

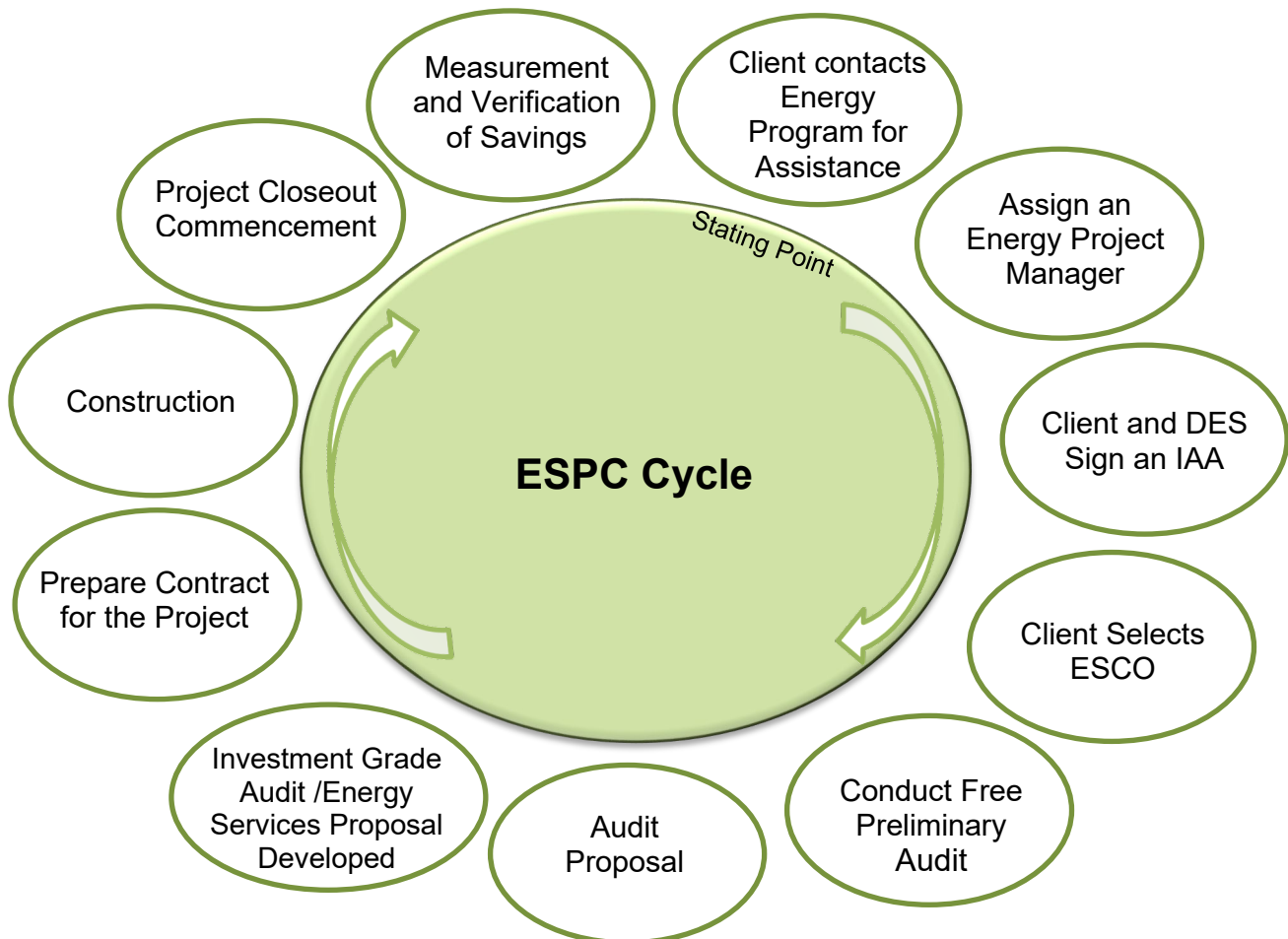


**Energy Savings Performance Contracting** method is the most cost-effective process for implementing energy upgrades and retrofits. By leveraging utility savings, grants and capital dollars, projects can usually be funded within existing budgets. The ESPC program also guarantees the total project cost, performance and energy savings before construction starts.

Every two years, the Energy Program publishes a Request for Proposals (RFQ) to solicit interested Energy Savings Performance Contracting firms to participate in our program. Once a customer agency contracts with the Energy Program, an energy engineer is assigned to help them through the process. They can then select an Energy Service Company (ESCO) from the master list. DES and the ESCO will complete a free preliminary energy audit of the customer's facility to evaluate possible energy efficiency projects.

Typical projects include: interior and exterior lighting, building control systems, high efficiency HVAC systems, boiler replacements, repair/replacement of heating distribution systems, wastewater treatment plant improvement, renewable energy, and more.

## OVERVIEW



The DES Energy Program Project Manager is involved in all aspects of the project from initial meetings to reviewing the M&V report, and all program steps identified below.

### **Program Steps**

- 1) **Client signs an Interagency Agreement (IAA) with DES Energy Program.** This starts out as a no cost agreement generated by DES and used to establish the working relationship between the Client and the DES Energy Program. (1 to 2 weeks)
- 2) **The Public Entity (Client) selects an Energy Service Company (ESCO).** DES has a list of pre-qualified ESCOs from which the Client makes a selection. (1 to 3 weeks)
- 3) **The ESCO performs a preliminary audit.** The ESCO, DES and Client meet to determine the scope of the preliminary audit. The preliminary audit is used to identify which buildings have potential cost effective energy efficiency measures. The outcome of the audit is a proposal to perform an Investment Grade Audit (IGA) and Energy Services Proposal (ESP). (3 to 6 weeks)
- 4) **Client provides Funding Approval for IGA/ESP.** The funding is used to establish the IGA/ESP. If the IGA/ESP does not present projects that meet the cost effectiveness criteria established by the Client, then there is no cost to the Client for the IGA/ESP. (1 to 4 weeks)
- 5) **The ESCO signs an agreement to perform the IGA/ESP.** DES prepares the agreement for ESCO signature. (2 to 3 weeks)
- 6) **The ESCO performs the IGA/ESP.** Monitoring of equipment, established engineering analysis, accurate cost estimating and investigation of utility incentives are all included in the performance of the IGA/ESP. The final delivery is the ESP that provides the guaranteed maximum project cost, guaranteed energy savings, and guaranteed equipment performance. (2 to 5 months)
- 7) **Client signs a Funding Approval for the construction.** Funding from the Client can come from several sources including, capital funding, bond funding, or State Treasurer's Lease Purchase program (state agencies) or LOCAL program (non-state public entities). Utility incentives are maximized to help reduce overall project costs. (3 to 7 weeks)
- 8) **The ESCO signs the contract to start the project.** DES incorporates the ESP into the contract documents. (2 to 3 weeks)
- 9) **The ESCO installs and implements the projects efficiency measures.** DES provides the oversight for the installation of the projects efficiency measures and works closely with the Client for on-sight coordination of construction activities. (3 to 6 months)
- 10) **Project closeout.** Once the project is complete and utility inspections have been done, a close-out meeting can be scheduled. (Closeout documents, intents and affidavits - 2 – 3 weeks).
- 11) **The Client pays ESCO and DES for the construction/implementation.** Progress payments are made to the ESCO during construction to avoid construction period financing. DES is paid at commencement of energy savings.
- 12) **Measurement and verification (M&V).** M&V is performed by the ESCO and reviewed by DES Energy Program project manager to ensure that the guaranteed savings are achieved. (13 to 15 months)