





Energy Savings Performance Contracting (ESPC)

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ESPC Overview

- Definition and Need
- Program Description
- Questions and Answers

ESPC – Definition

- Definition: A contracting method in which the contractor provides capital to facilitate energy savings projects and maintains them in exchange for a portion of the energy savings generated



ESPC – Policy

Executive Order 13423 Jan 24, 2007

- 30% Reduction of Building BTU/Sq Ft by end of FY15 relative to FY03 Baseline.
- Section VI of Instructions for Implementing EO 13423: Agencies shall maximize use of available alternative financing mechanisms, including ESPC.



EO 13423 Jan 2007

- Reduce Building Energy Intensity (BTU/Sq Ft) 30% by end of FY15
- Reduce Water Consumption by 2% Annually thru FY15
- Renewable Power – At least 50% of current required renewable power must come from NEW renewable resources
- New renewable resources defined as in service after Jan 01, 1999



Renewable Power

EPAct05 Requirements for Renewable Power:

- 3% FY07 – FY09
- 5% FY10 – FY12
- 7.5% FY13 - each year thereafter



EO 13423 Jan 2007

Renewable Power Options include the following:

- Solar
- Wind
- Biomass
- Landfill Gas
- Ocean – 4 Categories



EO 13423 Jan 2007

Renewable **Ocean Power** Includes the following:

- Tidal
- Wave
- Current
- Thermal



Energy Savings Validation

Measurement & Verification (M&V) Process

1. Develop M&V Plan
2. Determine Baseline
3. Verify Savings
4. Conduct Periodic Audit & Reconciliation

Energy Savings Verification



Determine Baseline

- Starting Point
- Identifies how current bldg energy is used
- Must have appropriate Baseline for project to succeed
- Considers variables such as Energy Unit Cost, Weather, & Mission

Energy Savings Verification



Verify Savings

- Consistency
- Energy Cost Measure performance
- Verification Process
- Verification Period

Energy Savings Verification



Periodic Audit & Reconciliation

- National Energy Policy Act requires annual energy audit
- Audit typically performed by Contractor
- Contractor submits measurement and performance data in the M&V Report to Government.
- M&V Report describes any changed conditions

Energy Savings Verification



Periodic Audit & Reconciliation

- Periodic audit usually done on an annual basis for entire contract term
- Audit may identify corrective action required by the Contractor and/or the Government
- Audit can include more than just energy savings
- Reconciliation may require change in parameters or recalculation of savings

Energy Savings Verification



Periodic Audit & Reconciliation

- When Reconciliation may not be possible under Task Order Contract then -
 1. Task Order modified if economically viable
 2. Task Order Totally or Partially Terminated for Convenience by Govt

ESPC – Program Description



Corps of Engineer's cost structure:

- In-House costs are 100% cost reimbursable
- In-House funds required are based on the complexity of the project
- Full “turn key” support (technical, legal, contracting, project management)
- Contractors provide an estimate of their investment by project

ESPC – Program Description



Contractor Selection – National Defense Authorization Act for Fiscal Year 2008 – Section 843, Enhanced Competition for ID/IQ Contracts

- Customer submits customer survey request
- ESCOs will compete to implement ECSMs
- Contractors provided the following info:
 - Utility Rates for the site
 - Types of projects site is interested in
 - General Installation Data
 - Building types and locations

ESPC – Program Description



- Section 843, Enhanced Competition for ID/IQ Contracts
- Contractors develop an oral/written presentation on potential ECMs.
- Evaluation factors
 - Cost
 - Experience
 - Past Performance
- Selection is based on “Best Value”.

ESPC – Questions and Answers



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