





Center for Energy Management



General Services Administration

Areawide Contracts for Use With
Regulated Utility Companies

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Legislative History

- Originated with Section 201(a) of the the Federal Property and Administrative Services Act of 1949, as amended 40 U.S.C. 481(a). Current authority is 41 U.S.C. 501(b). Contract term authorized up to ten years.
- Approved for use as a contracting vehicle for energy management services by the Energy Policy Act of 1992.

What is an Areawide Contract?

- ✱ A Master Blanket Contract for utility services between
GSA and the utility company
- ✱ Standardized operating procedures
- ✱ Outlines general terms and conditions of services
- ✱ Contains all applicable Federal clauses
- ✱ Can be used by organization and/or agency listed on ADM 4800.2E in that particular utility company service territory

Tariff Provisions



- Standard rules and regulations for service that is approved by a governing body
- Includes items such as metering and billing issues
- Customer rights
- Company obligations to the customer



Areawide Utility Contracts

- GSA Energy Center currently maintains contracts with 97 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 (UESC's).



Socioeconomic Clauses

- Includes the clauses applicable to utility service contracts
- Contract administration includes the acquisition and maintenance of a subcontracting plan for small and small disadvantaged businesses
- For energy management service contracts, the areawide contract does not include the clauses applicable to construction contracts

Areawide Contract



Agencies shall use the Areawide Contract if there is one available.

Exceptions:

- ✱ More than one utility company offers the same services in a particular service territory
- ✱ Utility services available from another Federal agency



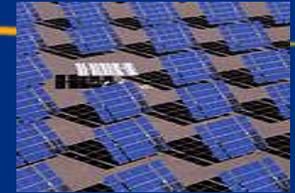
The Authorization/Exhibit

- ✦ Is a one-page form that Federal agencies and/or organizations use to order utility services.
- ✦ The Authorization/Exhibit details the utility services to be provided to the ordering agencies specific sites.
- ✦ Ordering agency must submit an Authorization to the utility company for any changes proposed in the characteristics of the utility services required (i.e. building closure, building modification)



The Authorization/Exhibit (Cont'd)

- ✦ The term of an Authorization is independent of the term of the Areawide
- ✦ For example - the ordering agency and utility company may sign an Authorization for utility services for any period up to 10 years, and Authorization may extend for that full term beyond the expiration date of the Areawide contract under which it was signed, provided the Areawide is renewed.
- ✦ If an Areawide expires and is not renewed, Authorization may extend 1 year beyond the expiration date of the Areawide.



The Authorization/Exhibit (Cont'd)

Authorizations are NOT required to be amended under the following circumstances:

- ✦ Changes to accounting or appropriation data
- ✦ Rates or other terms applicable to service classification
- ✦ Tariff terms
- ✦ Cost of purchased fuel
- ✦ Estimated annual cost of service

Authorization Information



- Agency Identification
- Ordering Agency's Address
- Type of order
- Term of service
- Service technical information (Addendum)
- Accounting and appropriation information
- Billing information
- Government signature
- Company signature



Services Available through the Areawide Contract

- ✦ Electric service
- ✦ Electric transmission and distribution services
- ✦ Energy management services
- ✦ Natural gas service
- ✦ Natural gas transportation service
- ✦ Steam service
- ✦ Water management service



Steps to Procuring Utility Services

Define your needs

Review the options

Identify the best value based on the following:

- ✱ Location
- ✱ Competition requirements
- ✱ Agency resource requirements
- ✱ Cost



Steps to Procuring Utility Services (Cont'd)

Implement the Areawide Contract:

- ✦ Obtain Authorization Exhibit
- ✦ Gather necessary data
- ✦ Complete Exhibit, signed by agency Contracting Officer and utility
- ✦ Agency sends signed copy of Exhibit to GSA Public Utilities Office



Steps to Procuring Utility Services (Cont'd)

Contract Administration

- ✦ Ordering agency administers its own utility service exhibits
- ✦ All notices are to be provided to the GSA Public Utilities Office
- ✦ Must record in Federal Data Procurement System (FPDS)



Billing and Payment For Services

- ✦ Bill goes to billing address specified on Authorization
- ✦ Late payment charges are applicable
- ✦ Ordering agency entitled to any billing discounts, incentives, or rebates offered to others in same service classification
- ✦ Payment usually not made in advance



Authorizations for Energy Management Services (UESC's)

- Detailed user guidebook is provided in “Procuring Energy Management Services with the Utility Areawide Contract,” available on the ECOE website.

Features and Characteristics



- EPA Act authorizes regulated utilities to provide services on a sole-source basis that will enable the Federal Government to attain its energy reduction goals
- Convenient and streamlined method of obtaining demand side management goals
- Useful where the value of the contract is minimal and appropriations are not available or where appropriations are available

Current Status



- GAO audit in calendar year 2001
- The audit discovered inappropriate use of an areawide contract and highlighted the need for strengthened guidance on the areawide contract's use

Corrective Action



- GSA Requested the Department of Energy to conduct a study of the utility industry as it relates to energy management services
- Adopt a revised definition of and provide additional guidance on what constitutes a demand-side energy management service
- Require agencies to follow the required justification and approval process for using other than full and open competition

DSM Definition

- The DSM work must produce measurable energy/water reductions or measurable amounts of controlled energy/water use
- The DSM work must be directly related to the use of energy/water or directly control the use of energy/water
- The preponderance of work covered by the DSM measure (\$\$\$) must be for items described above; and
- The DSM measure must be an improvement to real property



Energy Services Exhibit

- ✦ Specifies in detail the scope of the requested work
- ✦ Includes appropriate terms and conditions for each stage of the study, design, construction and Operations and Maintenance phases



Steps in Using Energy Services Exhibit (Preliminary Study)

- ✦ Sign Exhibit with utility and include Sections A-G



Preliminary Study (Cont'd)

- ✱ Section A - General Conditions
- ✱ Section B - Energy Conservation Project Contracting Process
- ✱ Section C - Payments
- ✱ Section D - Termination and Other Events
- ✱ Section E - Special Requirements
- ✱ Section F - Miscellaneous
- ✱ Section G - Appendices



Preliminary Study (Cont'd)

- ✦ Include a description of the facility or system to be studied
- ✦ Include any agency specific requirements
- ✦ Have the preliminary survey accomplished by utility
- ✦ Review findings
- ✦ Choose the Energy Conservation Measures to be accomplished and adjust the scope of the project as desired



Detailed Feasibility Study

- ✦ Negotiate with utility to have detailed feasibility study completed
- ✦ Sign an Exhibit for Energy Management Services attaching Schedule A (Terms and Conditions for Detailed Feasibility Study)



Engineering and Design

- ✱ Review the technical and cost proposals from the contractor for technical soundness and price reasonableness
- ✱ If Ordering Agency decides not to proceed with construction, they are still liable for cost of Detailed Feasibility Study and Engineering and Design work.



Construction and Installation

- ✦ Evaluate energy conservation project implementation proposal from contractor
- ✦ Prepare an Prepare an Authorization with Schedule C (Construction and Installation Order) of the Exhibit as an attachment
- ✦ This Schedule should include a statement of work, specifications, and Energy Conservation Measure installation time-line, and a negotiated price

Agencies and Utility Responsibilities

- ✿ Authority to use the demand side management programs of utility companies through the GSA areawide contract without competition carries with it the responsibility to assure that the best value is received for the payment made and that the objectives of the authority and related acquisition policy are observed.
- ✿ There are responsibilities incumbent on the agencies and the utility companies to comply with and maintain that authority.

Agency Responsibilities

✿ Whenever the utility areawide is used as the best value to the government in response to its need for energy management services, the facility must document that decision through the justification and approval process, Federal Acquisition Regulation 6.303, for the use of other than full and open competition.

Agency Responsibilities – (Cont'd).

- ✿ As much actual implementation work of the project as practical should be secured by the utility using open competition to assure price reasonableness and best value.
- ✿ If more than one utility company can offer DSM services to a facility, it is incumbent on the facility to evaluate the capabilities of each and choose the one that provides the best value to the government.

Agency “Do’s” and “Don’t’s” when using GSA Areawide Contracts for UESC’s



- **Do:**
- Follow all requirements of the FAR
- Conduct Market Research
- Acquire services only from your utility service provider
- Be Very Careful and Conservative in Establishing Cost Savings for EMC.
- Send in Your Signed UESC Exhibit Authorizations to Us for our Records.
-
- **Don’t:**
- Overestimate Savings
- Automatically Accept Utility Company’s Estimate
- Finance More Than 80% of the Cost of the Project.
- Misuse the Areawide – Adhere to four points of project.
- Exceed 10-years on UESC Project – 41 USC 501 B



Utility Company Responsibilities

- ✿ An obvious requirement of the utility company is to provide the highest quality DSM service at a fair and reasonable price.
- ✿ As much actual implementation work of the project as practical should be secured by the utility using open competition to assure price reasonableness and best value.



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- Don't forget to fill out and drop off your session evaluations!