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A River of Energy Solutions

Session 3: Energy Economics: The Cash Cow is out of money, now what?

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Implementation Methods

Funded Programs

- ECIP, NRG (AF)
- Unbundled – ECM specific
- LCCA (BLCC5, NEPTUNE)
- Projects ranked by payback metric (i.e. SIR, ROI)

Energy Savings Contracts

- UESC/ESPC
- Bundled solutions (Multiple ECM)
- Funded from savings; 3rd party financing typically
- Cash-flow positive; Acceptable finance term

Funded Projects

- Competition for funds
 - Best payback measures selected
 - Minimal M&V
 - Availability of future funding
 - Smaller projects typically
 - Short timeline to meet energy goals
- Time – Can you achieve goals from funded projects alone?

UESC Overview

- Sole source to utility (exempt from CICA); Utility competitively selects subcontractors
- Three types of UESC contracts available – GSA Area-wide, BOA, Model Agreement
- Guaranteed performance, O&M, and M&V negotiable
- Up to 25-year term allowed; Varies by agency
- Agency coordinates contract
- Reduced time and resources for selection process

ESPC Overview

Two IDIQ contracts awarded in December 2008:

- Department of Energy
 - Ordering authority delegated to local agency-level Contracting Officers
 - \$5 billion contract value per ESCO
 - Maximum 25-year finance term
 - Global coverage
- Department of the Army
 - Non-localized contract ordering authority (managed by CEHNC)
 - \$700 million total contract value (plus \$200 million small business set-aside)
 - Maximum 25-year finance term
 - 50-state and U.S. territory coverage

UESC/ESPC Differences

- ESPC available to all federal facilities, UESC limited to local serving utilities with energy services capability
- UESC requires reduced time and resources for selection (Sole Source)
- Energy savings guaranteed/M&V throughout contract term with ESPC; Negotiable with UESC
- ESPC O&M Typically Included; Negotiable with UESC
- UESC typically quicker to implement and less costly

Implementation Guidelines

Funded

Lower Contract Amounts

Simple Measures

Smaller Bldgs

M&V Not Critical

Minimal O&M Impact

Financed

Higher Contract Amounts

Complex Measures

Larger Bldgs/Central Systems

M&V Required

O&M Part of Solution

Best Practices

M&V Requirements

- Valid Baselines – more measurements/metering
- Risk responsibility matrix
- Easy to understand M&V plans
- Cost vs. Accuracy

Best Practices

Account for Variables

- Occupancy
- Production
- Plug Load
- Building Function
- O&M

Best Practices

- Identify buying criteria up-front – Finance term, SIR, SIR*BIR, SPP
- Evaluation tools
- Long-term Sustainment, Maintenance & Repair (SR&M) Plan
- Account for all costs

Questions

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