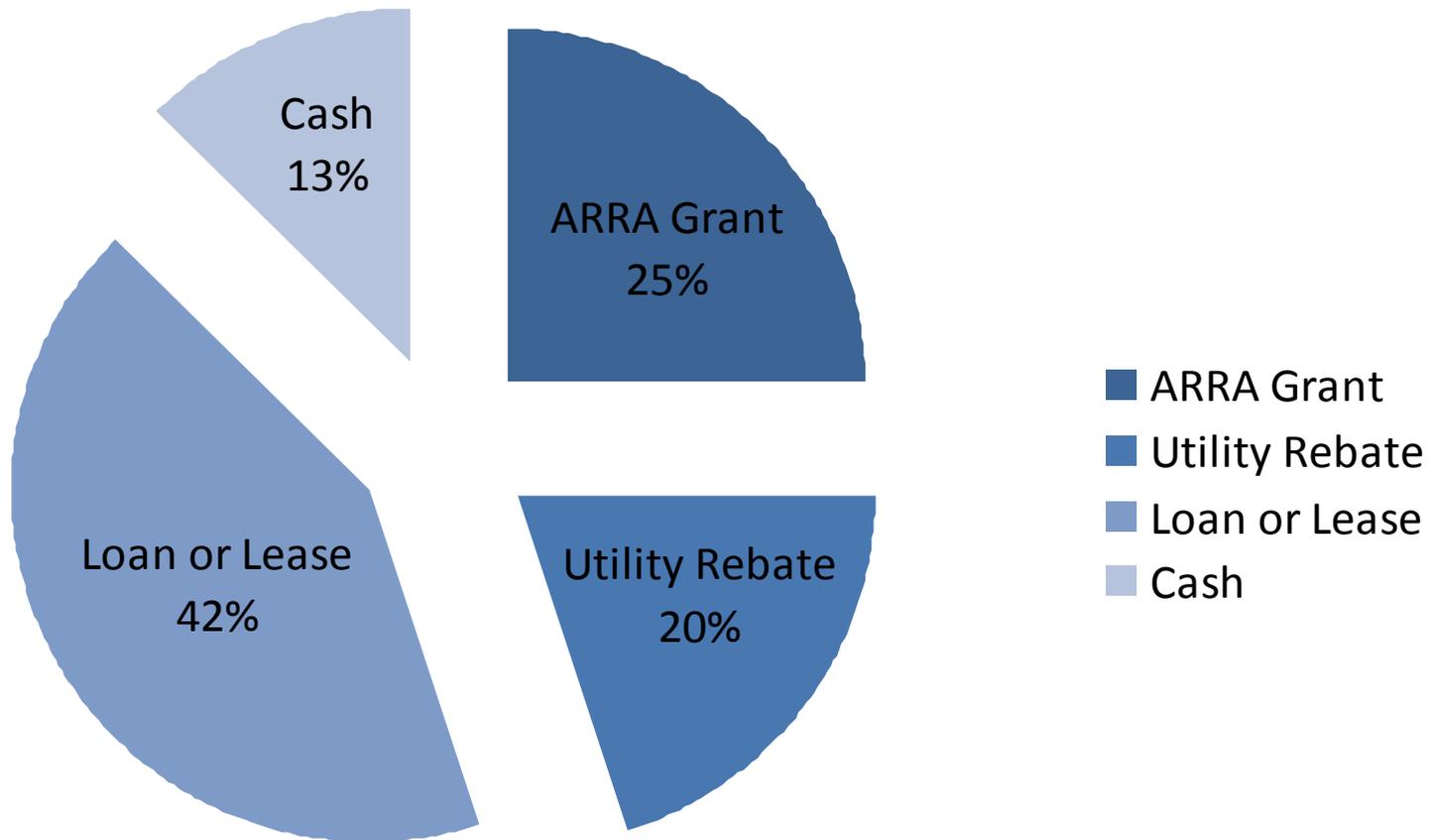


- ARRA Grants
- Utility Incentive Programs
- Cash
- Bank Loan
- General Obligation bonds
- ARRA Bonds: Qualified Energy Conservation Bonds, Build America Bonds
- Leases
- Power Purchase Agreements



- ESCO's job is to help arrange best financing package from all available sources
- If DIY, then start digging
 - Tap into existing programs: <http://www.dsireusa.org/>
 - Supplement with custom project financing
- People who can help you
 - ARRA -- state (usually SEO) or local grant administrator
 - Utilities – account rep
 - Cash – agency or executive finance officer
 - Loans -- finance officer and/or depository bank
 - Bonds – agency or executive finance officer
 - Leases – depository bank or specialized lender
 - PPA -- ESCO or specialized lender

Assembling the Pieces



- EPA ENERGY STAR – www.energystar.gov
- Detailed papers on energy project finance
 - http://www.energystar.gov/index.cfm?c=business.bus_financing
- Resources for Financial Programs
 - <http://www.eecbg.energy.gov/solutioncenter/financialproducts/default.html>
- List of finance providers
 - <http://energyservicescoalition.org/resources/financing.htm>



Time Required to Get Started

“It took more time to convince the executives and agency to participate in the program than it did to complete the work.”



Purpose

- Identify the hurdles and barriers that may preclude using ESPC.
- Gain commitment to project from all major players.

Attendees

- Champion
- Executive
- Financial
- Legal
- Procurement
- Landlord
- Construction Services
- Public Works
- Departments/Agencies
- Public Relations



- Welcome and Introductions
- Define Purpose of the Meeting
- Provide description of the effort
- Anticipated results, challenges and benefits
- Required tasks to move forward
- Anticipated Timeline of Activities
- Reasons NOT to move forward
- Next Meeting



- Welcome and Introductions
- Define Purpose of the Meeting
 - Maximize ARRA funding through ESPC
- Provide description of the effort
 - Financing improvements with the dollar reductions in utility costs that result from the work completed
- Anticipated results, challenges and benefits
 - Economic Development Benefit
 - Stewardship
 - Modernize Equipment and Systems
 - Eliminate Deferred Maintenance Issues

Staffing the ESPC Project

“My staff and I are fully loaded now; where can we get the additional staff resources to take on an ESPC project?”



- Technical Assistance from the US DOE
- Underutilized construction resources in your state or local government
- Unemployed private industry project and construction managers



Send feedback & requests for technical assistance to:

Bret Kadison – FinancingRapidResponse@ee.doe.gov

Resource Portal for Financing Programs

<http://www.eecbg.energy.gov/solutioncenter/financialproducts>

Technical Assistance from US DOE

Available at the end of first quarter of 2010

Other Resources

ESPC documents and presentations are available at:

<http://www.energyservicescoalition.org/espcc/tools/index.html>



- Few new building and major renovation projects
- State or local government construction staff may be underutilized
 - Construction Services Department
 - Landlord agency – GSA, OGS, etc.
 - Public Works Department
- Project managers, construction managers, engineers
- Project can pay for the salaries of these staffers and prevent layoffs
- May lessen resistance to ESPC projects



- Unemployment in the construction industry is much higher than the national average
 - 22.5% nationally
 - May double that in some areas
- Many experienced and high quality people are available
 - Project managers
 - Construction Managers
 - Clerks of the works
 - Architects and Engineers
- Private sector construction industry people do not necessarily expect permanent jobs
 - Used to project work



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- **Jan 22** – Creating Liquidity through Use of Secondary Markets
- **Jan 28** - Pennsylvania Keystone HELP Program
- **Feb 4** - Community Energy Challenge in Whatcom County, Washington
- **Feb 11** - Clean Energy Works

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