Implementing Energy Savings Performance Contracting For MUSH Projects

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Better Buildings ESPC Webinar Series
Session 2 – Implementing ESPC
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Overview

- Tips & Takeaways for Implementing ESPC
- Overview of the ESPC Toolkit
- Toolkit Section: Implementing ESPC
- Tools to Support Project Implementation
POLL:

Which sector do you represent?
POLL:

Which part of the ESPC process are you most interested in?
IMPLEMENTING ESPC PROJECTS

May 10, 2018

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As a reminder, feel free to pose your questions via the chat feature and we’ll address them at the end of these presentations.
What is GESPC?

“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

A legislatively empowered, budget neutral means of procurement that repays the original investment from the savings which are guaranteed to accrue from project results. No new taxpayer funds required.

The “G” serves as a constant reminder that for most states, the savings are required to be guaranteed.

As a concept, a practice, an industry; as a means to achievement of efficiency, jobs and infrastructure modernization, GESPC is reliant on tools and people.
Recommendation #1

Get Help

Interagency
   Legal
   Procurement
   Finance
   Landlord Agency (General Services)

Owner’s Representative

Read up
Recommendation #1.5

Precursors

- Enabling Legislation
- Glossary of Definitions
- Appropriate Approvals
- Budget Commitment
- Encumbered funds to support the Investment Grade Audit

If necessary, refer to recommendation #1
Recommendation #2

Assemble the Tools

Standardized Documents
Solicitations - RFP
Contracts
  Base Agreements
  Investment Grade Audit Agreements
  GESPC Agreement, schedules, exhibits, sign off forms
  Measurement and Verification Templates
  Pricing Guides

If necessary, refer to recommendation #1
Recommendation #3

Select an Energy Services Company

Defer until you’ve acquired an understanding of process, contracts, required transparency, roles & responsibilities, expectations, money flow and finance implications, measurement and verification and risks.

If necessary, refer to recommendation #1
Recommendation #4

Investment Grade Audits

Portrayal of Existing Systems
Define what you’ll want to know 5 years from now
Understand your tariff
Understand your consumption and all the variables that impact it
  load, weather, occupancy, hours, standards of comfort
Reconcile to your bills

Caution: do not proceed without agreement to a baseline

If necessary, refer to recommendation #1
Recommendation #5

Investment Grade Audits (cont)

• Definitive scope of work demarcations
• Review subcontractor and vendor submissions
• Be clear on who will be doing what
• The concept of Pricing Transparency
• Guaranteed Maximum Pricing
• Commissioning Plans
• Measurement and Verification
• Establish full term plan for reporting

If necessary, refer to recommendation #1
Recommendation #6

Accepting the IGA

If you’re not happy with the work effort to produce a study, and if subsequently you’re not happy with the work and value of the work being proposed, pay for the study and part ways.

If necessary, refer to recommendation #1
Recommendation #7

Construction

Projects should be built to meet or exceed the quality of your typical construction and should follow the processes you have established to make that successful.

If necessary, refer to recommendation #1
Recommendation #8

Measurement & Verification

The plan should have been designed and approved in the IGA. This is simply doing the work of validating the persistence of savings.

Require M & V. It is the proof that GESPC works and that the dollars saved have paid for the work performed.

If necessary, refer to recommendation #1
Recommendation #9

Select an Energy Services Company

When you understand what you expect of your new energy partner, you know what’s required of them AND you in the GESPC instruments, you’ve checked their local references you’re far better prepared to select one.

If necessary, refer to recommendation #1
Quack!

When is a duck, not really a duck after all?
Thank you!

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The Energy Services Coalition is a public private partnership promoting the benefits of, providing education on, and serving as an advocate for the widespread use of guaranteed energy savings performance contracting in public and private facilities. The ESC provides a unique forum in which all stakeholders can work together to address and overcome any barriers which are limiting the effective use of GESPC.
The ESPC Toolkit
Accelerator Profile

Timeframe
2014-2016

Partners
25 partners (18 states, six cities, one school district)

Purpose
Expand access to Energy Savings Performance Contracting (ESPC) as a promising option for financing energy efficiency retrofits in the public sector

Outcome
More than $2 billion invested in MUSH ESPC contracts
Area 1: Streamlining the ESPC Process
• Partners reviewed existing model ESPC documents

Area 2: Empowering the Market
• Partners participated in ePB feedback & training

Area 3: Resolving Individual ESPC Barriers
• Support successful, permanent, innovative, and replicable resolution of individual partner barriers
The ESPC Toolkit

https://betterbuildingssolutioncenter.energy.gov/energy-savings-performance-contracting-espc-toolkit

- Considering ESPC
- Implementing ESPC
- Establishing ESPC
- Expanding ESPC
- Assessing ESPC Results
Implementing ESPC Projects

- ESPC Virtual Technical Assistant
- Financing Decision Tree
- Best Practices for Selecting an ESCO
- Model ESPC Contract Documents
- eProject Builder
POLL:

Which resource would you most like to hear about?
Barrier

“We have one staff person and a limited budget. How can we offer a technical assistance program for ESPC?”
Tool: Financing Decision Tree

**Barrier**

“Have we considered all financing options available to us?”

- **Check State legal requirements**
- **Authorize Energy Service Performance Contracts?**
  - **Yes**
    - **Check State Energy Office for Rebates, Lending Programs, and/or Technical Assistance**
    - **Internal Approval Process**
  - **No**
    - **Develop ESPC Legislation**
    - **Silent on ESPCs**
      - **Specific guidance re: process and/or financing**
Barrier

“How do we select the ESCO best suited to our project?”

Best Practices for Selecting an ESCO

The RFQ has been issued, the ESCOs have submitted their proposals... now what? The best practices that follow may be helpful in selecting which ESCOs to include on your pre-qualified list.

Use the DOE Evaluation Workbook
(https://energy.gov/sites/prod/files/2014/06/f17/rfq_pre-qualify_escos_evaluation_workbook.xlsx)

- Evaluation criteria are already tailored to match the DOE RFQ Template
- Accommodates up to 10 Evaluators and 10 ESCOs
- Handles both the Proposal Review and the Interviews
- Simplifies the process of collecting scores from Evaluators
- Results are compiled automatically to save time and avoid transcription errors
Tool: Model ESPC Contract Documents

Barrier

“Is there a way to standardize the contract?”

Model Documents for an Energy Savings Performance Contract Project

This page contains a model contract template and companion documents to help you launch energy efficiency projects through Energy Savings Performance Contracting (ESPC). Read about how these documents were developed.

The ESPC Model Documents were prepared as resources that can be used when developing or updating procurement and contracting documents for ESPC projects and programs. Neither the United States government nor any agency thereof, nor any of its employees, make any warranty, express or implied, or assume any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed or represent that its use

The documents have been organized into four categories:

- Energy Service Company Solicitation
- Investment Grade Audit and Project Proposal
- Energy Savings Performance Contract
- Financing Solicitation
Tool: eProject Builder

Barrier

“How can I easily track and report standardized project data points?”

eProjectBuilder (ePB) is a secure, web-based data management system that enables agencies and ESCOs to preserve, track and report information for their portfolio of energy projects. This free system was developed and is maintained by Lawrence Berkeley National Laboratory on behalf of the U.S. Department of Energy.

ePB enables ESCOs and customers to securely:

1. Manage, track and report data on a portfolio of energy projects
2. Quickly generate standardized project financial schedules and portfolio-level reports
3. Preserve and readily access project information, M&V data and additional uploaded documents in perpetuity
4. Benchmark proposed projects against historical project performance data

If you have questions, issues or feedback on eProject Builder please email: epb-support@lbl.gov
Thank You!

Questions?

For additional information, contact

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