

## Energy Savings Performance Contracts (ESPCs)

Energy savings performance contracts (ESPCs) allow Federal agencies to conduct energy projects with no upfront capital costs, minimizing the need for Congressional appropriations.

An ESPC is a partnership between a Federal agency and an energy service company (ESCO). The ESCO conducts a comprehensive energy audit for the Federal facility and identifies improvements to save energy. In consultation with the Federal agency, the ESCO designs and constructs a project that meets the agency's needs and arranges the necessary funding. The ESCO guarantees the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. After the contract ends, all additional cost savings accrue to the agency. Contract terms of up to 25 years are allowed.

### ESPC Quick Facts

More than 570 ESPC projects worth \$3.9 billion were awarded to 25 Federal agencies and organizations in 49 states and Washington, D.C., as of May 2011. These projects saved:

- 32.8 trillion Btu annually; equivalent to the energy consumed by a city with a population of 893,000.
- \$13.1 billion in energy costs (approximately \$10.1 billion goes to finance project investments, leaving a net savings of \$3 billion).



Photovoltaics installed on the Harold Washington Social Security Center in Illinois as part of an ESPC. *Photo from U.S. SSA, NREL/PIX 19006*

## FEMP Assistance and Training

The U.S. Department of Energy (DOE) Federal Energy Management Program (FEMP) provides technical assistance and training to Federal agencies interested in ESPC projects. This assistance is delivered through Federal Financing Specialists, project facilitators, and an experienced training team.

Several live and on-demand training opportunities are also available. A full listing of FEMP training is posted at [www.femp.energy.gov/training](http://www.femp.energy.gov/training).

### DOE IDIQ Contract

DOE awarded indefinite-delivery, indefinite-quantity (IDIQ) ESPC contracts to 16 ESCOs. Each contract has a \$5 billion ceiling, resulting in a potential of up to \$80 billion for energy efficiency, water conservation, greenhouse gas (GHG) emissions reduction, and renewable energy projects at Federally owned buildings and facilities. DOE awarded these umbrella contracts to ESCOs based on their ability to serve Federal agencies under terms and conditions outlined in the IDIQ solicitation. Under these contracts, agencies can use ESPCs in Federal facilities, both domestic and international.

### Federal Financing Specialists

FEMP Federal Financing Specialists help Federal agencies initiate DOE ESPC projects through technical assistance and process support. These individuals will explain performance contracting to site personnel and management and help agencies to:

- Determine whether an ESPC project is feasible and appropriate considering all available procurement vehicles.
- Form an agency acquisition team.
- Identify agency project decision makers.
- Develop an ESCO partnership.



Marine Corps Logistics Base Albany and a DOE ESCO review plans to install a 1.9 MW methane power generator as part of an ESPC project. Photo from U.S. Marine Corps.

Federal Financing Specialists are organized by geographic service areas. Contact information is available at [www.femp.energy.gov/financing/espcs\\_financingspecialists.html](http://www.femp.energy.gov/financing/espcs_financingspecialists.html).

### Project Facilitators

Project facilitators guide the acquisition team through the development, awarding, and verification of savings from ESPC projects, helping Federal agencies avoid obstacles and expedite projects. A project facilitator serves as an experienced, unbiased advisor responsible for:

- Consulting on contractual and funding issues, technology and engineering issues, and measurement and verification (M&V) processes.
- Reviewing cost and technical proposals.
- Drafting the agency’s task order request for proposal (RFP).
- Providing other services as requested.

Federal agencies developing DOE ESPC projects receive project facilitator assistance from FEMP. FEMP covers the cost of this individual through the agency review of the ESCO preliminary assessment. After that point, services are provided on a reimbursable basis executed through an interagency agreement with the DOE Golden Field Office.

### DOE ESPC Benefits

DOE ESPCs help Federal agencies meet energy efficiency, renewable energy, water conservation, and emissions reduction goals by streamlining private-sector contract funding for energy management projects. The streamlined process provides multiple benefits, including:

- Increased quality and value through:
  - Access to private-sector expertise in energy efficiency, renewable energy, water conservation, and reduced GHG emissions.
  - Built-in incentives for ESCOs to provide high-quality equipment, timely services, and thorough project commissioning.
  - Infrastructure improvements to enhance mission support.
  - Healthier, safer working and living environments.
- Flexible, practical contract and procurement processes to ensure the project is completed as required.
- Expert, objective technical support through FEMP assistance, including:
  - FEMP-provided legal and funding guidance, project facilitators, experts on emerging and underutilized technologies, and training for Federal agencies.
- Smart project management that:
  - Ensures building efficiency improvements and new equipment without upfront capital costs.
  - Funds energy improvements without relying on special Congressional appropriations.
  - Guarantees energy and related operation and maintenance cost savings.
  - Enhances the ability to plan and budget energy, operation, and maintenance accounts.
  - Minimizes vulnerability to budget impacts due to volatile energy prices, weather, and equipment failure.

Contact a Federal Financing Specialist to get started.

### Resources

Additional information is available at:

FEMP ESPC Website  
[www.femp.energy.gov/financing/espcs.html](http://www.femp.energy.gov/financing/espcs.html)

Federal Financing Specialist Contacts  
[www.femp.energy.gov/financing/espcs\\_financingspecialists.html](http://www.femp.energy.gov/financing/espcs_financingspecialists.html)

DOE and Qualified ESCOs  
[www.femp.energy.gov/financing/espcs\\_companies.html](http://www.femp.energy.gov/financing/espcs_companies.html)

### Contacts

For further information and assistance, contact:

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