



Energy Services Coalition Newsletter

April 2009

Dear Jim,

Welcome to the newsletter of the Energy Services Coalition (ESC). We launched this to communicate exciting news on the many ESC activities now happening around the nation.

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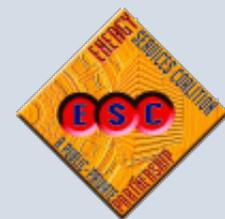
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State Showcase - Wyoming



With what seemed like a sizable funding source for a new program on energy efficiency in buildings, Tom Fuller - director of the state's energy office, set-out to work with state and local governments. When a small hospital requested a large share of it, he looked for ways to do more with less. Performance contracting appeared a perfect match to leverage the already good-sized budget many times over. Seeing the program successes in the neighboring states of Colorado and Kansas he made a commitment to establish a performance contracting program in Wyoming. Through the Wyoming Business Council he founded the Wyoming Energy Conservation Improvement Program ([WYECIP](#)), applied all the resources and lessons learned from those neighboring states, and established what many now consider a model program complete with pre-qualified ESCOs, standardized state-approved contracts, and legislation to address concerns of wary government attorneys and to formalize WYECIP's programmatic role. A public-private partnership in two forms helps this sparsely populated state - a steering committee of public-sector and utility leaders advises and advertises WYECIP, while the Colorado ESC Chapter meetings provide a convenient forum for ESCOs, vendors and performance contracting professionals to participate in the Wyoming ESC Chapter.

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

The first year of education and promotion attracted municipalities, school districts, counties and others to use the unfamiliar approach of performance contracting with the generous one-on-one technical assistance and the streamlined procurement and contracting process that WYECIP provided. With the growing demand for the limited staff resources, Fuller established an innovative approach to work regionally, encouraging all the public-sector and non-profit entities in a particular region to jointly select an ESCO and implement their projects at the same time. This approach has efficiency benefits all around, enabling WYECIP to provide substantial technical assistance in a more targeted and cost-effective way, expanding the scale of the aggregated projects to bring down costs for all, and providing an opportunity for small towns and others to participate that otherwise had projects too marginal to attract an ESCO. WYECIP has done three such umbrella projects, one involving seven different owners.

Five years since setting up the program, project results are adding up with a current total of \$13 million completed. "We have 52 facility owners signed up," said Fuller. "Cities, counties and towns have figured it out and WYECIP sets communities up for using the Energy Efficiency and Conservation Block Grants ([EECBG](#)) coming soon through the stimulus package." Many of the requirements for EECBG are already met through WYECIP's program - accountability, reporting, measurable energy and cost savings, documented greenhouse gas reduction as well as calculable job creation. Fuller added, "Performance contracting makes sense from an accountability standpoint with a guarantee of performance, a guarantee of savings and a guarantee of cost. People are saying, 'why wouldn't we do this?'"

What's New in Performance Contracting? Landfill Gas for Heat and Power



Clever ESCO strategies, four contracting parties, proximity, and the very flexible tool of performance contracting combined to satisfy a utility's need to sell renewable-based power and a state's need to increase efficiency, while converting waste into a valuable commodity. It began when the municipal utility of Columbia, Missouri issued an RFP to meet its renewable energy goals for power production. The winning strategy is a multi-faceted project

where the ESCO is harnessing the methane gas from a privately-owned landfill and piping it three miles to an ESCO-designed and operated plant where it generates power that the ESCO sells back to the utility through a 20-year power purchase agreement.

It's also a winning strategy for the State of Missouri when coupled with a performance contracting agreement. The ESCO harvests the waste heat generated at the plant to heat two nearby state-owned correctional facilities, keeping heating costs low for the long-term through a 20-year thermal agreement. The performance contract agreement provided the final link to make this multi-faceted project work. The central heating plants of the two prisons were consolidated into one to fully utilize the thermal resource and to capture added efficiencies in one million square feet of prison and office space, tremendously reducing the state's operational costs and providing long-term savings to pay for the improvements.

The Missouri Department of Natural Resources Energy Center, the state's energy office, initiated a pilot performance contracting project years ago which led to many other projects including this very innovative one. Kerry Cordray, Spokesman for the Energy Center, said "projects like this are a win-win for everybody, using a resource that's available and cutting down on greenhouse gases. We'd like to see more where they're viable."

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 will be presenting webinars quarterly on timely topics. Additional webinars are planned to address ongoing member interests. 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](#) for our "What's New in Performance Contracting" feature.

CHAPTER ACTIVITIES

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

Get Involved

[Join the ESC](#)

[More On ESC](#)

[Contact ESC](#)

[Join Our Mailing List!](#)



Recognition of Support

Market Transformation tools to accelerate energy performance contracting are made available through support of the U.S. Department of Energy -Energy Efficiency and Renewable Energy.



ESC Launches Webinars Timely Topics & Discussion Opportunities



Rhonda Courtney, ESC Board Member and Chair of ESC's Education Committee, hosted ESC's first of many webinars.

ESC launched a [webinar series](#) in March with the very timely topic, *Optimizing Economic Stimulus Dollars through Energy Savings Performance Contracting*. Over 130 people participated to learn how stimulus dollars headed to states can be leveraged many times over through performance contracting programs. If you missed the webinar, it's not too late - catch the [recording](#).

"This was the first in an ongoing series of webinars," said Rhonda Courtney, ESC Board member and Chair of the Education Committee. "Through the webinars we plan to engage members and others in ESC's growing number of activities, share what's new in the industry from technologies to practices, and shed light on how performance contracting works for other professionals and end-users alike."

The upcoming webinar will focus on financing options, *The Biggest Bang for Your Buck - Financing*, with a panel of professionals to discuss what's new in lease-purchase financing in this new economic climate, how to use Quality Zone Academy Bonds (QZABs) and Clean Renewable Energy Bonds (CREBs) to name a few, and how to take advantage of the many tax incentives. Mark your calendar now - June 5th, 1:00 ET. Join the ESC or sign up for the newsletter to get announcements for future events.

Stimulus Dollars for Energy Efficiency in State & Local Governments - Key Role for State Energy Offices



The numbers are in for who gets stimulus dollars from the American Recovery and Reinvestment Act ([Recovery Act](#)). Although recipients have many different spending options, much can be directed to energy efficiency and building improvements for state and local governments. State energy offices (SEOs) have several new or expanded avenues of funding and are entrusted to transform those funds to obtain tangible and measurable savings which create jobs for economic recovery and achieve positive environmental impacts. The high profile role allows the SEOs to promote a public-private approach to energy efficiency.

The U.S. Department of Energy's State Energy Program ([SEP](#)) will allocate \$3.1 billion to SEOs to develop or expand programs (70 times more than usual). The Energy Efficiency and Conservation Block Grant ([EECBG](#)) will provide \$3.2 billion to cities and counties, primarily for energy efficiency: \$400 million through competitive grants, approximately \$1.9 billion allocated

directly to the 1700 larger population centers, approximately \$450 million to be distributed by the state energy offices to smaller towns and counties (under 35,000 and 200,000 in population respectively), and approximately \$336 million of the remainder to SEOs. The U.S. Department of Education ([ED](#)) will distribute \$53.6 billion to schools, where one of the many funding options includes facility improvements, making a strong connection to the many SEOs that provide services to public school districts.

The Recovery Act specifically calls out that the State Energy Program can include "energy performance contracting programs for leveraging public and private sector funds," and that the Energy Efficiency and Conservation Block Grant can include "development and implementation of energy efficiency and conservation programs for buildings and facilities." It also establishes that the U.S. Department of Education funds can be used for "modernization, renovation or repair of public school facilities and higher education institutions."

ESC is well-positioned to aid state and local governments in this endeavor. ESC recently rolled-out a "program in a box" of proven tools and Best Practices for quick program development and deployment and offers one-on-one technical assistance to states. The tools can be easily adapted to fit the needs of any state or any city or county program as well. If funding is used to promote and incent performance contracts, it can induce many times over the amount of the stimulus investment, achieving greater energy efficiency with a far greater economic and environmental impact, leveraging these funds to the maximum effectiveness as the stimulus is intended. If you're looking for help to create a program strategy to leverage the benefits of both the stimulus dollars and performance contracting, [contact ESC](#) for assistance.

I hope you enjoyed this issue of the ESC Newsletter. I invite you to join the ESC organization and get involved. There has never been a better time to add your support to the growth of the energy savings performance contracting industry.

Sincerely,

Ray Hinson,
President of the ESC Board of Directors

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