

ESPC and the ESC

Where are We?

How did we get Here?

Where are we Going?

Amy Butler
July 29, 2014

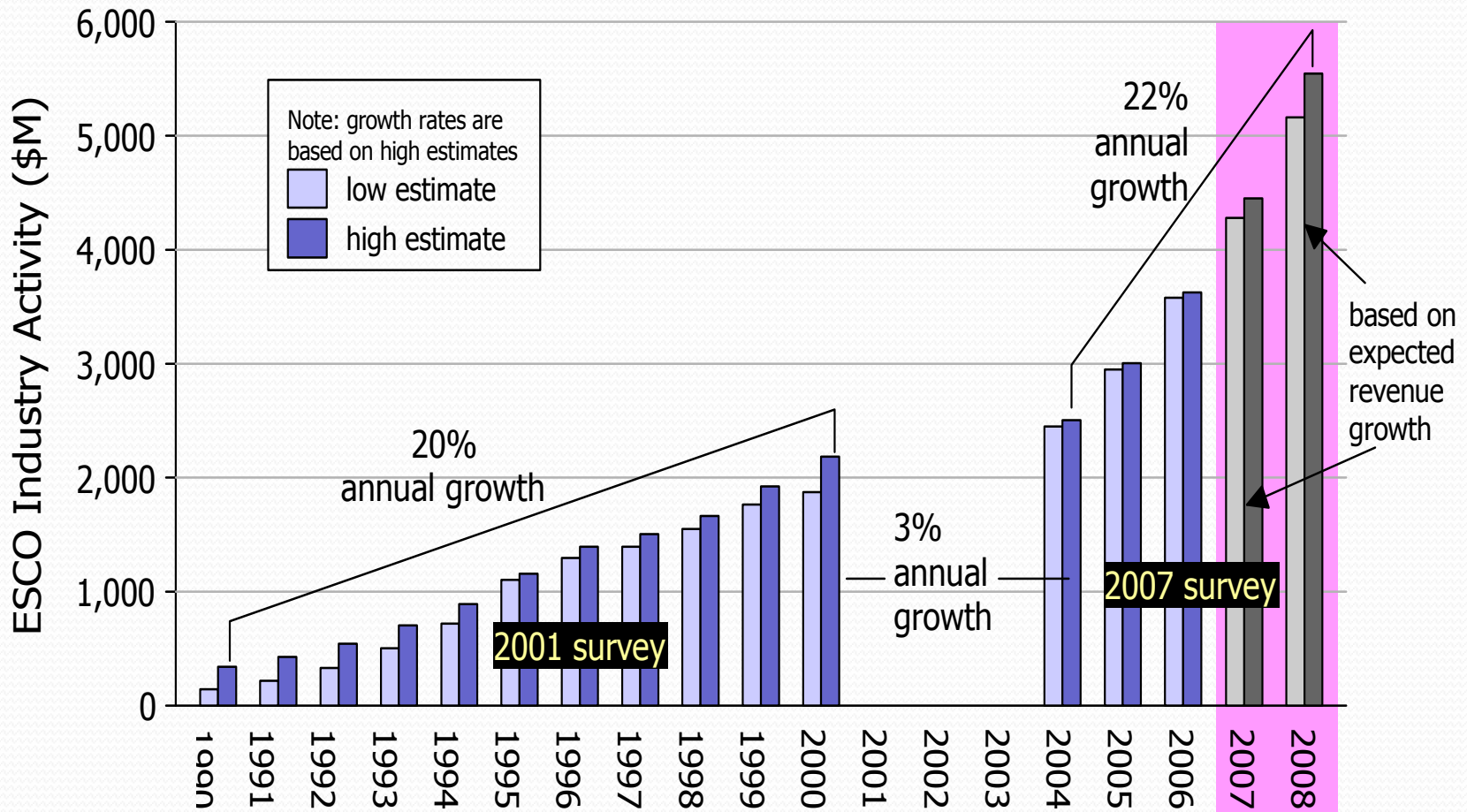
Historical Background

- Grew out of Western Regional Coalition 1999
- Public/ Private network
- Members include State Energy offices, ESCOs and others
- National organization built with state chapters to do boots – on- the ground work in promoting performance contracting.
- Collective Goal continues to be promoting the broader use and acceptance of performance contracting.

Historical Growth of ESPC

Figure ES-1

ESCO Industry Activity, 1990-2008



Key Elements/Best Practices

- How to Scale the successes of some states
- Study supported by DOE - 2007
- 10 Key Attributes became the backbone of successful Performance Contracting Programs
- Recently updated with DOE
- Partnering with NASEO and NAESCO to deliver Best practices to help overcome market barriers

Key Attributes/Best Practices

Best Practices

Description

Tools

SEO Leadership

Establish the SEO as the source for information on energy performance contracting

SEO Program
State Program Administrator

Strong Legislative and Gubernatorial Support

Utilize legislature and gubernatorial powers to establish ESPC as a priority for state agenda

Model Legislation
ESPC Legislation by State
Sample Executive Orders

Consensus Support for State Decision-makers

Establish consensus support among key state decision-makers (legal, procurement, finance)

Summary of State Consensus Needs for An Effective ESPC Program

ESC State Chapter or Similar Stakeholder Group

Establish an ESC state chapter or similar stakeholder group

Starting an ESC State Chapter

Pre-qualified ESCOs

One time competitive RFP to pre-qualify ESCOs

Model RFP to Pre-Qualify ESCOs
Evaluation and Selection Process and Forms
Secondary Selection Process

Key Attributes/Best Practices

Pre-approved Contracts

State attorney pre-approval of model contracts (audit, performance contracts; financing agreements)

Model Energy Performance Contract
Model Technical Energy Audit & Project Proposal
Model Finance Solicitation Pkg

Project Oversight and Technical Assistance

Ongoing support to facility owners doing ESPC projects

Model RFP for Project Oversight Agreements
SEO-ESCO Base Contract
Facility Owner MOU
Monitoring & Verification Guidelines
Sample RFP for Tech Assistance

Education and Outreach

Educate potential end-users on performance contracting benefits and the processes to achieve a successful project

What is Performance Contracting?
Five Steps to a Successful Performance Contract
Workshop in a Box
Procurement & Contracting Documents for Facility Owners

Program Funding Strategies

Sample ESPC program funding mechanisms

Self-funded Programs
Guaranteed Savings Pay for Project Oversight
Other Program Funding Strategies

Tracking and Comparing Project Progress

Establish simple tracking guidelines for projects and the program to demonstrate program success through measurable results

State Project Data Collection Form
Race to the Top - State-by-State Comparison

Benchmarking

- 2007 17 State Chapters adopted some level of the 10 Key Attributes
- 2011 found 50 States to have adopted some level of the Key attributes
 - E.g. Arizona 2006 – one key attribute (enabling legislation)
 - With ESC assistance – six additional
 - \$39 million to \$300 million in work.

Key elements examples

- Connecticut zero to four in four years
- Delaware zero to several in 2011
- Georgia zero to nine
- Massachusetts zero to seven in 2011
- New Jersey zero to eight key attributes by 2011

- SEO and ESC partner with NASEO in 2012
- 60 % with some operational energy savings programs.

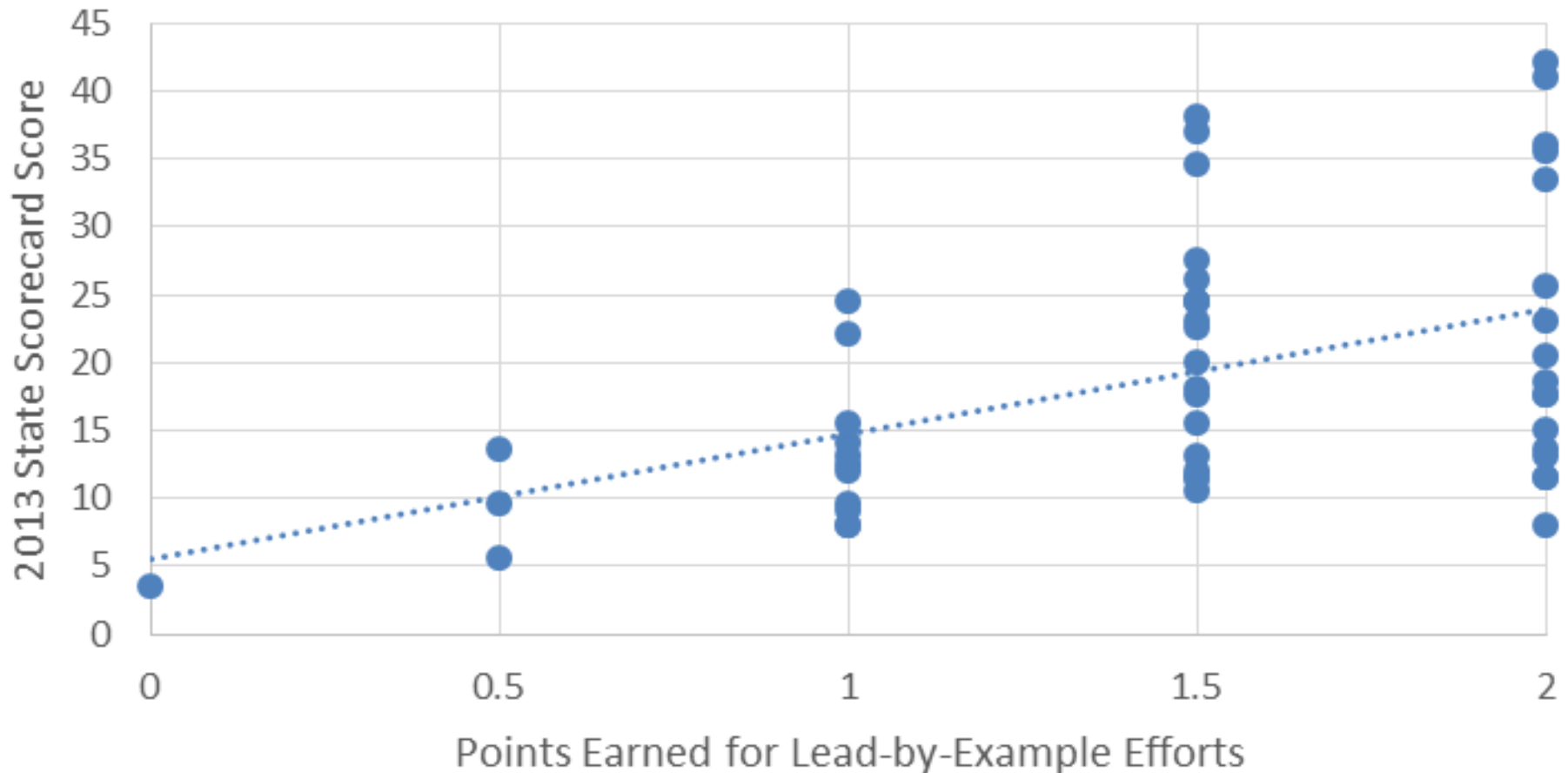
New Partner and Benchmark

- Association of Chemical and Energy Efficient Education [ACEEE]
- Leading by Example collection
 - Benchmarking requirements for buildings;
 - New and existing state building requirements
 - Efficient fleets
 - Espc policy and programs – which together scored 2 points of the 50.

State Distribution of LBE

LBE and Other Efficiency Efforts

$R^2 = 0.2159$



Measuring ESPC Programs in States

Scoring Criteria for Energy Service Performance Contracts

States that satisfy at least 2 of the following 3 criteria receive 0.5 points.

Category	Qualifying Action
Encouragement	Explicitly promotes usage of ESPCs to improve energy efficiency of public buildings through statutory requirements, recommendations, or explicit preference for using ESPCs, executive orders that promote or require ESPCs, and/or financial incentives for agencies seeking to use ESPCs.
Leadership	State houses a program that directly coordinates ESPC efforts, or a specific agency serves as lead contact for implementing ESPCs.
Resources	State offers documents that streamline and standardize ESPC process including list of prequalified service companies, model contracts, and/or manual that lays out procedures required to utilize ESPCs.

Leading by Example

State	Benchmarking Requirements for Public Building	New and Existing State Building Requirements	Efficient Fleets	ESPC Policy and Programs	Score (2 pts.)	Overall 2013 State Scorecard Score	ESPC Score only (0.5 pts.)
Massachusetts	•	•	•	•	2	42	0.5
California	•	•	•	•	2	41	0.5
New York	•	•		•	1.5	38	0.5
Oregon	•	•		•	1.5	37	0.5
Connecticut	•	•	•	•	2	36	0.5
Rhode Island	•	•	•	•	2	35.5	0.5
Vermont	•	•	•		1.5	34.5	0
Washington	•	•	•	•	2	33.5	0.5
Maryland	•	•		•	1.5	27.5	0.5
Illinois		•	•	•	1.5	26	0.5
Minnesota	•	•	•	•	2	25.5	0.5
Arizona	•	•		•	1.5	24.5	0.5
Michigan	•	•		•	1.5	24.5	0.5
New Jersey	•	•		•	1.5	24.5	0.5
Iowa	•	•			1	24.5	0

Growing the Organization and ESPC

- Launch and Relaunch of
 - Delaware
 - Minnesota
 - Nevada
 - New York
 - Kansas
 - Puerto Rico
 - And technical assistance to number of additional non-chapters to grow the program

Emerging as Priority Program in a number of states

- Regional Energy Forums – through NASEO and others
- EECBG raised awareness, created momentum, and introduced performance contracting as a solution for financing energy efficiency
- Education on resources and value continue to be needs
- Part of a broad set of tools in financing to help encourage energy efficiency retrofits

Coming Up Next.....

- North Carolina – on small ESPC projects
- Colorado – expanding ESPC to the private sector
- Kentucky - local government grant program tied to performance contracting
- Nevada - new grant program that also promotes ESPC at the local level
- Last year's conference presentation on Washington benchmarking and Massachusetts to green every state building that hadn't been touched.