Lessons learned
venturing into the private sector market

Jeanna Paluzzi, CEO EPC Program Manager
Brian Carlin, Nexant Inc. Energy Engineer
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DEPARTMENT VISION

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Public Sector EPC Performance as of June 2014

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- 182 active and completed projects
- 143 facility owners benefitting
- $447.4 M total project investments
- $88.96 investments per capita
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- $447.4 M total project investments
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- EPC projects in communities across 75% Colorado counties
- Annual savings
  - $28.8 M Utility cost savings
  - $2.1 M O&M costs
  - 141.8 M kWh Electricity
  - 9.95 M therms Natural gas, propane, heating oil & coal
  - 467,200 kgal Water
Standards for Success

- Standardized, state-approved contracts + protocols + guidance
  - Program brochure
  - MOU between CEO and Facility Owners
  - ESCO selection process guidelines, when required
  - TEA and EPC contracts
  - Financing bid package
  - M&V guidelines
  - Commissioning guidelines

- A pool of pre-qualified ESCOs, providing both depth + breadth
  - Annual renewals over a five-year Base Contract period
  - Minimum requirements for annual renewal

- CEO advice and technical support
  - Free of charge
  - Throughout project lifecycle
  - Upon Facility Owner signing of MOU

- Private market-based financing

www.colorado.gov/energy
Is This Success Transferrable to the Private Sector?

- 2011 Competitive Award from USDOE
- Lawrence Berkeley National Lab study
- Program consultant
- Standards for Success
  - Contracts, protocols, guidance docs
  - CEO advice and technical support
  - Private market-base financing
- Incentivized participation
  
  75% (up to $25,000) of TEA cost per participating company
Lessons Learned
Colorado Private Sector EPC Pilot Project

Brian Carlin, Nexant Inc.
Project consultant to CEO
Participation

- Goal: Engage 10 companies in the EPC process
- Vetted 27 prospects for a good fit with EPC
  - 6 Owner-occupied and leased office buildings
  - 4 Medical (assisted living & hospital)
  - 3 Manufacturing
  - 3 Mountain resorts (lodging + ski operations)
  - 2 Retail space
  - 9 Miscellaneous: Multi-family, TV, bank, warehouse, community center, ice rink, car dealership, charter school and oil & gas production
Preliminary Results

- 16 companies contracted investment-grade energy audits
  - 2.1 million square feet
  - Potential annual savings identified, if fully implemented
    - 12.8 million kWh electricity
    - 450,000 therms natural gas
    - 3434 kgal water
    - $1.45 million utility cost savings
- Project tracking
  - 3 already under performance contract
  - 10 in decision-making mode
  - 3 Self-implementing
Lessons Learned

- Term of property hold
- Financial: ROI or payback required, timing with company budget cycle
- Incentive: Offer on scheduled basis, rather than open enrollment. Split between TEA buy-down and implementation measures. Fed $ required DUNS and SAMS
- Business-friendly contract docs
- Clear marketing strategy
- Internal approval processes
Market Barriers

- Need for short payback
- Internal financing vs. traditional 3rd party
- Layered decision-making with competing interests in savings
- Need for business-friendly contracts
Market Benefits

- Deeper retrofits
- Initial projects leading to company scaling up adoption of EPC tool
- ESCO-client relationship building opportunities
Next Steps

Due Diligence in Permanent Program Design

Jeanna M. Paluzzi
Colorado EPC Program Manager
Now Through December 2014:

- Continue support to the original 16 companies
  - Conversion of TEAs to EPCs
  - Self-implementation progress

- Network with commercial real estate interests

- Research: market potential, ideal client

- Tailor contracts (programmatic + legal content)

- Tailor program docs

- Make other decisions about permanent program design
Questions for our SEO colleagues:

- Have you considered extending state EPC program support to the private sector?
- If not,
  - Why?
  - Do you offer alternative programs that prompt energy efficiency investments?
- If yes,
  - What would work well?
  - What challenges have you run up against?
Our Ask of You Today

Our questions for ESCOs:

- Do you offer EPC services to the private sector?
- If no, what alternative EE services are in demand?
- If yes,
  - What do clients say are EPC’s benefits?
  - What challenges have you run up against?