

Utility Energy Services Contract

Working with an Energy Services Company

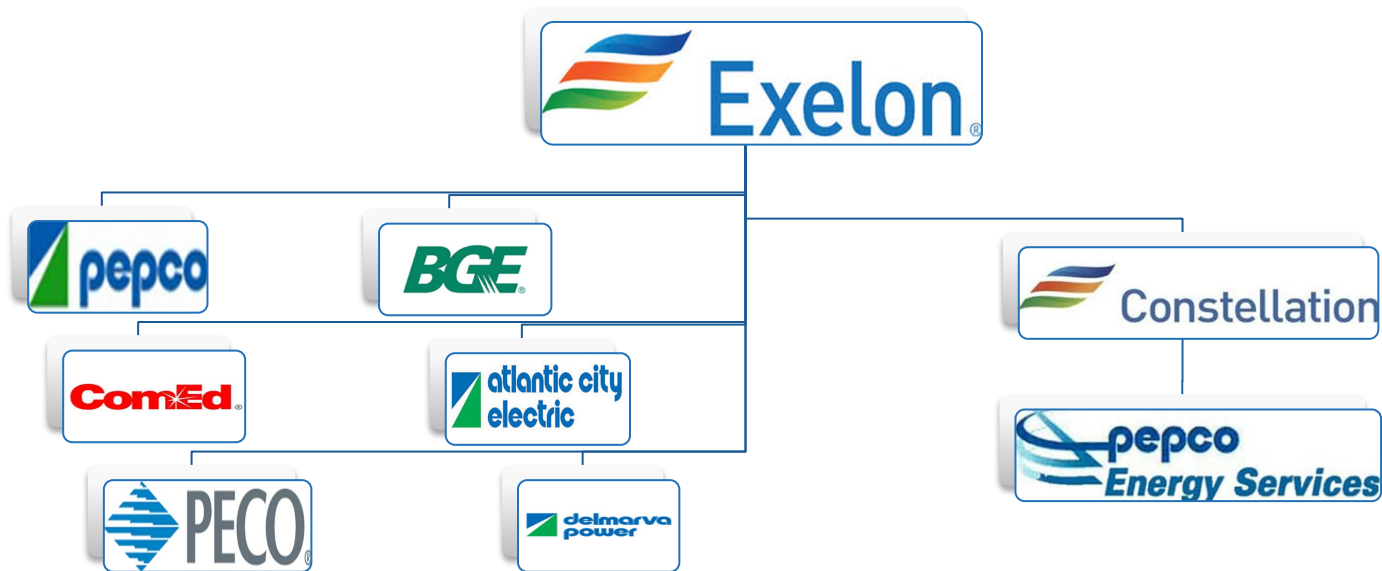
FUPWG UESC Best Practices

November 2, 2016



Constellation[®]

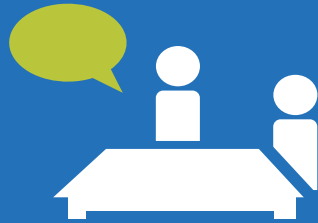
An Exelon Company



Exelon is a FORTUNE 100 company that works in every stage of the energy business: power generation, competitive energy sales, transmission and delivery. As the nation's leading competitive energy provider, Exelon does business in 48 states, D.C., and Canada and had 2015 revenues of \$34.5 billion. We employ approximately 34,000 people nationwide.

Constellation—Industry Leading Expertise

Constellation offers energy and environmental solutions that help our Federal customers minimize costs—while saving energy and reducing greenhouse gas emissions. Our expert, dedicated staff maximizes every available resource to deliver solutions designed to achieve your energy, cost-management, and environmental goals.



25 Years of Performance Contracting Experience

Over 4,300 Projects Completed



Over \$1 Billion in Energy Savings Guarantees



Zero Shortfall on Guaranteed Savings

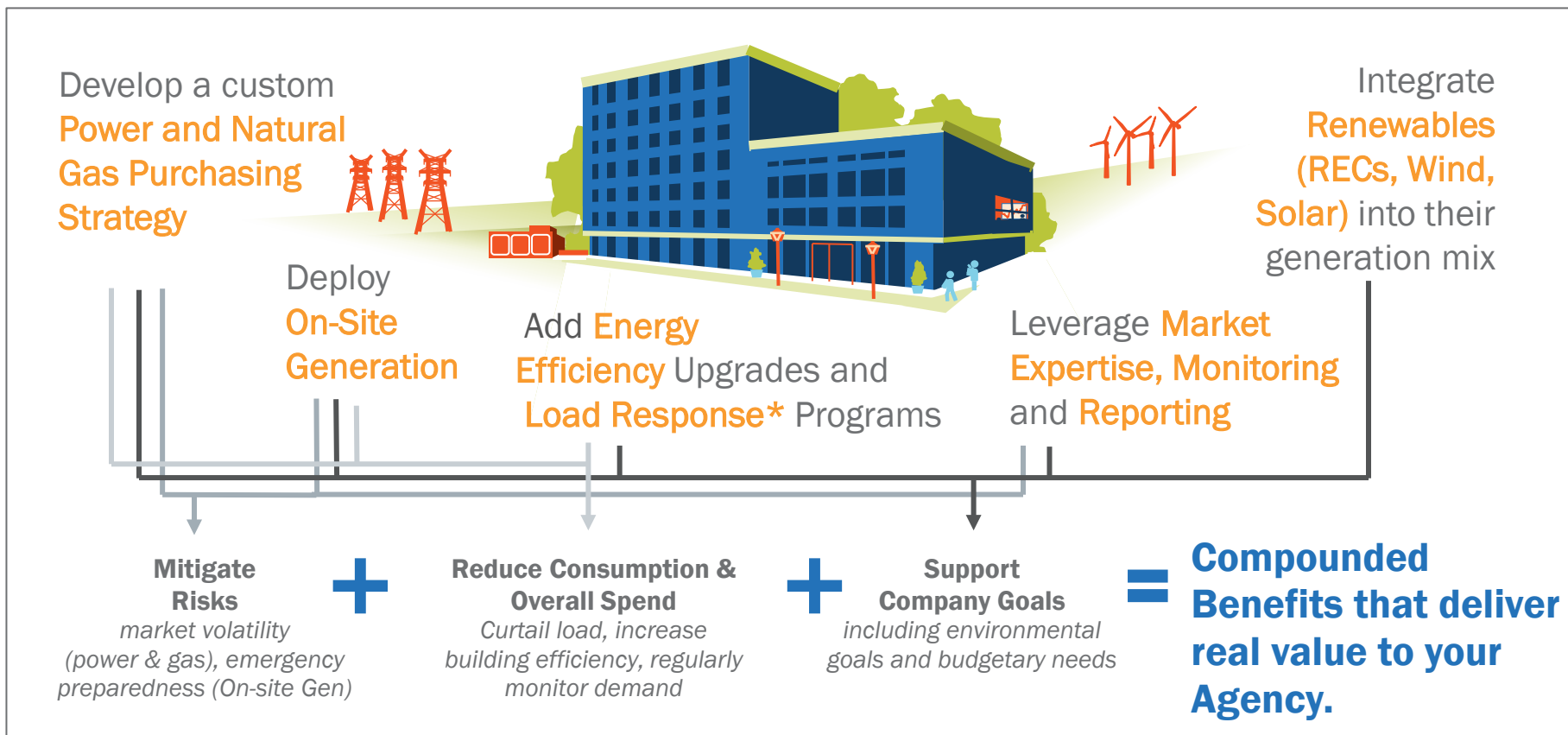


Bonding Limit of \$500 Million

Occupational Safety and Health Administration (OSHA) Safety Record: 0.3



Constellation Provides a Holistic Approach to The Integrated Energy Strategy



Constellation Distributed Energy's value proposition for Agencies

- Dedicated Distributed Energy Engineering Teams by technology
- Experienced Project Integrator on Large Projects with Complex Phasing and ECMs
- Operation and Management Services
- Competitive and Comprehensive Financing



Management and operation services for complex energy assets from experienced generation operator and wholesale market expert



"One stop shop" for energy management expertise



Scalable assets with customizable turnkey solutions



Attractive financials: no upfront capital requirements, long-term contract backed by Fortune 500 company, and increased budget predictability



Operational and revenue-stream efficiencies to alleviate customers' financial burden for needed infrastructure



Support of corporate **sustainability and emissions reduction goals**

Recent UESC Experience

Delivering Comprehensive Energy Management to Federal Government

Pepco Energy - Recent Representative UESC Task Order Awards

Federal Customer	Award	Value	UESC Contract Scope
US Department of State	Feb. 14	\$12,134,870	Competitively selected for this Decentralized Steam Project, Design, and Installation of 9 - 6MMBTu Hot Water Boilers and Domestic Hot Water Heaters
US Department of State (SA-1 Annex)	Sept. 14	\$3,465,000	Competitively selected for NTE award of \$3.5M (funded); ECMs include PV system, LED lighting, ECMS upgrades, and water
BEP - Wiping Solution Recycling Project (WSRP)	June 12	\$10,311,117	Industrial process improvements that will reduce water and chemical use by 90%, and save BEP over \$1,000,000 per year in energy and operating costs
US Department of Energy (Germantown) Boiler Plant	Sept 15	\$7,155,960	Complete retrofit of central boiler plant, controls upgrades, chilled water optimization, LED retrofit
US Fish & Wildlife Service (Patuxent)	Feb 15	\$1,480,492	Installation of ENERGY STAR roof with 250 kW photovoltaic array on rooftop and parking lot canopy
NASA Goddard—Chiller Plant and Boiler Plant Optimization	Sept 14	\$2,900,000	Redesigning chiller plant to reduce costs and demand, conducting an IGA for Controls and Controls strategy upgrades to the central utility plant
NIH—MultiBuilding	Dec 13	\$9,641,265	Repairing/replacing HVAC, building envelope, pipe insulation and lighting. Upgrades and utility metering

Partnered Approach for All UESC Projects

Collaborate and Communicate at Every Phase



Detailed Feasibility Study (IGA)

Construction and Commissioning

Understand Agency's Organizational and Facility Needs, Identify Preferred ECMs.

Review All ECMs for their Advantages & Paybacks; Agency makes ECM Selection; Solicit Quotes

Develop Design; Obtain Agency Approval of all Design and Equipment Selections; Select Contractors

Obtain Agency Approval of Construction Plan and Execute to Meet All Agency Goals & Requirements

Provide Selected Performance Period Services, Operate Equipment and Verify Performance of ECMs

Preliminary Assessment

Engineering and Design

Performance Period



Subcontractor Selection Process for Best Value and Low Risk

Constellation Has a *Rigorous* Subcontractor Qualification Process:

- Positive Financial History
- Excellent Past Performance on Similar and/or Related Projects
- Low Risk Experience Modification Rating (EMR) i.e. Safety
- Acceptable Employee Clearance & Vetting Policies
- Sufficient Bonding and Insurance Coverage
- Assurance of Experienced Personnel
- Competitive Pricing
- Equitable Terms and Conditions; Acceptance of Flowdowns
- History of On-Budget Delivery
- On Time Delivery and Schedule Management
- Preference for SBA Certification Status for Subcontracting Goals

Project Integrator Framework for Detailed Feasibility Studies

1

It starts with the Agency's collaboration during the Initial Feasibility Study to identify Design Intent.

- Required Scope
- Buildings or Areas to Study
- Challenge or Energy Reduction Goals
- Determine Cost Estimate

2

With the issuance of a Task Order for a DFS, CNE's in house Engineers investigate and develop Energy Conservation Measures that are identified through:

- Conditions found during a site investigation and data provided by the Agency
- Needs stated by the customer
- Regulatory or Code Requirements

3

At a Mid-Point Stage of the Feasibility Study the Agency and Constellation meet to determine ECM selections.

4

After selection, CNE further develops scopes of work, certain equipment selections and seeks quotes from qualified subcontractors.

5

The DFS Concludes with an Engineering Design demonstrating a project at an approximate 30% Design Development level.

- This provides for "sufficient detail to evaluate major design features prior to advancing to the design/build phase".

Easy and Trusted Financing Process

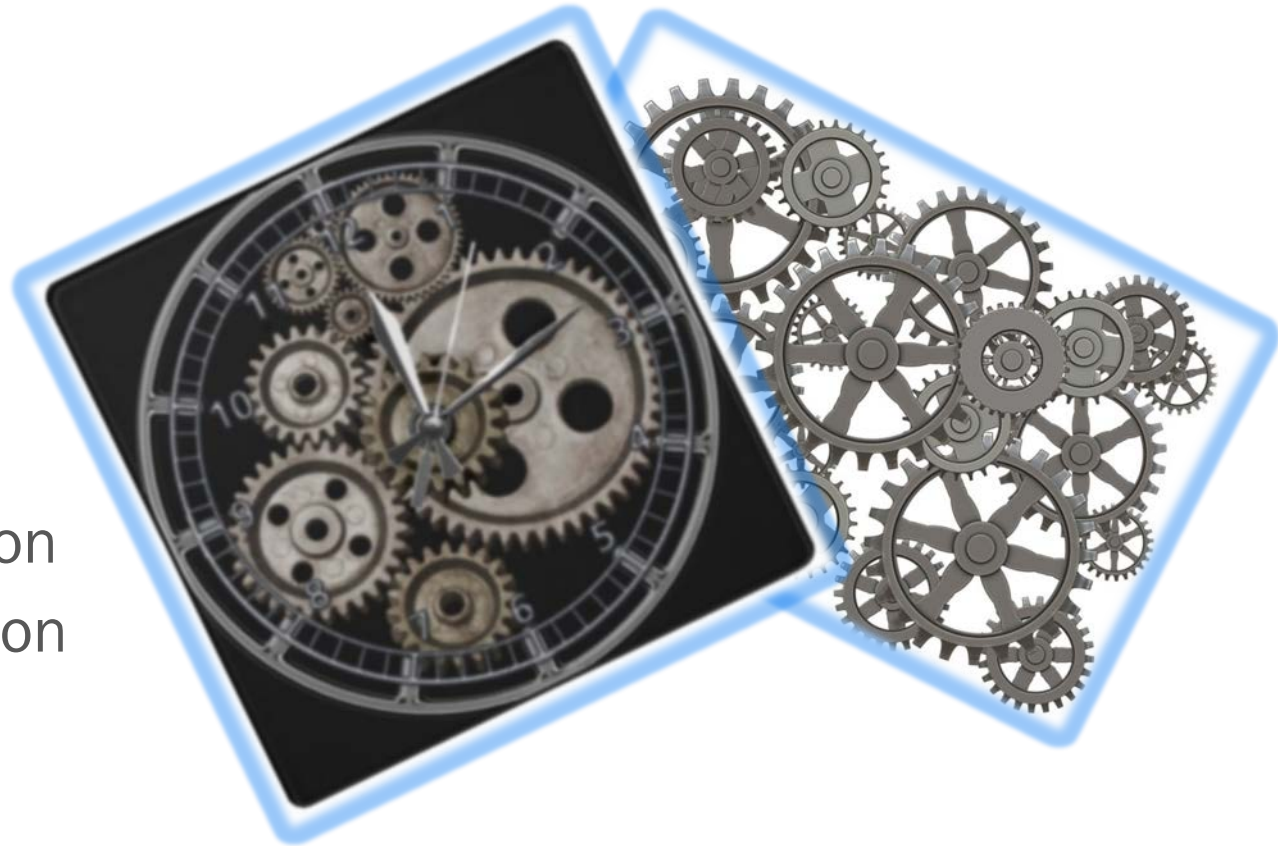
- CNE obtains firm, competitive rates from five previously vetted Lenders.
- Rate is related to that available from a Treasury Bill and the term length of the project.
- Most competitive rate/terms vetted and selected by the Agency.
- The project cash flow and savings include the selected rate.
- CNE and the Lender prepare the Financing Documents and Coordinate with the Utility and Agency



Detailed Feasibility Study Issued – Now What

A Detailed Feasibility Study is a Proposal Containing:

- Pricing
- Design
- Finance Rate
- Escalation
- Scopes of Work
- Schedule
- Contractor Selection
- Equipment Selection
- Savings
- Payback
- Expiration Date of Pricing



A change in any of these factors will change everything!

Next Steps



- Identify the Project Goals and Gather Data for:
 - Required Scope
 - Buildings or Areas to Study
 - Challenge or Energy Reduction Goals



The Utility will Work with its Qualified ESCOs to Start the Process.
Or, an ESCOs Can Work with Utilities to Initiate the Process.



- Initiate a Preliminary Assessment or Initial Feasibility Study to Identify the Project Conditions found during a site investigation and data provided

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Questions

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