



Utility Energy Service Contracts

Advance Topics
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Ralph Terrell

Senior Project Manager



How Do You Tackle a New Task?

Most People tend to
"charge" the hill without a game
plan!



What is A UESC?

A UESC is a government – Utility Partnership

With a UESC, the utility typically arranges financing to cover the capital costs of an energy project. Then the utility is repaid over the contract term from the cost savings generated by the energy efficiency measures. With this arrangement, Federal agencies can implement energy improvements with no initial capital investment : the net costs to the government is minimal and the agency saves time and resources by using the one stop shopping provided by the utility.

Topics

- Utility- Federal Customer Relationship
- UESC Benefits the Customer and Utility
- How to Begin the UESC
- The Team & How to Maintain the Relationship
- Typical Concerns

Utility Federal Customer Relationship

- Prefer to work with a known entity
- Utility has unique expertise and facility knowledge
- Utilities are a trustworthy, established source
- Utilities are flexible in scope and size making smaller projects feasible

UESC Benefits the Customer and Utility

- The utility typically arranges financing for the project so unbudgeted needs can be accomplished.
- Since the normal bid process is eliminated, the process to award UESC projects is much faster and requires less agency resources.
- Although energy savings are not guaranteed, utilities are very conservative in nature and will safeguard the customer.
- The utility performs a no cost/no obligation audit to ensure that the project meets agency requirements.

UESC Benefits the Customer and Utility

- Utilities can often provide special incentives and rebates.
- UESC projects allow the utility to build a better relationship with their Federal Customers.
- Utilities tend to make better energy conservation decisions based on customer needs rather than profit motives.
- UESC projects allow the utility to reduce peak demands on energy resources eliminating the need for new infrastructure.
- New equipment & warranties reduce maintenance
- Low finance rates.

How to Begin a UESC Project

- Both the utility and agency need champions of the cause and both teams need commitment.
- Everyone involved from the agency needs to be involved, understand the process and reach a comfort level.
- The agency must communicate their needs to the utility but allow the utility to explore all options to meet those needs
- Remain fuel neutral but put a priority on renewable resources where possible.

How to Begin a UESC Project

- Go through the agency step process or create one if not available
 1. Identify Needs
 2. Perform Free Feasibility Study
 3. Determine Good Projects
 4. Engineering & Design
 5. Award/Construction

The Team & Maintaining a Relationship

- Project champions must carry the main work load but the team must include everyone affected by the project; Contracting, Public Works, Security, general employees, Energy Managers, Safety, Environmental, contractors and so on.
- The utility should have a dedicated person whose primary responsibility is the project (s).
- Communicate, communicate, communicate
- Use a work force that has experience with Federal customers wherever possible.

Typical Concerns

- Fear of no bid process. In reality this is not a “no bid” process
- Energy savings are not guaranteed
- Renewable Energy Goals
- Finance rates

Questions?

Contact Information:
Ralph Terrell
TEC Peoples Gas
reterrell@tecoenergy.com
813-228-1787 office
813-917-6549 cell