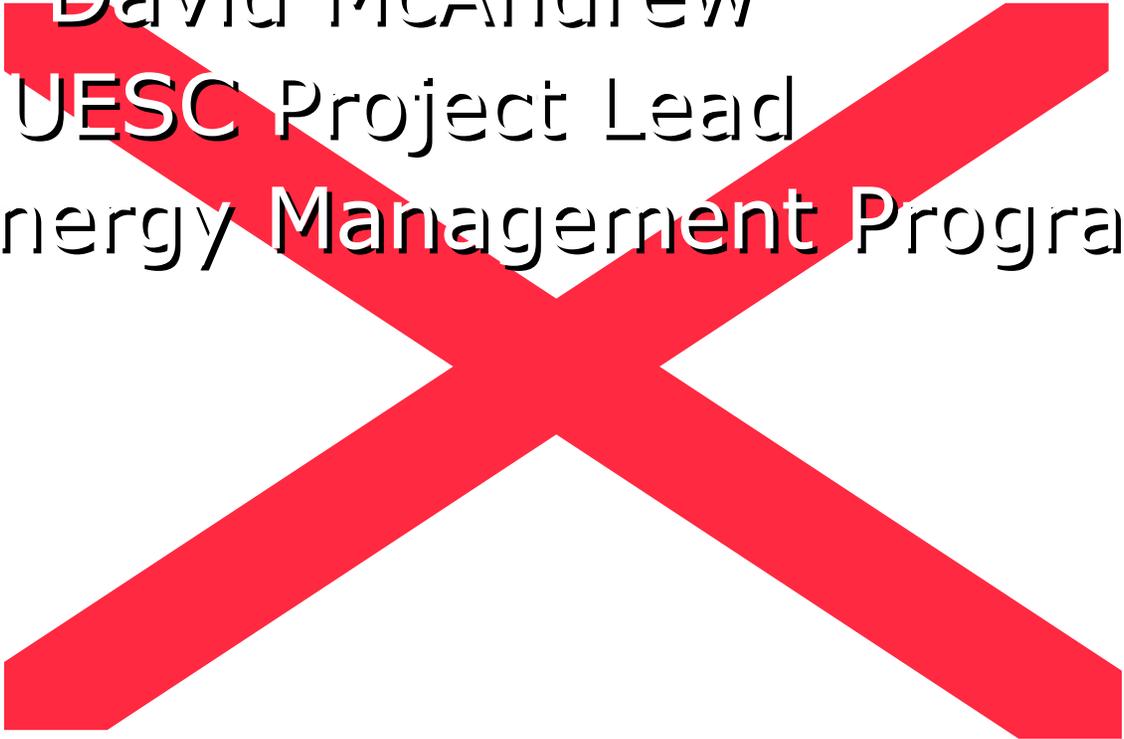

Utility Energy Services Contracting Overview

David McAndrew
UESC Project Lead
Federal Energy Management Program





Presentation Overview



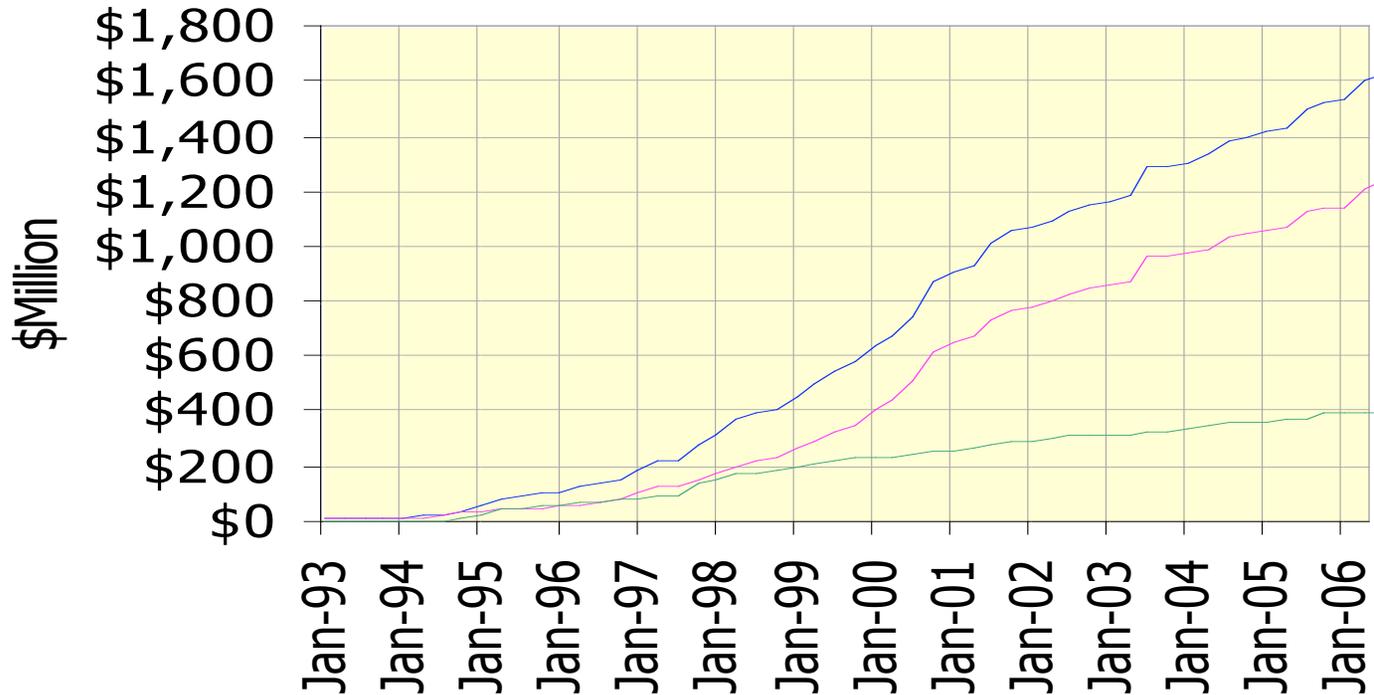
**Behind the
Wheel:
Management
Focus**

- UESC Market Overview
- UESCs Defined
- UESC enabling legislation and contract vehicles



Behind the Wheel:
Management Focus

UESC Project Total Capital Investment
Rate of change over time

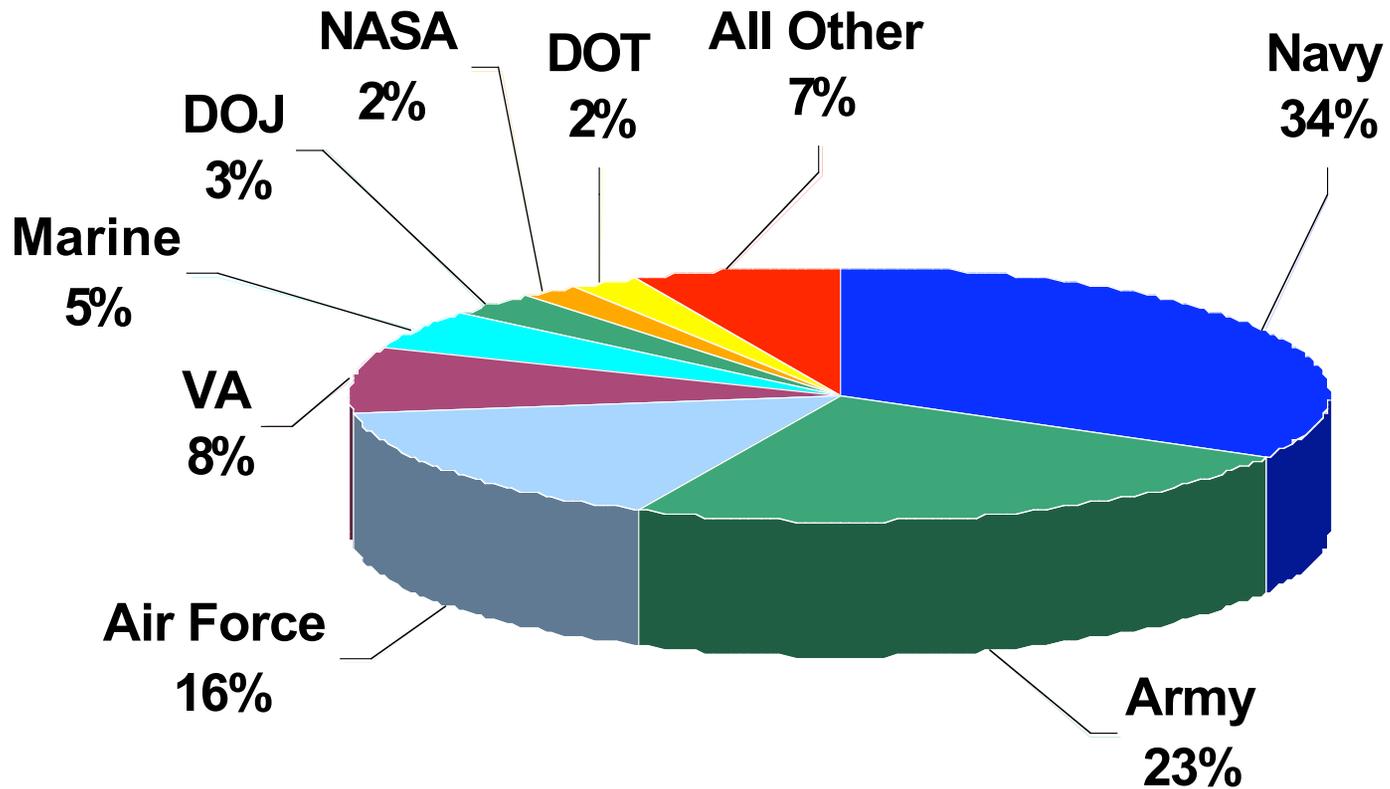


— Total Capital Investment — Private Sector Investment
— Federal Sector Investment

Current Agency Activity



Behind the
Wheel:
Management
Focus



***Since FY 2004
Includes proposed projects***

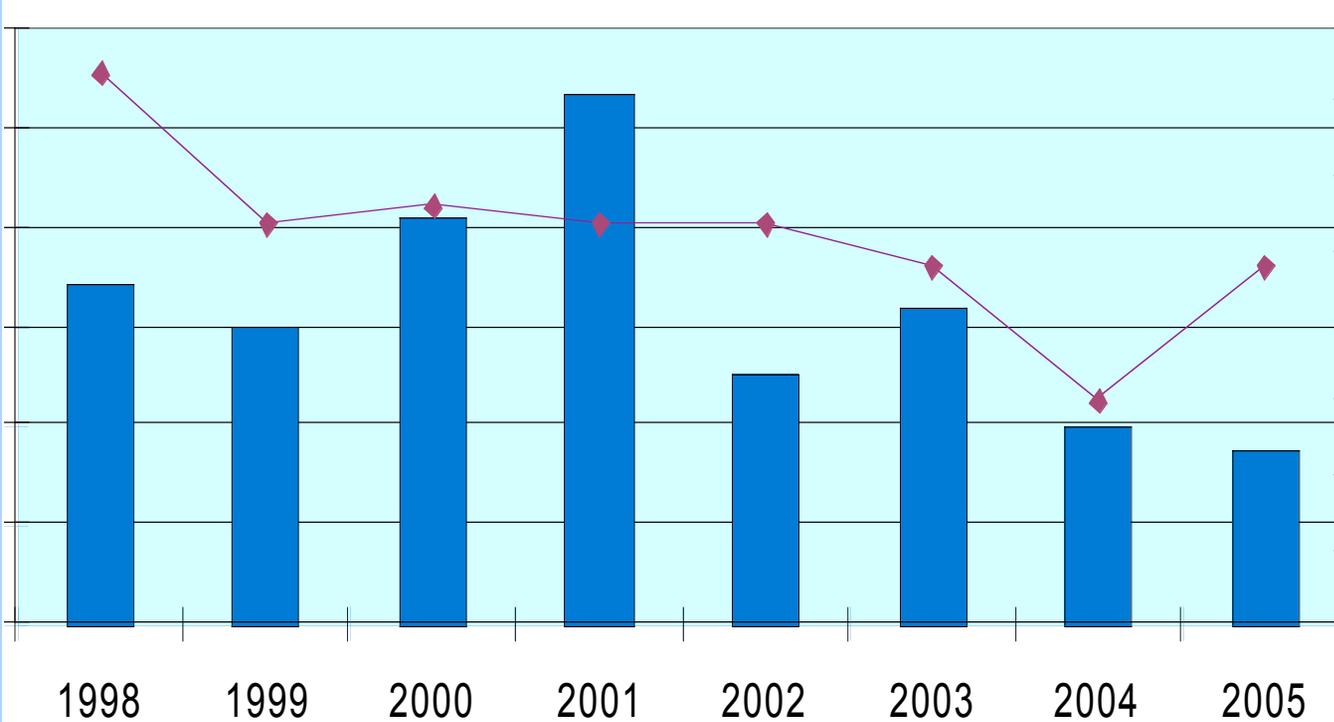


Utility Involvement Over Time



Behind the Wheel: Management Focus

Total Investment (\$M)



Number of Active Utilities

Investment

Number of Utilities



**Behind the
Wheel:
Management
Focus**

UESC Defined

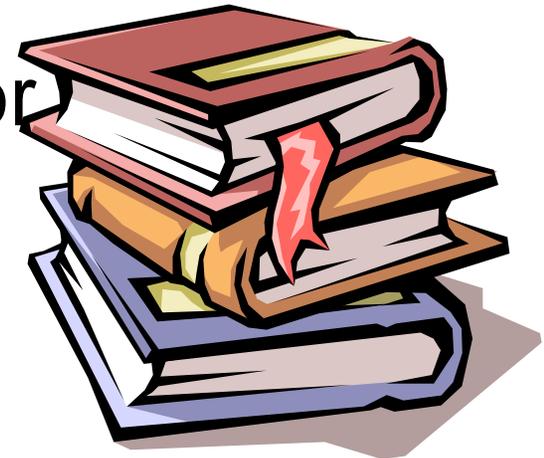
Utility Energy Service Contracts (UESCs)



Behind the
Wheel:
Management
Focus

Definition: UESCs allow agencies to procure a variety of energy management services from the local serving utility generally on a sole source basis

Projects may be financed or use appropriations



What's Appropriate?



**Behind the
Wheel:
Management
Focus**

Energy Conservation Measure must;

1. Produce measurable reduction in energy, water, or energy demand or
2. Be directly related to use of energy or water or directly control use of energy or water
3. Preponderance of work must be for 1. or 2.
4. Improve real property

From GSA Areawide Contract Guidance

Typical UESC Offerings



Behind the
Wheel:
Management
Focus

Technical Services

Audits

Feasibility
Studies

Engineering &
Design

Construction &
Installation

Performance
Guarantees

Training

O&M Services

Project
Management

Financial Services

Rebates

Project
Financing

Utilities may offer all, some
or none of these services or
offer others not listed



Behind the
Wheel:
Management
Focus

- You work with a known entity
- Local utility may already be familiar with your facility
- Contracting is simplified through AWC
- Flexibility in scope and size, small projects feasible
- It's a long term partnership!



Behind the
Wheel:
Management
Focus

- UESCs is not available to all facilities
- Utility may be new to this type of contracting
- Contract process is not standardized
- Agency's relationship with utility
- Contract term





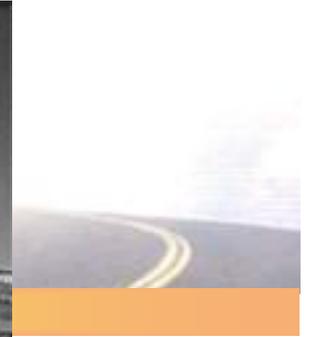
Behind the
Wheel:
Management
Focus

	ESPC	Super ESPC	UESC
Qualified Contractor List	Required	Pre-selected contractors	Not required
M&V	Required	Required	Recommended
O &M	Option	Option	Negotiable
Contract Coordination	Agency	Through Lead Agency	Agency
Contractor Relationship	Typically new	Typically new	Established
Contracting Resource Requirement	Intense	Selection process reduced	Usually sole source



**Behind the
Wheel:
Management
Focus**

Enabling Legislation + Contract Vehicles for UESCs





Behind the
Wheel:
Management
Focus

Section 152(f) - Utility Incentive Programs

Agencies:

- ❖ Are authorized and encouraged to participate in utility programs generally available to customers
- ❖ May accept utility financial incentives, goods, and services generally available to customers
- ❖ Are encouraged to enter into negotiations with utilities to design cost effective programs to address unique needs of facilities used by agency

(Codified as 42 USC 8256, P.L. 102-486)



Behind the
Wheel:
Management
Focus

DoD

Facilities:

- ❖ May enter into "sole source" procurement from gas or electric utilities to design and implement cost effective demand and conservation services
- ❖ May implement projects with a positive Net Present Value (measured over a period of 10 years or less)
- ❖ Can count water cost savings in their economic analysis



48 CFR (FAR) Part 41 Acquisition of Utility Services



Behind the
Wheel:
Management
Focus

Gives GSA

- ❖ Authority to prescribe policies governing the acquisition of utility services
- ❖ Authority to issue areawide contracts for utility services
- ❖ Ability to delegate Authority to purchase utility services directly to



Behind the
Wheel:
Management
Focus

- **Areawide Contract (AWC)**
 - Approximately 110 in place most major utilities
 - Agency executes Exhibit "C" Authorization for Energy Management Services
 - Does not contain specific terms is only a basic shell
- **Site Specific Contract**
 - No AWC in place
 - Agency has authority to contract directly
- **Basic Ordering Agreement (BOA)**
 - Umbrella contract which allows multiple task orders to be placed
 - Significantly reduces cycle time once in place

UESC Model Agreement



Behind the
Wheel:
Management
Focus

- Created to help standardize contracting process
- Developed jointly by DOD, GSA, FEMP and other agencies in cooperation with the utility industry
- Reviewed and approved by public and private authorities
- Includes ~80% of terms & conditions for UESC



Provides language used successfully many times

http://www.eere.energy.gov/femp/financing/uescs_types.cfm#model



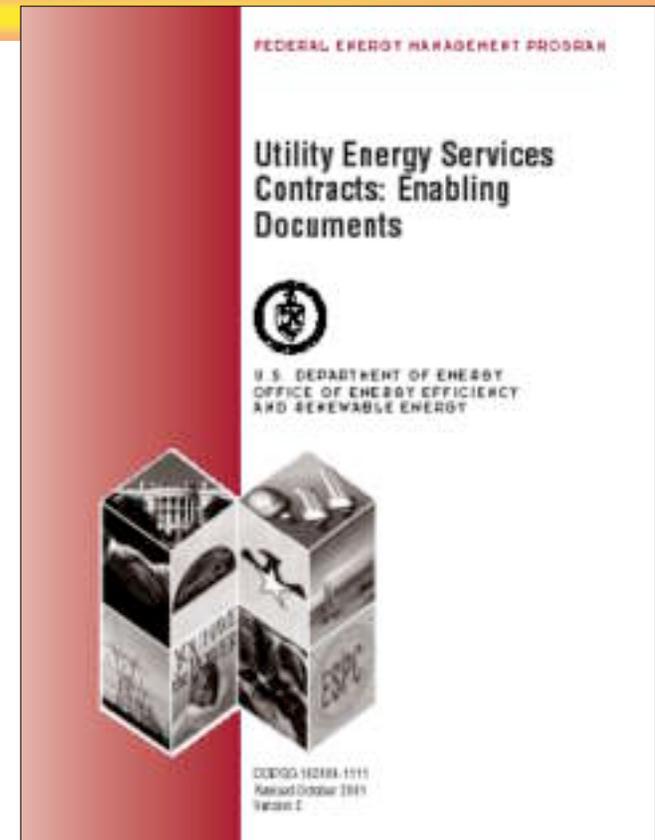
FEMP's UESC Enabling Documents



Behind the
Wheel:
Management
Focus

Details:

- Legislation and executive actions
- Legal opinions
- Agency guidance
- Model Agreement



www.eere.energy.gov/femp/pdfs/28792.pdf



**Behind the
Wheel:
Management
Focus**

- Use GSA website, <http://gsa.gov/pbs/xu/>
 - List of Areawide contracts
 - Areawide contracting guides
 - POCs for direct assistance
- FEMP website, www.eere.energy.gov/femp/utility.html
 - Enabling documents
 - Case studies
 - Best Practices Guidance M&V, financing
 - List of utility partners POC and service offerings
- Order the UESC video from FEMP that showcases this process



**Behind the
Wheel:
Management
Focus**

FEMP provides support for UESC in a variety of ways:

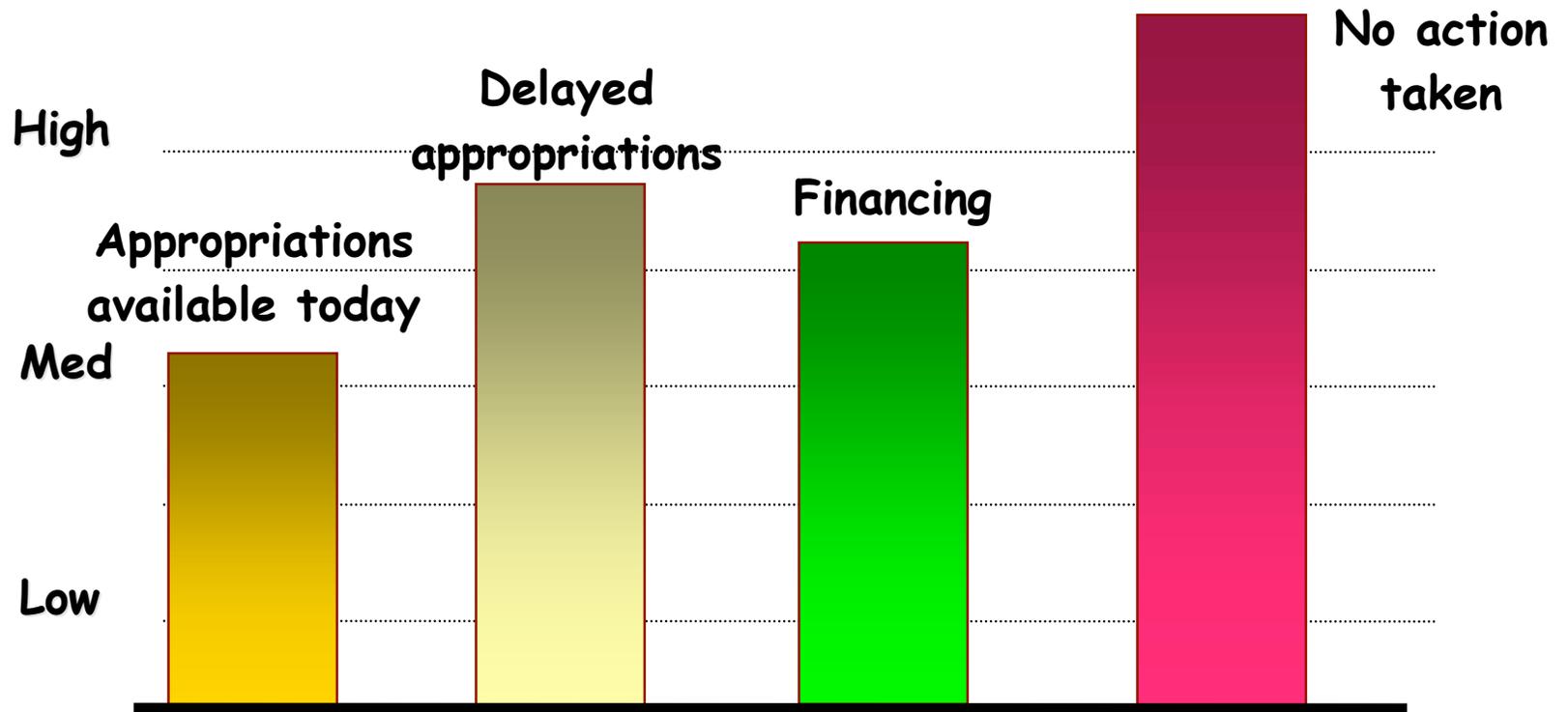
- Direct Project Support
- Training
- Guidance Materials Publications
- Federal Utility Partnership Working Group
- Data Collection and Analysis
- Outreach

The Cost of Delaying a Project



Behind the
Wheel:
Management
Focus

Life Cycle Cost



Any delay in project implementation results in loss of life cycle savings



For Additional Information



Behind the
Wheel:
Management
Focus

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