Ensuring Program and Project Integrity in Performance Contracting

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Reallocate the Government’s Utility Bill:

♦ Stop paying for waste and pollution ♦ Start paying for efficiency ♦
ESPC Philosophy 401: the true nature of ESPCs

- A transfer of trust
- Spending taxpayer funds a bit differently
- Utility and O&M funds converted to Capital Projects
What is expected in this transfer of trust

• Real savings that will cover project costs
• M&V to prove savings are sustained through the performance period
• Alignment with authority restrictions on what is permissible in a project
Savings Determination

The foundation is built in the project development process

• Savings calculations
• Measurement and verification plan
• Rate escalation
• O&M savings
Savings Determination

Providing evidence that savings are sustained through the period of performance

• Witnessing
• M&V review
• Ensure agency performs any retained O&M responsibilities
• Resolve issues (e.g. do partial terminations for buildings taken out of service)
What can be addressed

• For the U.S. government: all facility based projects that reduce energy or energy related costs
• Be creative in drawing the box; much untapped potential if the full extent of most authorities were tapped
ESPC Integrity: getting the most from M&V

- M&V as a collaborative process to optimize building performance
- M&V Version 4.0 from FEMP
  - Detailed approach for baseline measurement and M&V for top ECMs
  - Clear identification of agency impact on savings
  - Confirmation of agency engagement/witnessing
ESPIC Integrity: the role of the project facilitator

- Combined technical, contracting, and process expertise
- A required member of the team on federal projects
- Approved by FEMP, listed on website, engaged in continuing QA discussions
- PF services paid upfront or through the project
Creating a standard way of doing an ESPC creates an industry with standard expectations and expedited review/development

- Terminology
- Project cash-flow pro forma
- Energy conservation measure descriptions
- Contract documents
- eProject Builder
ESPC Integrity: the role of eProject Builder

- Standardization of key contract calculations/schedules
- Access for agency portfolio analysis
- Potential for benchmarking for program evaluation
- Training and support is available for this free resource
- Adoption of ePB in the NAESCO accreditation and FEMP Qualified ESCO list processes
ESCO and Owner Accountability

- Who does what
- Warranty and ongoing support/services
- Savings shortfalls
Importance of setting goals

- Overall goal for the U.S. Government, set by the President and reinforced by the Office of Management and Budget, Council on Environmental Quality, and DOE’s Federal Energy Management Program
- Each agency made its own goal commitment toward the total
- Goal was translated into key process milestones to ensure projects would get to award by the December 31, 2016 deadline