



Energy Center of Expertise

The Energy Center of Expertise



Business Opportunities with
the GSA Energy Center

Gov Energy 2007
New Orleans, LA





Introduction: GSA Public Buildings Service

- GSA acts as a Government asset owner
- GSA owns 1,600 buildings and leases 7,100 buildings totaling 339 million sq.ft.
- GSA PBS has approx. 5,500 employees
- GSA facilitates the procurement of Federal energy services across a \$5 billion market





Energy Center of Expertise

- Government-Wide Responsibility for Regulated Utility Procurement
- Natural Gas Acquisition Program
- Deregulated Electricity Procurement
- Renewable Energy
- Energy Retrofit Program
- Advanced Metering
- Alternative Financing





Government-Wide Regulated Utilities

- GSA is **authorized** by sec. 201 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C.481), **to prescribe policies and methods governing the acquisition and supply of utility services for Federal agencies.**
- This authority includes related functions such as **managing public utility services and representing Federal agencies in proceedings before Federal and state regulatory bodies.**
- GSA is authorized by section 201 of the Act to contract for utility services for periods not exceeding ten years.





FAR 41.203

- **FAR Part 41.203 “GSA will, upon request, provide technical and acquisition assistance, or will delegate its contracting authority for the furnishing of utility services for any Federal agency.”**



Areawide Utility Contracts

- GSA Energy Center maintains contracts with 120 regulated public utility companies for use by GSA and other Agencies.
- Provides guidance and assistance to customer Agencies.
- Some contracts include ability to perform demand reducing energy projects.



Energy Market Overview

- Nationally, fundamental division between restructured (i.e. deregulated) and non-restructured states
- Retail customers in restructured states can select electric suppliers other than the local utility including renewable products
- Retail customers in fully regulated states are required to purchase electric supply from the local utility





Natural Gas Acquisition Program

- Provides deregulated natural gas services to the burner-tip, not just the city gate
- Manages contracts for supply for multiple Agencies
- Purchases gas as a commodity through a reverse-auction platform, obtaining the lowest possible price on the open market





Natural Gas Acquisition Program

- Contracting office that acts quickly to respond to the requirements of the market
- Works with customers to insure the Government is getting what it is paying for
- Provides expertise in working with local distribution companies (LDCs)



NGAP Services – Procurement

NGAP uses reverse auctions to:

- Structure bid price by LDC rate class, Federal agency, etc.
- Creative maximum price competition
- Secure the lowest price that meets government requirements
 - Firm Fixed Price with 10% up/down tolerance
 - Index based option tied to Henry Hub
- Shorten time to award (same day or within 24 hours)

This results in savings for NGAP Customers!

RFP Bid History: 1319 - Natural Gas

NGAP-GSA

Auction Information

Auction Start Time: **8/2/2004 8:00:00 AM EST**
 Auction End Time: **8/3/2004 1:45:00 PM EST**
 Opening Bid (\$/Dth): **9.00000**
 Low Bid (\$/Dth): **7.50000**

RFP Status: **Closed: Awarded**
 Time Left: **Auction Ended**
 Total Bids: **7**
 Low Bidder: **Pepeco Energy Services**

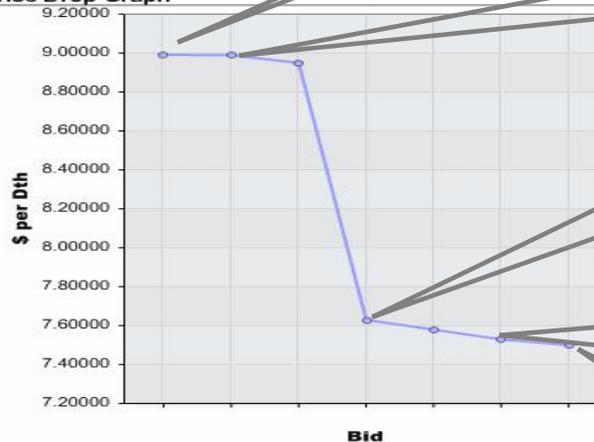
Auction Generated Savings

First Bid (\$/Dth): **9**
 Best Bid (\$/Dth): **7.5**
 Your Annual Usage: **20,493 Dth**
 Annual Cost First Bid: **\$184,437.00**
 Annual Cost Best Bid: **\$153,697.50**
 Annual Auction Generated Savings :
\$30,739.50 or 16.67 %

Market Benchmark Savings

Price-to-Compare (\$/Dth): **8.5**
 Best Bid (\$/Dth): **7.5**
 Your Annual Usage: **20,493 Dth**
 Annual Cost Price-to-Compare: **\$174,190.50**
 Annual Cost Auction Price: **\$153,697.50**
 Annual Market Benchmark Savings :
\$20,493.00 or 11.76 %

Price Drop Graph



Supplier 1 bids

Supplier 2 enters lower price

Supplier 4 enters lower price

Supplier 2 sets new low price

Supplier 1 wins auction

Supplier Bid History

Total Bids in View: 7

Supplier Company	Bid Amount	Date and Time of Bid
Supplier 1	7.50000	8/3/2004 1:44:52 PM
Supplier 2	7.53000	8/3/2004 1:44:54 PM
Supplier 3	7.58000	8/3/2004 1:44:59 PM
Supplier 4	7.63000	8/3/2004 1:41:28 PM
Supplier 5	8.95000	8/3/2004 1:41:11 PM
Supplier 3	8.99000	8/3/2004 1:41:46 PM
Supplier 1	8.99190	8/3/2004 11:08:10 AM

2006 Auction Recap (1)

- Despite obstacles, a number of large accounts have been added to NGAP over the past four years with total annual usage exceeding 1.5M dths. The program continues to grow and bid prices received for the Fixed Price Product continue to be very competitive even in volatile markets based on shortened award times and GSA's responsiveness to supplier concerns.
- Even with adding the requirement to the 2006 Solicitation that bidders must provide letters of credit / insurance to cover the anticipated value of the volumes they plan to bid; GSA added four new suppliers and had 19 bid in all.
- We have less suppliers on the program than 2004 (19 vs. 28) ; however, these suppliers met more stringent credit requirements than those that defaulted in the past such as: Nicole, TBC, Geary, Select Natural Gas, etc. and the same number of suppliers were awarded contracts (18)

2006 Auction Recap (2)

GSA made \$242M in contract awards and achieved the following in 2006:

- Received over 1,000 bids from 19 qualified suppliers and made awards to 18 suppliers serving accounts in 60 utilities
- GSA awarded contracts serving 303 Federal accounts located in all 11 GSA Regions
- Added 16 accounts with combined annual usage of 573K dths and expanded the program to three new states (IA, ID, and WY)
- Awards made to four new suppliers: E Services, Enspire Energy, Oneok Energy Marketing, and Sprague Energy Corp.

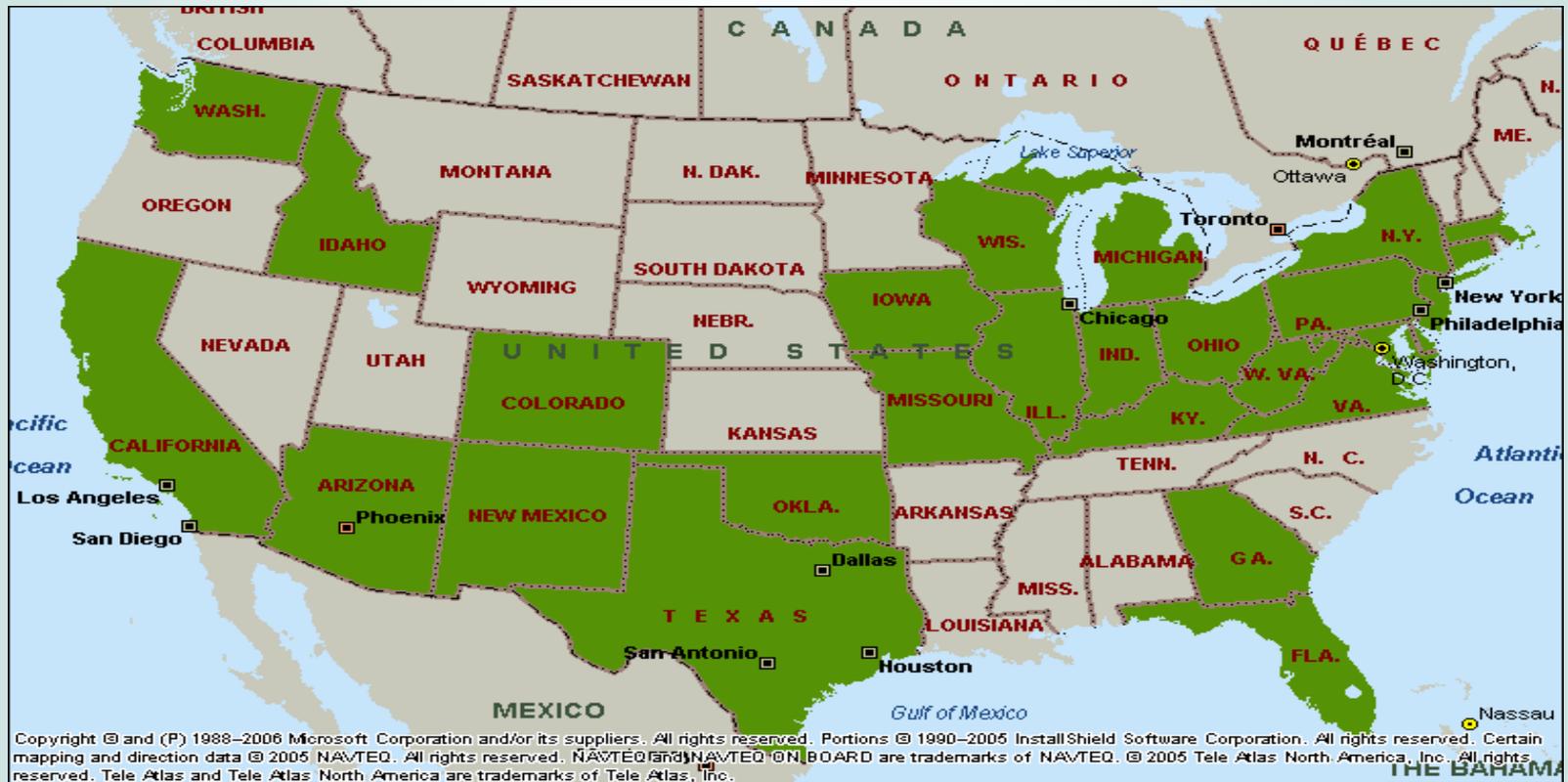
Auction Results 2002 - 2006

- Assisted GSA in purchasing natural gas for customers in 29 States between July 2002 and June 2006
- Continuous updates to GSA' supply solicitation and the procurement process based on lessons learned, supplier feedback and NGAP recommendations

Result

- **Over 3,500 bids submitted by 35 qualified suppliers**
- Increased the number of serving suppliers from 2 to 29
- **\$451M in natural gas supply contract awards**
- Fixed price, Index Plus Baseload, and Full Index awards made
- Over 20 Federal Agencies Served including: EPA, UN, FAA, TSA, GSA, USDA, VA, BOP, and National Archives
- **No successful protests in four years of auctions**

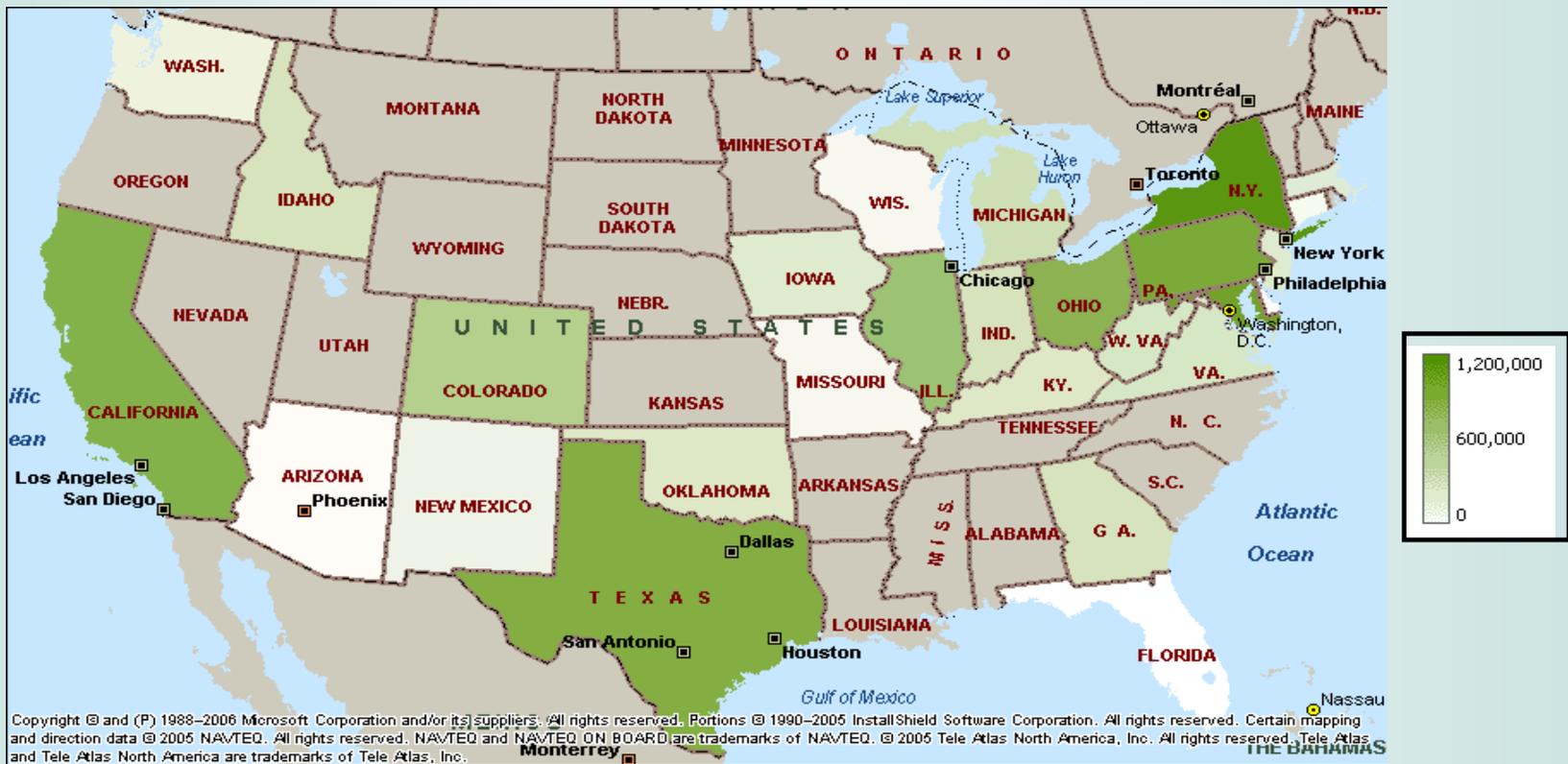
NGAP Map - Active Contracts 2006



Active Contracts in 28 States: AZ, CA, CO, CT, DC, DE, FL, GA, IA, ID, IL, IN, KY, MA, MD, MI, MO, NJ, NM, NY, OH, OK, PA, TX, VA, WA, WI, WV



NGAP Map (cont) – Volume by State



NGAP volumes under management vary greatly by state making it unlikely that any single supplier can /will bid on all accounts



Supplier Base by State & Awards

SUPPLIER	STATES SUPPLIER BID IN	AWARD VOLUME
Enspire Energy	(DC, MD, VA)	4,713.7M Dths
Sage Energy Trading, LLC	(CO, IA, IL, KY, MI, MO, NM, OH, OK, TX, UT, WI, WY)	4,524.3M Dths
Amerada Hess	(DC, DE, MD, NJ, NY, OH, PA, VA, WV)	4,174.6 Dths
Energy USA - TPC Corporation	(IL, IN, MI, OH)	2,258.2M Dths
Coral Energy	(CA, CO, WA)	2,211.3M Dths
Wasatch Energy LLC	(AZ, CA, Co, ID, NM, UT, WA)	1,296.4Dths
Interconn Resources, Inc.	(DE, FL, GA, IA, IL, KY, MD, MI, MO, VA, WV)	1,167.2K Dths
Seminole Energy	(CO, MI, OH, OK, TX)	709.3K Dths
E-Services	(OH, VA)	690.7K Dths
UGI Energy Services, Inc.	(PA)	506.1K Dths
PS Energy Group, Inc	(GA, MD, VA)	468.2K Dths
NOCO Energy Corporation	(NY, PA, WV)	426.7K Dths
PEPCO Energy Services	(DC, MD, PA, VA)	421K Dths
Select Energy	(CT, DC, MA, MD, NJ)	288.1K Dths
Sprague Energy Corp.	(MA, MD, NJ, NY, PA)	152.3K Dths
Crown Energy Services	(PA)	118.9K Dths
Oneok Energy Marketing	(OK, TX)	83.9K Dths
FPL Energy Power Marketing	(FL)	32.6K Dths
Atmos Energy Marketing	(IL, IN, KY, OH, TX)	0 Dths





De-regulated Electricity Purchases

- The Energy Center takes advantage of competitive electricity markets to provide better value to customers throughout the government
- Competitive procedures are also used to procure “renewable” electricity for multiple customers





De-Regulated Electricity

- Contracting office that acts quickly to respond to the requirements of the market
- Takes advantage of aggregating customers to obtain the best value
- Flexible contracts – some have built-in market-based demand response



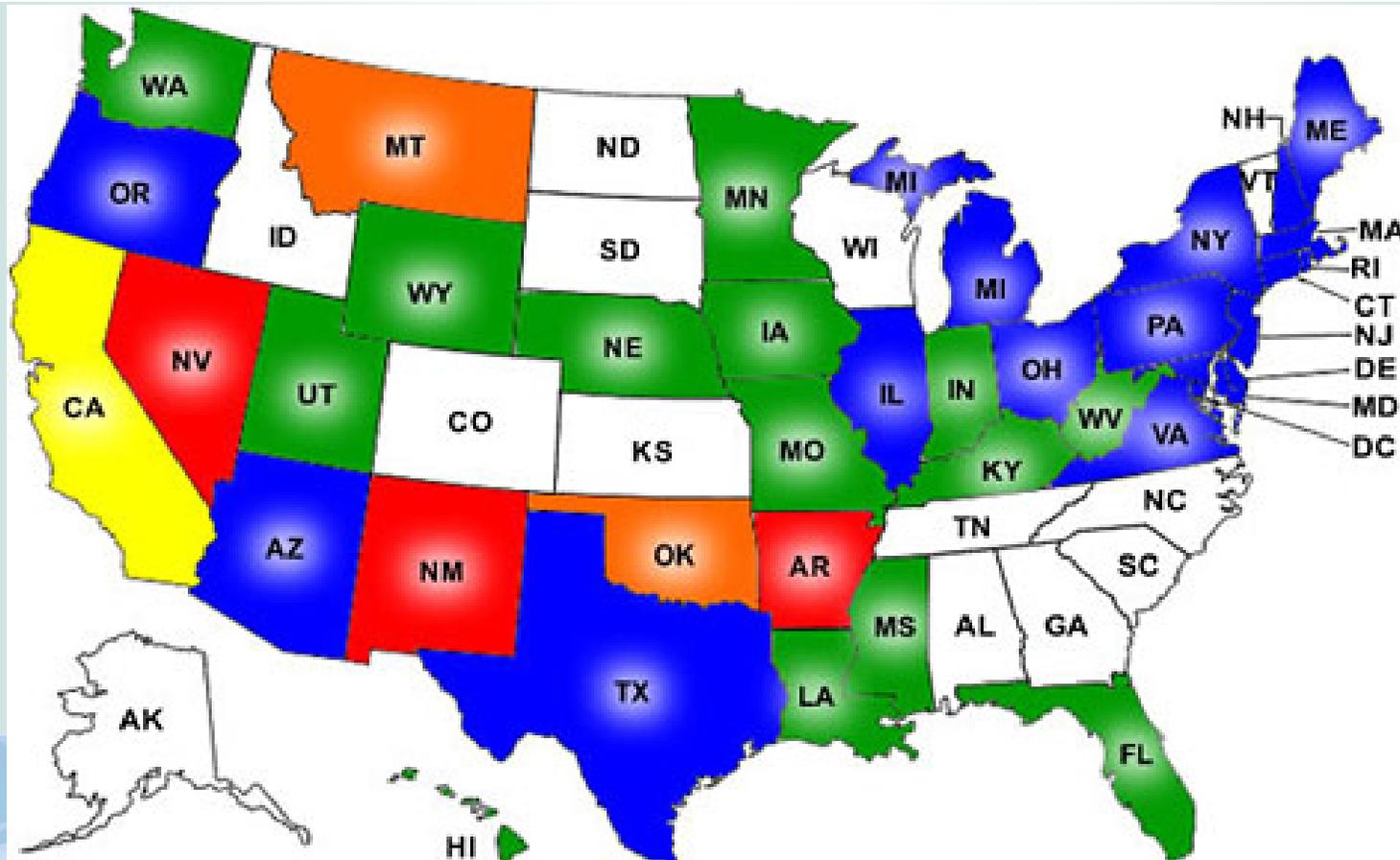


Energy Center of Expertise

<u>LOCATION</u>	<u>CONTRACTOR</u>	<u>TOTAL</u> <u>ANNUAL KWH</u>	<u>TOTAL</u> <u>ANNUAL \$</u>	<u>AVG.</u> <u>\$/KWH</u>
DC - PEPCO	Pepco Energy Svcs	1,900,000,000	\$181,735,000	\$0.0957
MD - PEPCO	Pepco Energy Svcs	500,000,000	\$46,900,000	\$0.0938
Baltimore	Pepco Energy Svcs	225,000,000	\$20,815,000	\$0.0925
MD - Allegheny	Integrlys	21,709,000	\$1,726,000	\$0.0795
Pittsburgh	Duquesne Light Energy	57,000,000	\$3,648,000	\$0.0640
New Jersey	Pepco Energy Svcs	65,283,000	\$7,000,000	\$0.1072
New York City area	Hess Corp.	226,268,000	\$27,808,000	\$0.1229
New York City area	Pepco Energy Svcs	76,937,000	\$10,871,000	\$0.1413
New York City area	ConEdison Solutions	15,100,000	\$1,965,000	\$0.1301
New York City area	SUEZ Energy	174,000	\$24,000	\$0.1379
Upstate NY	Pepco Energy Svcs	2,548,000	\$219,000	\$0.0859
Upstate NY	ConstellationNewEnergy	36,000,000	\$3,035,000	\$0.0843
Upstate NY	Hess Corp.	73,400,000	\$7,248,000	\$0.0987
MA (large acct)	Hess Corp.	271,814,000	\$28,673,000	\$0.1055
Maine & Conn.	TransCanada Power Mkt	58,426,000	\$5,775,000	\$0.0988
Chicago Area	Pepco Energy Svcs	165,000,000	\$9,970,000	\$0.0604
Chicago Area	Exelon	10,485,000	\$658,000	\$0.0628
TX Oncor	SUEZ Energy	120,139,000	\$10,870,000	\$0.0905
TX Centerpoint	SUEZ Energy	74,284,000	\$6,860,000	\$0.0923
TX TXU	SUEZ Energy	40,175,000	\$3,535,000	\$0.0880
So Illinois	ConstellationNewEnergy	61,000,000	\$4,350,000	\$0.0713
	TOTALS	4,000,742,000	\$383,685,000	\$0.0959



*Electric Restructuring Map
Blue States Implementing Competition
(VA has rescinded restructuring)*





Purchasing – Market Research

- Federal Govt. must purchase electricity in accordance with state laws governing provision of electric service (FAR 41.201(d)(1))
- Analysis of state's electric regulations is key
- Most states do not allow the purchase of electric supply from other than the regulated utility (see previous map)
- Every state that allows competition has somewhat different rules and terms





GSA Solicitation Features

- Indefinite quantity indefinite delivery requirements contract
- Generally some form of fixed price
- Exploring a block and index pricing approach
- A supply (not a service)
- Delivery to local utility's system
- Bandwidth language (plus or minus 10-15% typical)
- Change in regulation and taxes addressed





GSA Solicitation Features

- Term – 1 to 5 years
- Billing – consolidated bill or dual bill
- Difficult to price option years
- Must provide suppliers with complete account usage info
- Minimum renewable power percentage





GSA Pricing

- Price an aggregate group of accounts under a single price that applies to all (aggregate price)
- Pricing on an individual account basis
- Tend to obtain aggregate pricing on rate schedule/rate class basis but individual account pricing can be effective as well





GSA Pricing

- Several forms of firm, fixed price
- Mimic the utility's pricing structure (makes for easy comparison) for your rate class
- Flat \$/kWh price
- Time of use pricing
- Fixed margins in block and index approach
- Must act on prices quickly – within trading day





GSA Pricing

- GSA uses 2 ways of obtaining prices
- “Old Fashioned” method where firms fax in prices to GSA for evaluation
- Reverse Auction Process - internet based interactive platform where suppliers bid against each other to offer lowest price
- Prices remain good for about 4 hours in each approach
- Both pricing approaches have proven effective for GSA



Renewable Energy

- Issues solicitations on behalf of GSA and non GSA customers
- Purchased delivered energy and/or Renewable Energy Certificates





Energy Retrofit Program

- Congressional annual appropriations
- Regions develop projects and submit to Energy Center
- If life cycle cost effective, projects are ranked for funding
- Funded projects are competed at regional level.



Advanced Metering

- National guidance issued to regions on what constitutes an acceptable advanced meter
- Funding coordination and allowance similar to energy retrofit program
- Tie-in to national software analysis system

Alternative Financing

- ESPC – Business case decision matrix
- UESC – Definition of DSM
- Technical approval
- Tracking and reporting of projects

Energy Services Associated with Retrofits and Metering Effort

- PBS, through its Regional Offices, awards contracts to architectural and engineering firms for the design and engineering of mechanical and electrical systems, and for renovation and restoration of existing buildings within their geographic boundaries.
- GSA acquires A/E services based on evaluation in accordance with published criteria, demonstrated competence and qualifications for the type of professional services required.
- GSA awards to the most technically qualified firm, after negotiation of a fair and reasonable price.
- A/E firms who have been awarded prime PBS contracts general subcontract other design-related services



Contract Advertisements

- GSA FedBizOpps
- Provides vendor access to agency business opportunities 24 hours per day, seven days a week
- Allows for automatic e-mail notification of opportunities
- <http://www.fedbizopps.gov>





Full and Open Competition

- All deregulated energy contracts are not restricted
- Utilize full and open competition
- Industry feedback through pre-proposal conferences
- Continuous industry input via reverse auction process
- Two step proposal process with technical qualifications preceding price competition





Conclusion

Questions and Comments?

