Utility Energy Service Contract (UESC) is not an Energy Savings Performance Contract (ESPC)
UESC or ESPC

- UESC is similar to ESPC but these are NOT interchangeable.
- UESC Authorities:
  - Federal agencies: 42 U.S.C. §8256
  - DOD: 10 USC §2913 (gas & electric) and 10 USC §2866 (water)
- Similarities with ESPC
  - Third party financing is available
UESC or ESPC

• DIFFERENCES
  – TITLE
    • For UESC, title to energy-savings devices must vest in the U.S.
    • For ESPC, title has to be addressed in the contract but does not HAVE to vest in U.S.
  – Contract Parties
    • UESC authority allows agencies to contract with utility companies
    • ESPC authority – contract is with an ESCO, not a utility
UESC or ESPC

• DIFFERENCES
• CONTRACT TERM
  – UESC maximum contract term is determined by agency policy
  – ESPC – maximum 25 year term by statute
• PERFORMANCE ASSURANCE
  – ESPC requires a savings “guarantee”
  – UESC buying equipment to reduce energy consumption at facilities, not savings guarantees. Economic evaluations and Performance Assurance planning required.
UESC or ESPC

• DIFFERENCES

• FEMP SUPPORT
  – ESPC:
    • Required if using FEMP ESPC contract vehicle
    • Agency pays for mandatory FEMP project facilitation
  – UESC:
    • Available at no cost to any agency pursuing UESC
UESC or ESPC

• UESC CONTRACTING
  – FAR applies
    • You can compete among available utilities (even with limited sources)
    • You can sole source with just one utility, but this requires the Justification & Approval document and other requirements that apply to sole source actions
    • You can use an existing GSA Areawide contract but you might have to justify a sole source action
    • There are no specific FAR or CFR provisions for a UESC (GSA follows FAR Part 41 for their Areawide contracts)
UESC or ESPC

- ESPC CONTRACTING
  - There are existing IDIQ contracts (FEMP, Army Corps of Engineers) in place that can be used for ESPC
  - It would be rare to be able to justify a sole source for an ESPC project (except for a follow-on to an existing project at the same location)
  - 10 C.F.R. Part 436 provides guidance on ESPC as well as FAR Part 23 – These are not Part 41 actions
UESC or ESPC

• CONCLUSIONS
  – Both UESC & ESPC allow agencies to take advantage of third party financing for projects that will generate savings
  – Both are viable options for attaining energy efficiencies and goals