



# Energy Services Coalition

## A Public-Private Partnership

### Energy Services Coalition Newsletter

January 2010

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#### State Showcase - Utah



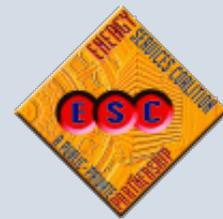
##### Developing the Program

Performance contracting activity in Utah went from quite slow to racing speed in less than a year. There was not much happening in performance contracting in Utah, beyond the ongoing mega-project at the University of Utah which has added phase after phase since its early start in 1998 soon to grow to \$63.5 million. The state administration made performance contracting a priority to reach its goals laid down by the governor and the legislature (20% reduction from 2006 by 2015). "Once the state embraced performance contracting, it took off," said John Harrington who came on-board as the State Energy Manager with the Division of Facilities Construction and Management ([DFCM](#)) to apply his ESCO background and gain acceptance for the use of performance contracting in state facilities. With help from ESC's model documents and direct technical assistance, Harrington and the expanded team of pro-active state procurement and legal staff did the work to pre-qualify nine ESCOs that are now getting projects underway in higher education institutions and state departments. "We basically used the ESC process and customized it to meet our needs," said Harrington.

##### Leveraging ARRA Funds

Stimulus dollars entered the picture after the program was designed, but fit right in as a project incentive - the bigger the project the bigger the incentive applied to it. "I see the ARRA funds as a once-in-a-lifetime opportunity to do energy projects in the state - we're using the funds as a carrot to do larger-scale projects that could not otherwise cash-flow with savings alone," said Harrington. He anticipates \$60 million in performance contracting projects resulting from the \$10 million ARRA incentive that is earmarked for equal investments in energy efficiency and renewable energy projects. As an example, the University of Utah will get \$1 million of ARRA funds to apply to its \$19.5 million performance contracting project to build a new central plant with thermal energy storage for the northern campus. ESCOs are directed to evaluate renewable energy projects, especially photovoltaic and solar thermal projects.

#### About the ESC



The Energy Services Coalition (ESC) is a national nonprofit organization composed of a network of experts from a wide range of organizations working together at the state and local level to increase energy efficiency through energy performance contracting.

Energy performance contracting enables building owners to use future energy savings to pay for up-front costs of energy-saving projects, eliminating the need to dip into capital budgets.

#### ESC Working for YOU

**State Energy Offices and similar organizations:** ESC's website offers a growing variety of tools and resources to aid you in accelerating performance contracting in your state. ESC's State Technical Support Liaisons can work one-on-one with you to develop a performance contracting program. Networking opportunities put you in touch with your peers in



*John Harrington, State Energy Manager with Utah Division of Facilities Construction and Management, and Jeff Wrigley, performance contracting project manager for Weber State University, discuss the project.*

### State Facilities and the State's Energy Office Working Together

DFCM works very interactively with the state's energy office within the Utah Geological Survey. Their mutual goal was for the state to lead by example and to set-up state processes that could extend to local governments. This is already being tested by Utah County. The county had been looking at performance contracting before the state developed processes, but had some concerns. "Once the state got on board the county moved ahead," said Harrington. "Performance contracting is an important part of the portfolio of funding and financing mechanisms, and can be very effective to leverage ARRA funds in the local government sectors," said Jason Berry, Manager of the [Utah State Energy Program](#), Utah Geological Survey.

### Long-Time ESC Connections

Not to forget, Utah pioneered the public-private partnership approach to promoting performance contracting in the early 1990s that led to neighboring states joining in to form what is now the Energy Services Coalition (ESC). And, with the projects coming on line, Utah is poised to quickly rise to the top of ESC's Race to the Top (a metric of performance contracts in the state per capita).

## Chapters in Action - North Carolina Wins Award

### Award-Winning Chapter

Only a few years old, the [North Carolina ESC Chapter](#) is an award winner with high-profile attention from environmental organizations, state legislators and decision-makers across the state. And, it keeps coming up with creative and effective ways to make performance contracting work in the state.

In front of 400 North Carolina leaders, the chapter was awarded the 2009 Sustainable Energy Award from the North Carolina Sustainable Energy Association ([NCSEA](#)). NCSEA honored the chapter for its on-going efforts to make government and private buildings more energy efficient, to save consumers and taxpayers tens of thousands of dollars each year and create thousands of jobs.



*Ralph Thompson and Len Hoey, private and public-sector co-chairs of the North Carolina ESC Chapter, with the chapter's 2009 sustainable Energy Award from the North Carolina Sustainable Energy Association (NCSEA).*

### Legislation to Open Markets

Each chapter member is quick to point out that ESC is not a lobbying organization, but chapter members provided critical information and ideas that NCSEA used to secure legislation. The resulting legislation opens the

other states.

### ESCOs:

Work in partnership with public-sector representatives in states where you do business. And, work in partnership with your peers and others to break down local barriers to performance contracting and increase awareness through effective educational workshops.

### Vendors, Engineers, Contractors & Performance Contracting Specialists:

Grow your business by accelerating the use of energy performance contracting.

### Building Owners & Facility Managers:

Get unbiased information and how-to steps to get started and follow-through with a successful energy performance contracting project.

## ESC Activities

### WEBINARS

ESC presents webinars quarterly on timely topics. All will be available for viewing at any time in ESC's growing online webinar library.

### NEWSLETTERS

Newsletters are distributed every several months. [Sign-up](#) for the newsletter and contact us to [contribute ideas](#).

### CHAPTER ACTIVITIES

Chapters have a variety of activities. Check the chapter websites or contact chapter leaders to get involved.

## Get Involved

[Join the ESC](#)

[Contact ESC](#)

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## Recognition of Support

Market Transformation tools to accelerate energy performance contracting are made available through

doors for performance contracting in state and higher education facilities, raising a formerly restrictive level of project debt obligation. Some challenges remain in the state's process but all are happy with this big change. "The chapter is called on to provide input on regular basis to both state houses, the State Treasurer's Office and to NCSEA," said Ralph Thompson, the current private-sector co-chair, "in keeping with ESC's educational charter."

### **Growing Membership**

State Senator Josh Stein, a "Legislator of the Year" and sponsor of the performance contracting legislation, was the featured speaker at the chapter's evening buffet social, an event intended to attract new and varied members. Stein encouraged the group to continue its efforts to educate clients about the benefits of performance contracting and overcome hurdles.

### **Public-Private Partnership for Education**

Len Hoey, Engineering Manager - State Energy Office, looks to the chapter as more feet on the ground for educational outreach. Through a double-blind sign-up process, ESCO representatives travel with state staff to meet one-on-one with each institution to educate about the many benefits and how it works while allaying their concerns. "It's a true public-private partnership approach to bring projects on line," said Hoey. "If we get an institution to look at the process, everyone wins," said Frank Shepard, Chapter Outreach Chairman who came up with this fair approach to keep ESCOs cooperative while competitive. "We're all working together to better understand the rules, expectations and hurdles of performance contracting," he added when describing the relationship between the industry and the energy office. The energy office always holds a spot for an ESC presentation at its annual conference as well.

### **Measured Success**

The increase in performance contracting points to the success of this public-private partnership. Hoey said \$40 million in state projects are underway and another \$130 million in projects are in the pipeline, with a shift from the K-12 sector to state government. The chapter will continue its monthly meetings, largely attended by ESCO and industry representatives with growing participation from end-users and others interested in the process and the results. The ongoing goals are to "keep ourselves educated," said Shepard, and to "keep the focus on the mission and vision of ESC to make performance contracting more viable, identify barriers and remove barriers," said Tim Gasper, former private sector co-chair.

**[Join the ESC and participate in this very active chapter!](#)**

## What's New in Performance Contracting? Award-Winning CHP Project and More



### **CHP System Wins Award**

Performance contracting turned out to be the only way to install a combined heat and power (CHP) system at the Bridgewater Correctional Complex of the Massachusetts Department of Corrections (DOC), something the facilities staff had been considering for 20 years. With successful operation since 2007, EPA recently

presented DOC one of four national awards - [2009 Energy Star Combined Heat and Power \(CHP\) Award](#) for using highly efficient systems to save energy, lower greenhouse gas emissions and reduce air pollution.

A 1.4 Megawatt natural gas-fired combustion turbine generates nearly 80 percent of the electricity needed for the 785,000 square foot complex that includes the Old Colony Correctional facility, Bridgewater State Hospital and other treatment centers. The heat recovered from the turbine exhaust is fed into boilers that supply steam for heating, cooking, laundering, showering

support of the U.S. Department of Energy, Energy Efficiency and Renewable Energy (DOE/EERE).



### **ESC Newsletter**

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President of ESC Board of Directors: Dale Hahs

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and other domestic hot water needs. CHP systems are typically up to 60 percent more efficient than producing heat and power separately. EPA determined that this plant cuts an estimated 3,400 tons of CO2 emissions annually, or the equivalent of taking almost 600 cars off the road each year.

"From a correctional and security stand-point, this adds the benefit of another layer of redundancy to maintain electric power. From a financial standpoint, besides installing a system with no added budget, the CHP system provides added revenue from the utility's 'forward capacity market' which is funded through utility demand charges of all utility customers," said Jeffrey J. Quick, A.I.A. with DOC's Division of Resource Management (DRM) office.



### Huge Savings Mean More Measures

"Concerning other innovations, this project was so financially successful, we were able to include security window replacements in one of the prisons," said Jenna Ide, Deputy Director of the Energy Efficiency & Sustainable Buildings Group, Massachusetts Division of Capital Asset Management ([DCAM](#)). DCAM administered the project for DOC, while DOC's highly skilled engineering and facilities team implemented it.

"The water conservation on this project was substantial (nearly 20% of the cost savings), including some innovative plumbing devices that the ESCO and DOC worked to get approval to use in this state," Ide added. "Flush



adjustment devices to control the number of flushes in inmate toilets and time controllers on showers provided a lot of water savings along with the more efficient laundry equipment," said Quick, "and other improvements included VSDs for fans and pumps, vending machine controllers and a power factor correction system."

The entire \$16.8 million performance contracting [project](#) is paid for through annual guaranteed savings of \$1.5 million over the 20 year term.

### Renewable Energy Through Performance Contracting

The success of this project inspired staff to get involved in another performance contracting project led by DCAM to install 75 kW of PV panels to provide solar electricity at the waste water treatment plant. The system is on-line now but not yet completed. It's funded through savings as well as grants and bonds.

## ESC Hot News

### New Board President - Dale Hahs

ESC's Board of Directors elected Dale Hahs to return to the position of Board President as Ray Hinson stepped down. The Board thanks both for their leadership during these exciting times as the ESC continues to grow.

### In Memory

ESC is saddened to share with you that our friend Larry Knox passed away on January 6th. We'll miss Larry in so many ways. He was an active ESC Board member representing the State of Alabama, he helped make ESC's Alabama chapter a huge success, and to many of us he was our friend.

### Webinars a Hit in 2009 and More to Come

ESC hosted quarterly [webinars](#) in 2009: *Bigger Bang for the Buck - Leveraging Funds, Optimizing Economic Stimulus Dollars through Energy Performance contracting, Green Performance Contracting, and Build America Bonds*. If you missed one or want to share it with others, find the recorded version by following the link above.

### Performance Contracting for Local Governments - Webcasts

ESC's Dale Hahs and [NAESCO](#)'s Donald Gilligan co- presented a two-part

webinar for DOE on performance contracting this month, part of the U.S. DOE's Energy Efficiency and Renewable Energy ([EERE](#)) outreach to the Energy Efficiency and Conservation Block Grants (EECBG) audience. If you missed these, you can view the presentations (audio coming soon) for both sessions: *Basics of Energy Savings Performance Contracting* (presented 1/14/10) and *Energy Savings Performance Contracting Program Implementation* (presented 1/21/10). Find these as well as other informative past and future [DOE/EERE EECBG](#) webcasts.

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