





GSA's Areawide Contract for Utility Services and Energy Projects

An In-depth Look at Utility Energy Service Contracts



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What is a GSA Areawide Contract?

1. Master contract between GSA and the utility service provider in its franchised service area.
2. GSA Areawide contract can be used by any Federal Agency and a select number of international organizations.
3. Over 160 utility areawide contracts currently in place.



Services through the Areawide Contract

1. Electric Service, Change in Service or disconnection.
2. Electric transmission service, change in transmission, disconnection in electric transmission.
3. Energy Management Services.
4. Gas transportation Service, Change in Gas Transportation, disconnection.
5. Natural gas service, change in natural gas service or disconnection of natural gas service.



Services through the Areawide Contract

1. Steam Services connection and disconnection.
2. Water Management Services includes connection and disconnection.



Key Benefits

1. No procurement time-GSA has done the work for you.
2. GSA does all the general contract administration including the annual Small and Small Disadvantaged Business Subcontracting Plan.
3. Easy streamlined process to obtain utility energy services.
4. Term of contract is for 10 years.



What Do GSA Areawide Contracts Do?

1. GSA areawide contracts spell out the general terms and conditions for utility services, contain all applicable federal clauses, and provide instructions for federal agency use.
2. GSA areawide contracts last 10 years and may be renewed. Delivery Orders under an areawide contract may cover periods up to 10 years.



When are Areawide Contracts Used?

1. Federal regulations require agencies spending more than \$50,000 a year in utilities to use a GSA areawide contract if one is available for use. Exceptions are when service is available from another Federal Agency.
2. GSA areawide contracts are not for use when more than one utility company offers the same services in an area. When this occurs, your agency should compete its service requirements.



Background of Areawide Contracts

1. GSA is authorized by Section 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.
2. Section 201 of the Act authorizes GSA to contract for utility services for periods not to exceed 10 years.



FAR 41.203

1. FAR 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.



Federal Policy Requirements to Reduce Energy

1. EPACK 2005- 2% Energy Reduction each fiscal year beginning in FY2006 relative to the baseline of the energy use in FY2003.
2. Executive Order 13423 Environment, Energy, and Transportation- 3% annual Energy Reduction through the end of FY2015, or 30% by the end of FY 2015, relative to the baseline of the agency's energy use in FY2003
3. Energy Independence and Security Act of 2007- Codifies E.O. 13423 Energy Reduction Goals.



Federal Policy Requirements to Reduce Water Use

1. Beginning in FY2008 reduce water usage, intensity, relative to the baseline of the agency's water consumption in FY2007, through Life Cycle effective measures, 2% annually through the end of FY2015 or 16% total by the end of FY2015.



Using the GSA Areawide Contract for Energy Projects

1. Preliminary Assessment- identify potential energy conservation measures.
2. Energy Audit- Energy Audit Agreement, preliminary analysis and proposal.
3. Engineering Analysis- detailed technical and financial solutions.
4. Implementation-design/build agreement-turn-key services.



Overview of Typical Ordering Process for GSA's Areawide Contract

1. Contract may be downloaded from www.gsa.gov
2. Complete the appropriate page for the service you would like to order.
3. Appropriate attachment must be signed by a contracting officer.



Project Financing

1. Energy Management Projects financed through guaranteed savings are becoming more common .
2. Energy Management projects can be financed through the GSA areawide contracts. While EPACT 2005, Executive Order 13423 , and EISA 2007 do not require guaranteed savings for utility contracts, they do permit an ordering agency to attempt to negotiate for inclusion of guarantees if the utility contractor is willing to provide one. GSA ordering officials must obtain guaranteed savings



Project Financing

1. Savings must be measured and verified by the customer and energy service company using the Department of Energy's Measurement and Verification Protocol, which can be obtained at: <http://eande.lbl.gov/cbs/femp/mvdoc.html>.



Project Financing

1. If a follow-up energy audit performed by the energy services company that performed the work, indicates the equipment or systems performance fails to achieve the guaranteed savings, deductions can be taken for utility contracts using Energy Savings Performance guidelines issued by the Department of Energy.
2. When pursuing a financed contract, project managers, asset managers, and the regional energy coordinator should ensure the following:
 - A. The project is a good business deal
 - B. Life Cycle Cost Analysis is performed



Project Financing

- C. The agreement contains provisions for deductions for performance failures.
- D. Extended warranties are available and used when it makes business sense.
- E. The agreement contains provisions for the buyout of the principal or refinancing at any time during the life of the contract without penalty.



Project Financing

3. Caution should be exercised when negotiating interest rates, which should be market rates in accordance with the Federal Reserve Statistical Release :
<http://bog.frb.fed.us/releases/H15>.



Measurement and Verification (M&V)

The Federal Energy Management Program's 5 steps to effective M&V are:

1. Establish the M&V option and method
 2. Prepare a site-specific M&V plan
 3. Define a baseline
 4. Monitor the installation of the energy conservation measure
 5. Conduct periodic verification and reporting
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Teaming to Award Projects

1. Facility Managers are a vital part of the energy team, since they know their buildings best.
2. Contracting officers are also important members of project team, to award and monitor the contract.



Conclusion- GSA Areawide Contracts

1. Available for Federal Agencies, international organizations, judicial branches of the government, and quasi governmental organizations.
2. Used to procure utility services.
3. Ten year term.
4. Agreement is between GSA and the participating utility.
5. Ordering agency pays for all bills.