

The **Better Buildings Initiative** is a national leadership initiative calling on state and local officials, corporate chief executive officers, university presidents, utilities, and other leaders to make substantial commitments to improve the energy efficiency of their buildings and plants, save money, and increase competitiveness. The cornerstones are a commitment to a 20% or more savings target across the organizations' portfolios and a commitment to share strategies that work, substantiated by energy data across the portfolios. The U.S. Department of Energy (DOE) is expanding this initiative to engage leaders in a set of **Better Buildings Accelerators** designed to demonstrate specific innovative approaches, which, upon successful demonstration, will accelerate investment in energy efficiency.

The **Performance Contracting Accelerator** is designed to expand the use of performance contracting by federal, state, and local governments, K-12 schools, and others. The Performance Contracting Accelerator aims to catalyze public sector energy efficiency investments of \$2 billion from January 2013 to December 2016 through the use of innovative and best practice approaches to enhance performance contracting programs. It will establish these approaches over this period and maintain them for the long term.

The Accelerator will bring together participants working to meet energy efficiency investment targets around a number of approaches for enhancing and expanding performance contracting programs. Focus areas include: contract design, energy measurement and verification (M&V), performance benchmarking, reporting of successful outcomes, streamlined project processes, approaches for deep-energy and small building retrofits, and approaches for lowering the cost of capital.

Results will include \$2 billion in performance contracting, commensurate energy savings, and a suite of demonstrated performance contracting tools and resources for the public sector to use to drive energy efficiency retrofits.

Accelerator Goals:

- ▶ Demonstrate best practice approaches for performance contracting and yield road-tested examples for other public sector organizations to use.
- ▶ Develop standardized methods for energy savings measurement and reporting.
- ▶ Design approaches for tracking and benchmarking energy savings performance contract (ESPC) projects through aggregating national data from projects and for improving collection of project data.
- ▶ Document and share best practices for deep-energy retrofits in public buildings, energy retrofits in smaller buildings, and lowering the cost of capital.
- ▶ Develop recommendations for post-Accelerator next steps.

Why Performance Contracting?

Many public sector organizations are striving to reduce their energy and water use and costs and meet other "lead-by-example" goals while facing limited budgets. Energy performance contracting can provide a one-stop procurement process that allows building owners to use future cost savings to pay for new efficient equipment and services, while guaranteeing that cost savings will meet or exceed payments for equipment and services over the contract period.

The potential for performance contracts to help public sector organizations realize savings is significant. It is estimated that \$60 to \$115 billion in private sector financing could be available to help in achieving annual energy and water savings.

While performance contracting has grown in use in recent years, facilitated in part by the Federal Performance Contracting Challenge and Recovery Act funding, and has been shown to reliably reduce energy use by 15% to 35%, there remains a number of opportunities for improving and expanding the use of these contracts so as to capture their potential. Opportunities include, streamlining current processes, improving data collection and analysis, linking federal and state and local best practices where appropriate, extending performance contracts to small building projects, and finding approaches for lowering the cost of capital.

What Are the Benefits to Accelerator Partners?

► **Help your organization finance energy efficiency and water savings retrofits through new innovative approaches to drive deeper retrofits and access new markets**

For instance, DOE will work with Partners using energy performance contracting in areas that are typically difficult to finance. DOE will work with Partners to develop pathways for using performance contracting for small building retrofits and enhancing the mechanism to capture energy savings in underserved markets, such as wastewater treatment facilities, hospitals, and supporting end-users with fleet conversion to LNG/CNG.

► **Gain expertise in standard approaches**

- **Enhanced Data Collection and Reporting:** DOE is supporting the development of a central repository and standard process to report ESPC data. This will allow for better data tracking and benchmarking of projects across the nation. Accelerator Partners will play a key role in the development of a national database by identifying reporting fields, testing the database, and determining the most meaningful reporting outputs to help with project tracking and management.
- **Model Templates:** Using model templates adds value by helping to streamline the ESPC process for all stakeholders, including developing consistent use of terms and conditions, reporting requirements, financial calculations, and contract structures. DOE will work with Accelerator Partners to develop a set of robust model contract templates for the public sector, and work with Accelerator participants to field-test these tools.

► **Receive tailored assistance and tools and work with state and local experts in developing solutions to common barriers**

DOE provides comprehensive performance contracting training across the country several times per year as well as on-demand webinar training covering all elements of the ESPC process. These materials will be updated as part of the Accelerator, as necessary, for a broad public sector audience and the availability of trainings will be widely shared.

DOE will bring together ESPC Accelerator Partners annually to facilitate in-person peer exchanges and include national subject matter experts to ensure robust technical exchange and learning opportunities. The first meeting is tentatively scheduled for May 2014 as part of the Better Buildings annual summit.

► **Receive public recognition from DOE as a national leader in performance contracting**

Receive national recognition from DOE for demonstrating your commitment to reducing energy use through performance contracting. Raise the visibility of your efficiency efforts with your employees, community, and stakeholders.

DOE Commitment to Accelerator Partners

► **Appoint** a DOE point of contact for each partnership.

► **Facilitate** the development of best practice approaches in collaboration with Accelerator Partners, including standardized model contracts, deep-energy retrofits approaches, and pathways to completing energy retrofits in smaller buildings.

► **Share information** and provide technical assistance (webinars and tailored training) about federal, state and local government, K-12, and other performance contracting programs and approaches.

► **Establish a central repository and standard process to report data at the project, building, and energy conservation level** in collaboration with Partners, industry and stakeholders, and provide access to Partners.

► **Provide public recognition** to Accelerator Partners for achieving milestones and commitment.

Accelerator Partner Commitment

The public sector Partner is committed to meeting a financial investment target for energy savings performance contracting for the next three years and to:

► **Work with DOE** to identify one or more barriers in their performance contracting program or project within 4 months of joining; and work with DOE and other Accelerator Partners to find solutions within 18 months.

► **Participate** in technical assistance forums.

► **Share** materials, results, and lessons learned from their innovative approaches.

► **Participate** in the development of and provide data for national ESPC project database.

► **Report** on progress towards the goal semi-annually.