

Doing *Energy Services* Business with the Federal Government

Alternative Financing Contracts Energy
Savings Performance Contracts
(ESPCs)

&

Utility Energy Service Contracts
(UESCs)

Agenda

- Federal Energy Market Drivers
- Energy Project Finance Basics
- Alternative Financing Overview
- Services Provided by ESCO's & Utility
- ESPC & UESC Contract Overviews
- Who do you talk to?
- What are they looking for?
- What to do before approaching?
- Tips from someone who's been there

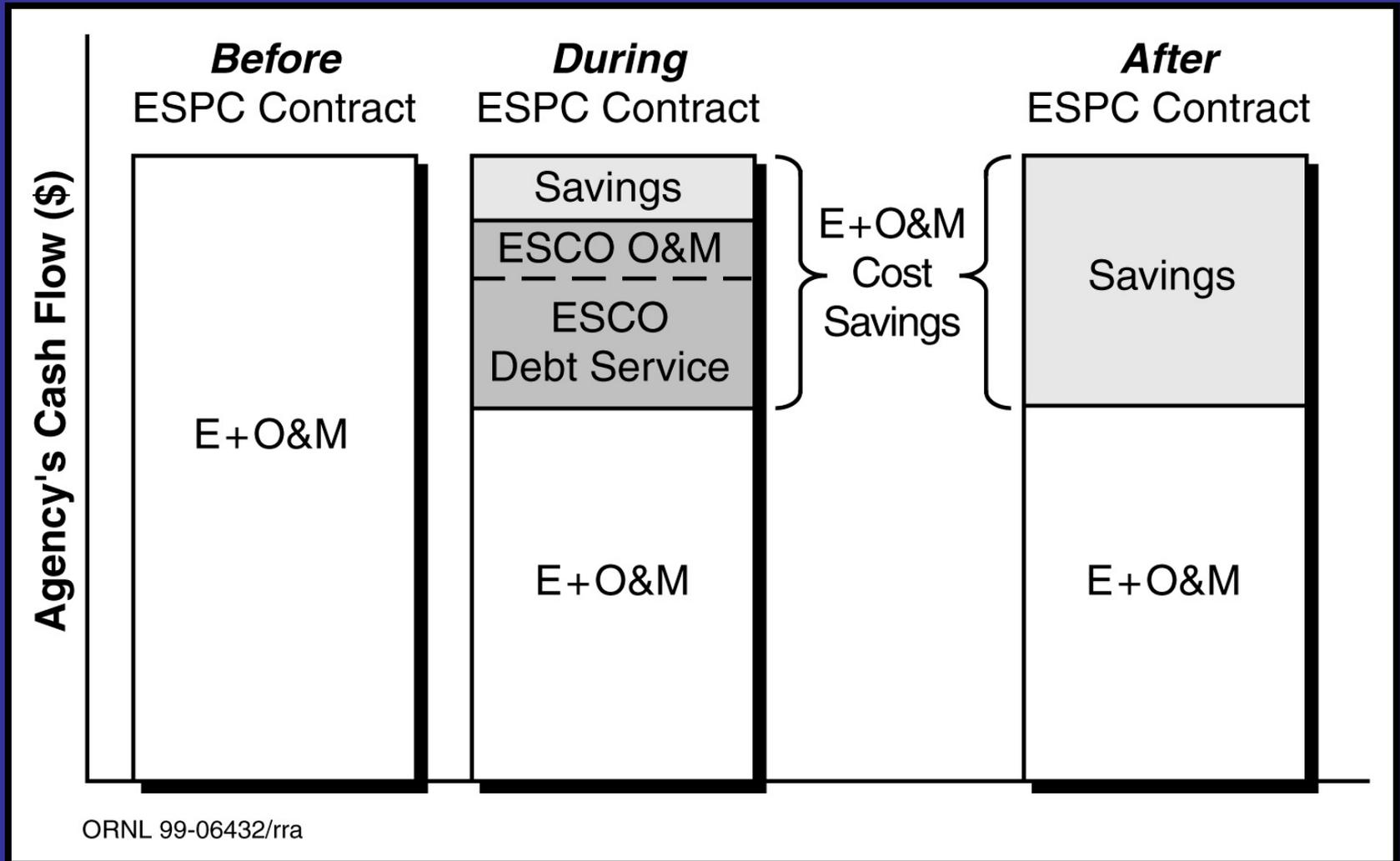
Federal Energy Market Drivers

- Federal Energy Goals / Mandates / Executive Orders
 - EPACT 2005
 - 2% per year; 20% by 2015
 - E.O. 13423
 - 3% per year; 30% by 2015
 - EISA 2007
 - 30% by 2015

Energy Project Finance Basics

- Projects are “self funding”
 - Annual Savings > Annual Payment
- Basic Difference Between ESPC & UESC
 - ESPC: Contract directly w/ ESCO
 - UESC: Contract with serving Utility
 - Utility may have in-house resources or partnered with an ESCO

Alternative Finance Overview



“E+O&M” = Energy & Operations & Maintenance

Services Provided by ESCO/Utility

- Project Development
- Facility Auditing
- Design Engineering
- Construction Management
- Project Financing
- Ongoing Operations & Maintenance
- Measurement & Verification Services

ESPC Contracts

- Both DOE and DOD (Army) have developed umbrella IDIQ contracts
 - Can be used at any Federally-owned facility.
 - Standardized terms & conditions
 - Delivery Order (under the IDIQ) describes the specifics and technical/financial details of the individual project
- Prequalified ESCO's

UESC Contracts

- GSA Areawide Contract (AWC)
 - Blanket Contracts (~IDIQ) between Utility & Government for providing “Utility Services”
 - Utility Services include energy efficiency projects and other similar services
 - AWC’s contain general terms & conditions
 - Delivery Order (under the AWC) describes the specifics and technical/financial details of the project

Who do you talk to?

- ESPCs

- DOE Prequalified ESCO's

- http://www1.eere.energy.gov/femp/financing/espcs_doeescos.html

- DOD (Army) Prequalified ESCO's

- <http://www.hnd.usace.army.mil/pao/NewsrlsMediaKit08.aspx>

- UESCs

- Local Utility Companies (Electric & Gas)

- List of Areawide Contract (AWC) in place

- http://www1.eere.energy.gov/femp/financing/uescs_types.html

What are they looking for?

- Technical Resources
 - Energy Engineering firms to support in-house resources
 - Specialty Engineering firms to supplement in-house resources
 - Example: Environmental Firm for air permit application
- Energy Savings Products
 - Lighting, Boilers, Chillers, HVAC, EMCS, Wind, PV, etc.
- New Technologies - Maybe
 - Is it proven/commercially available??
 - Be able to provide references & sample projects
 - Government/Financiers are very conservative with regard to new, unproven technologies
- Project Financing Resources
 - Financing firms/banks

What to do prior to approaching

- Learn Government & ESCO/Utility Needs & Expectations
 - Understand the role you could play
 - **You are at the right place - GovEnergy**
- Understand the alternative finance process
 - Federal Energy Management Program (FEMP) Website
 - <http://www1.eere.energy.gov/femp/financing/mechanisms.html>
- Communicate the benefit of your product / service

Tips from Someone Who's Been There

- Most of interface between ESCO/Utilities and potential vendors occurs with the Development Engineers
 - But . . . Likely first contact will be BD/Sales team
 - BD/Sales can connect you to engineering team if they believe in your product/service
 - Communicate Benefits (not Technical Features)
- Have end-user (Government) request your product / service from their ESCO/Utility
 - Get involved w/ Local S.A.M.E. Post.
 - A lot of contact w/ engineers from nearby Military Installations
 - ESCO's & Utilities often participate in S.A.M.E.

Questions?

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