

Charting a Course to Energy Independence

Providence, RI
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UESC Utility Energy Service Contracts





OVERVIEW

- Definition
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- Project Process
- UESC Tools
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- Questions/Answers



UESC Definition

- UESC Stands for Utility Energy Services Contract, a vehicle that a Federal agency and its utility can use to implement energy efficiency, water conservation, and renewable energy projects
- UESCs are a method to identify energy conservation projects and perform analysis, design, procurement, construction, and financing for the Federal Government



UESC Authorities

Energy Policy Act (EPAct) of 1992
(42 USC 8256)

Energy Independence and Security Act (EISA)
of 2007

National Defense Authorization Act of 2007 (10
USC 2913)

FAR Part 41: Acquisition of Utility Services
Executive Order 13423

Emergency Economic Stabilization Act of 2008



UESC Authority

Energy Policy Act (EPAct) of 1992

(42 USC 8256):

- Agencies authorized to participate in existing utility efficiency & conservation programs
- Agencies may accept financial incentives, goods and services generally available from utilities
- Agencies **encouraged** to enter into negotiated agreements with utility companies for cost effective demand management and conservation programs to meet the needs of the customer



UESC Authority

National Defense Authorization Act of 2007

(10 USC 2913)

- Allows sole source procurement from host utility companies for demand management and conservation services
- Must demonstrate and economic return on investment and energy savings over the life cycle of the equipment



UESC Authority

FAR Part 41

- Agencies may acquire utility services through Areawide agreements
- Services are for facilities in the utility's service area
- Specific services at specific facilities are acquired by issuing delivery orders



UESC Authority

Executive Order 13423

- Supersedes EO 13123
- Strengthens key goals in energy efficiency, acquisition, renewable energy, sustainable buildings, electronics stewardship, fleets, and water conservation



UESC Authority

Agency Financing Guidance Memoranda

- AFGM #001 – Guidance on sole sourcing
- AFGM #002 – Guidance on Congressional notification
- AFGM #003 – Guidance on the relationship of the anti-deficiency act and multi-year contracts
- AFGM #004 – Guidance on Federal fund sources for multi-year contracts



UESC Project Process

- Varies by Agency...
- Air Force: Five step program
- Navy: Nine step program
- General steps:
 - ☐ Audit
 - ☐ Feasibility Study
 - ☐ Engineering and Design
 - ☐ Installation
 - ☐ Payment and Performance



UESC Project Process

Process: Project Initiated

- Utility Rep
- Federal Agency Request
- Third Parties

Process: Vendor/Subcontractor Selection

- RFQ Process
- Agency Preference / Experience
- Utility Preference / Experience
- Special Expertise



UESC Project Process

Process: Preliminary Audit

- Done by utility at risk
- No cost to agency

Process: Energy Conservation Proposal (ECP) Development

- Engineering & design by utility at risk
- No cost to agency unless they decline a financially viable project
 - ☐ Utility costs reimbursed by agency



UESC Project Process

Process: Contracting

- Agency-utility contract, subcontractor contracts, financing contracts developed concurrently
- Agency-utility negotiations

Process: Implementation

- Construction managed by utility or designee (superintendence requirements)
- Utility paid on mutually agreed basis (typically % complete or schedule of values)



UESC Project Process

Process: Acceptance

- Remainder of funding to utility by agency (appropriate funds) or by financier
- Payment stream assigned to financier (optional)
- Utility handles billing per contract

Process: Performance Verification

- Verification of performance by utility per FEMP recommendations
- Utility must correct any deficiencies
- Typically no performance guarantee by utility



UESC Project Process

Process: Project Complete

- Agency makes progress on energy goals and gets new infrastructure
- Utility increases customer satisfaction, strengthens partnership, and earns margin on project
- Subcontractors / vendors (community) gain additional work

WIN-WIN-WIN!



UESC Tools

Model Agreement

- DoD – Edison Electric Institute joint effort
- Describes UESC form, format & process
- Basic “umbrella” document
 - ▣ Overall process description
 - ▣ Tool for installation and utility
 - ▣ 75 - 80% complete need to finalize and execute
- Projects completed with Task Orders



UESC Tools

Model Agreement

- Contracting options
 - ☐ Attach to GSA Areawide Contract
 - ☐ Attach to separate installation contract
 - ☐ Create a “stand alone” contract
- DoD and Civilian Model Agreements
 - ☐ Different definitions of “energy conservation measure” and “energy conservation project”

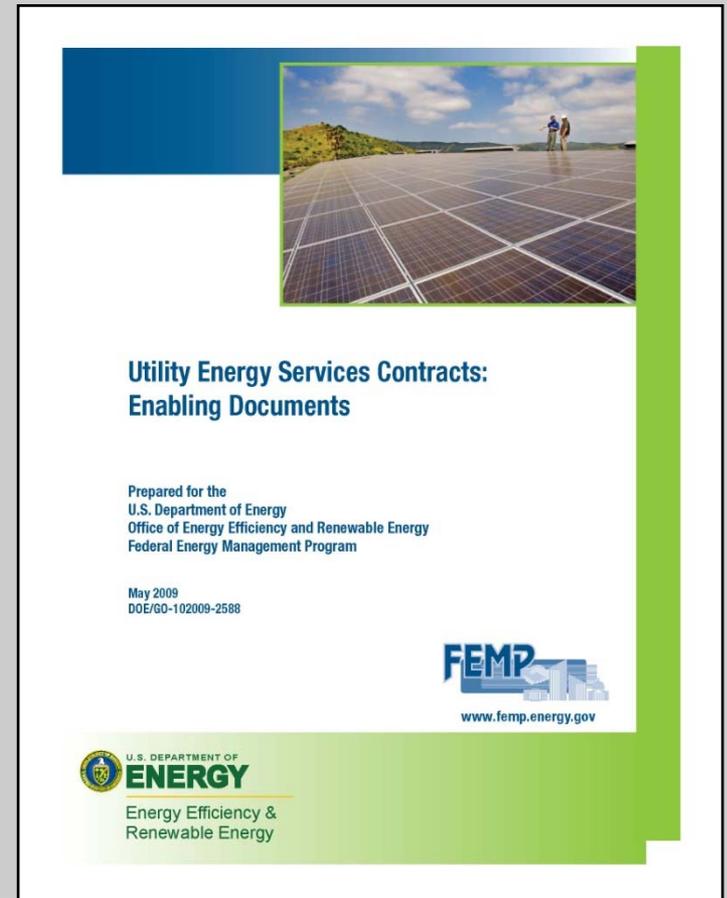


UESC Tools

- DOE FEMP
Enabling
Documents

<http://www1.eere.energy.gov/femp/financing/uescs.html>

- New & Improved
for 2009!





Additional UESC Resources

- Federal Utility Partnership Working Group (FUPWG) http://www1.eere.energy.gov/femp/financing/uescs_fupwg.html
- FEMP UESC Workshop http://www1.eere.energy.gov/femp/financing/uescs_training.html
- FEMP - UESC DVD Video
 - ☐ Deb Beattie 303-384-7548
- Model Agreement and Explanation (AFMESA and AFEXPL) <http://www.afcesa.af.mil/ces/urmt/index.asp>



Want to learn more?

Advanced UESC Session
(info)

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