

# Charting a Course to Energy Independence

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## Bundling Small Sites in ESPCs: The Whole is Grayer than the Sum of the Parts

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# Outline

- Purpose
- Background
- General Findings
- Lessons Learned
- Preliminary Conclusions



# Purpose

- Vision at origin of SuperESPC program:
  - ☐ Small sites would be able to play too, b/c they could be bundled into ESPC-sized clusters
- Federal SuperESPC steering committee directed this research to:
  - ☐ Assess how much had actually been done with small sites
  - ☐ Survey key players in SS projects to assess strengths and weaknesses



# Background Cont'd

- Anecdotal impressions over past decade:
  - ☐ ESCOs were willing to go small (down to ~ \$500K) in early years but haven't shown interest below ~ \$2-3M in past five
  - ☐ Some bundled projects have not gone well due to inattentive ESCOs
  - ☐ BUT: some definite successes



# General Findings

- About 40/200 SESPC projects were bundled
  - ☐ Eliminating projects with  $< 5$  sites and  $> \$5M$  value left  $\sim 30$  that were true bundled SS projects
    - Army, BLM, DOL, FAA, GSA, USCG, VA
    - i.e., these sites were likely too small to stand alone
- Most projects successful, though not all
  - ☐ Responses ranged from “never again” to “our next one’s going to be even bigger”
  - ☐ And clear themes emerged as lessons learned



# Lessons Learned

- “Central financials” crucial
- Champion also critical, preferably:
  - ☐ Motivated and empowered
  - ☐ With backing of team
  - ☐ With involved C.O.
- ESCO selection even more important than with conventional (single-site) projects
- Buy-in from individual sites is big help



# Preliminary Conclusions

- Small sites' bundling in ESPCs *can* work
  - ☐ And is: ~ 30 of 200 SESPCs to date
  - ☐ Caveat: “Bundling works when there’s a management structure that supports it, both financially and on the ground”



# Preliminary Conclusions Cont'd

- Because that structure often doesn't exist, alternatives may be worth considering, e.g.:
  - ☐ Internal financing source, like revolving loan fund
  - ☐ More flexible master contract (e.g., re proposals)
  - ☐ Leeway for unsolicited proposals & sole-sourcing
  - ☐ Limited or no ESCO pre-qualification requirements
  - ☐ Limited or no M&V and savings guarantee