Overview of UESC Project Development
Utility/Federal Partnership

- The Utility Energy Service Contract (UESC) allows Federal Agencies to enter into contracts with their serving utility to implement Energy Conservation Projects
    - Authorizes and encourages Federal agencies to participate in utility programs ranging from rebates on equipment to delivering a complete turnkey project (Source: FEMP)
  - Energy Independence and Security Act (EISA) of 2007
    - Set energy conservation goals for Federal facilities – 30% from established baseline by 2015
  - Executive Order 13423
    - Established goals to enter into contracts for energy conservation projects before 12/31/13, later extended through 2016
Utility Contracts

All Legislative and Executive Action to substantiate the UESC Program is contained in

Federal Energy Management Program

UESC Enabling Documents

FEMP Website:

http://www1.eere.energy.gov/femp/pdfs/uesc_enabling_documents09.pdf
Utility Contracts

• Why is SDGE Participating?
  – The Federal Government is SDGE’s largest customer
  – SDGE offers total Project Management and Financing as a customer service to our most important customer in the interest of energy conservation goals. Services include audit/survey(s), project development, procurement, execution, and close-out for a total turnkey approach
  – Assists SDG&E in meeting our CPUC energy efficiency goals
  – SDG&E achieves profit on projects
Utility Contracts

Why is the UESC vehicle the right choice?

SDG&E provides turnkey energy-efficiency products and services, including the following:

– Project Development – Audits, feasibility studies, and facility analysis. Average timeframe 3-6 months
– Implement energy conservation and demand-side management projects.
– Maintain a Life Cycle Cost Effective Payback
  • Bundle long payback ECMs with shorter term ECMs to create a comprehensive project
– Determine negotiated price for work proposed
Utility Contracts

Why is the **UESC** vehicle the **right choice**?

- Determine the mix of appropriations and financing which can include agency funding, partial funding, or third-party funding. This also includes support for identifying additional sources of funding such as DOE or other federal agency programs.
- Operations & maintenance, training of personnel
- Full Facility Commissioning
- Infrastructure analysis, repair, installation, & maintenance
Utility Contracts

Why is the UESC vehicle the right choice?

– Develop finance term such that the savings offsets the finance payment. Energy efficient projects that pay for themselves.
– Utility Budget is re-directed and is used to make payments upon contract completion
– Monthly payments are made to the Utility or its Assignee as a typical Utility bill
– Quality of Life Improvements increase productivity & morale
# UESC Risk Management

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<th>RISK</th>
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<tr>
<td>GENERAL PROJECT MGT. RISK</td>
<td>HIRE QUALIFIED PEOPLE !!!</td>
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Least Cost Alternative

- **Energy Savings based on Comprehensive Audits**
  - No Added Cost for Guaranteed Savings or Shared Savings projects

- **Performance Assurance Plan**
  - Provides customer M&V on the energy savings along with guidance and feedback to maintain ongoing savings

- **Maintenance contracts are Optional**
  - Contract value is minimized by allowing the flexibility of using other vehicles for maintenance requirements, if desired

- **Partnership**
  - SDGE’s partnership with the Federal Government allows a collaborative process to minimize project overheads and focus on project implementation
Best Value

• SDGE handles all competitive requirements
  – Assures that projects are competitive in nature, providing least cost and increased value

• SDGE selects only the best qualified contractors
  – Minimizes changes and assurs high quality

• SDGE Evaluation Process
  – Contractors are awarded based on the lowest evaluated bid with consideration to all aspects of the project

• Design-Build Process
  – SDGE offers a Design-Build type of process, eliminating the need for multiple contractual actions on a single project
UESC The Right Choice

• **OWNERSHIP** – Single source accountability
• **STABILITY** – SDGE has been serving our customers for more than 100 years
• **TURNKEY** – Represents the ability, knowledge, experience, resources, means & methods to provide a complete energy efficient solution
• **SOLUTIONS** – Services and products that are in the best interest of the client(s)
• **FLEXIBLE** – Solutions that enable and support services that create opportunities
• **OPPORTUNITIES** – Providing solutions, products, and services that foster greater quality of life issues while increasing efficiencies
Utility Contracts

• Contract Vehicles
  – GSA Area-wide
    • Re-negotiated and executed in November, this vehicle provides the Government additional flexibility to procure maintenance, operations, and other services in addition to turnkey project management
  – Basic Ordering Agreements
    • Executed under the Area-wide, provides for terms and conditions for all projects, thus minimizing the contractual effort needed to release a project and expediting the implementation process