

UESC Implementation Models and Contracting Options

New Utility Toolkit

June 2021



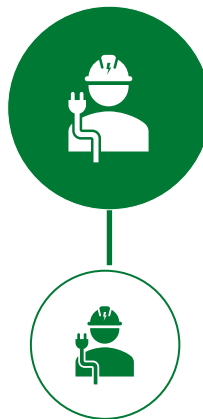
Contents

- **UESC Implementation Models**
 - Internal Resources
 - Selecting an Implementation Model
- **Contracting Options**
 - Selecting a Contracting Option
- **Developing a UESC Contract**
 - Tools & Templates
- **Additional Resources**

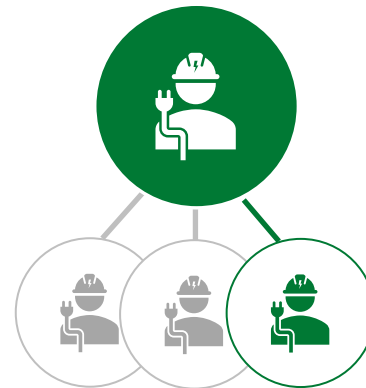
UESC Implementation Models



**Utility
Self-Performs**



**Utility with Single
ESCO Partner**



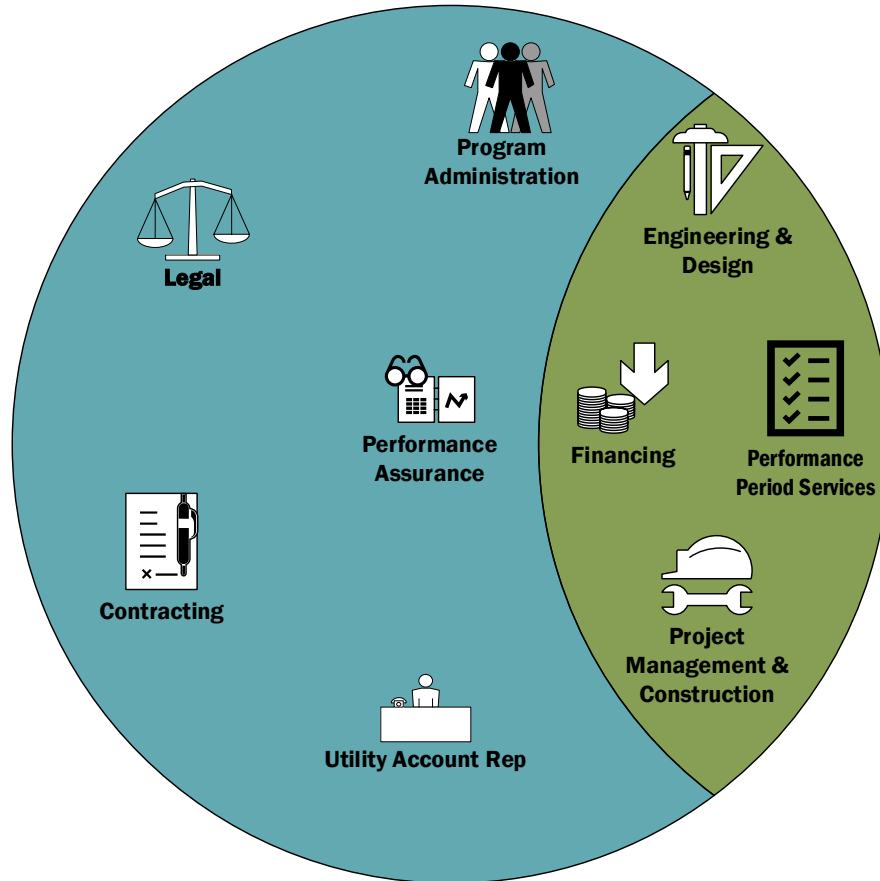
**Utility with Multiple
ESCO Partners**
(one ESCO per project)



Important Note

Utility is always the prime contractor—even when an ESCO is involved.

Utility Self-Performs



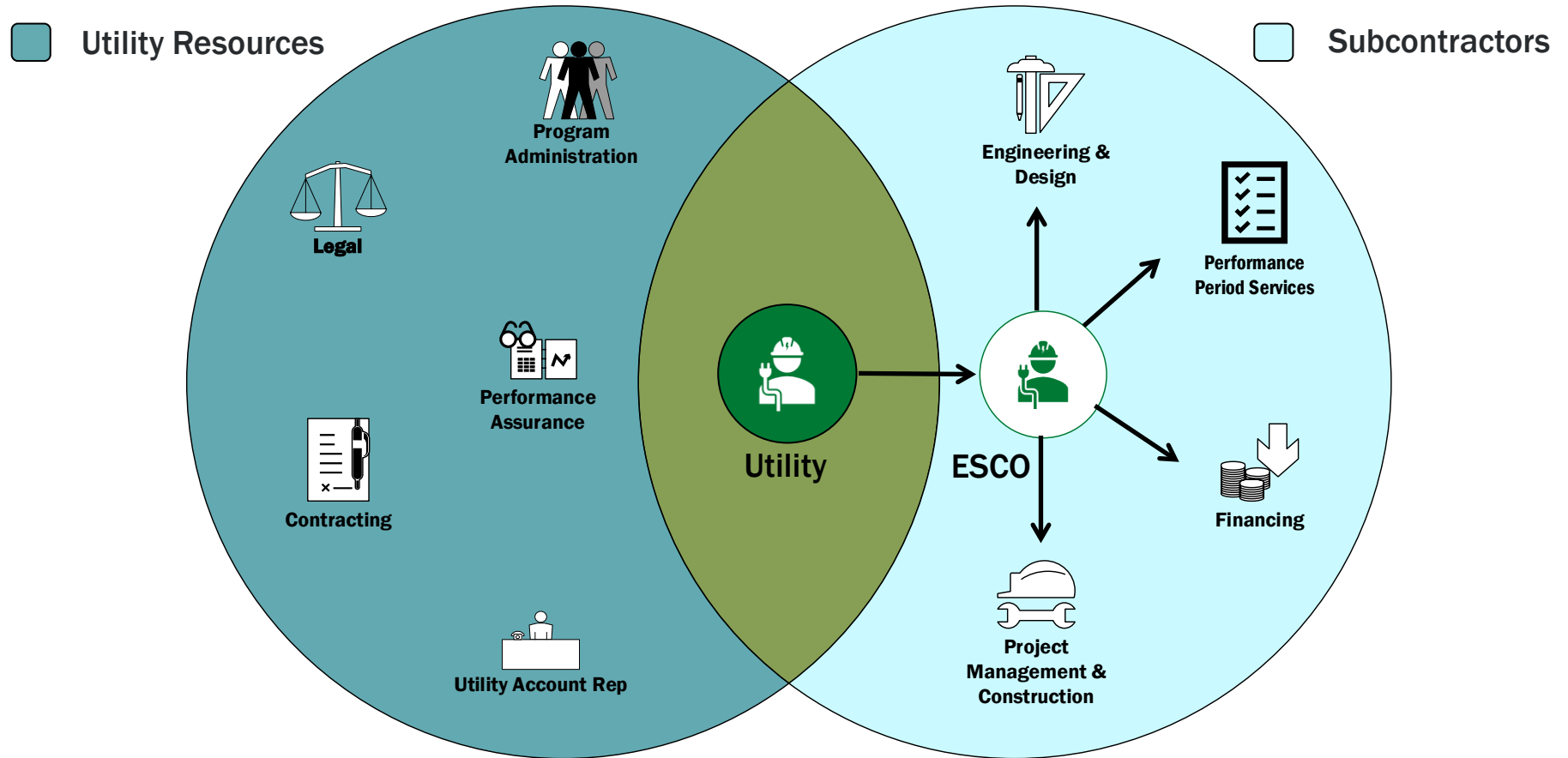
Utility Resources

- Utility Account Rep
- Program Administration
- Contracting
- Legal
- Performance Assurance

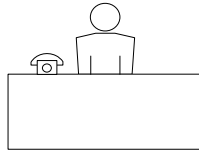
Potential Subcontracts

- Engineering & Design
- Financing
- Performance Period Services
- Project Management & Construction

Utility Partners with an ESCO (one ESCO per project)

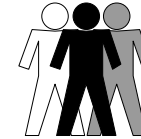


Internal Resources



Utility Account Representative

- **First point of contact for customer interface with utility**
- **UESC program marketing and Strategic Partnership Meetings**



Program Administration

- **Coordinates UESC portfolio**
 - Project tracking
 - Performance period services
 - New project initiation
 - Annual reporting
 - Legal & contracting reviews
 - UESC billing & invoicing
 - Utility self-perform activities
 - ESCO or other subcontracting

Internal Resources (continued)



Legal

- Provides legal review of UESC contract documents
- Understands FAR requirements in context of UESC
- Facilitates project termination or closeout



Contracting

- Manages commercial negotiations for utility
- Manages UESC approval and documentation practices
- Manages subcontracting arrangements

Internal Resources (continued)



Performance Assurance

- Utility is always prime on the UESC
- Individual project performance assurance plans will require varying levels of engagement
- Performance assurance plan obligations must be managed through the utility even if services are subcontracted



Performance Period Services

- Commonly subcontracted or shared with customer
- Key elements:
 - Measurement & Verification
 - Maintenance & Operation
 - Repair & Replacement
 - Recommissioning

Selecting an Implementation Model



Utility Self-Performs

- In-house resources available
- Relevant experience for UESC process
- Resource support for Performance Period services
- Resource support for contract term



Single ESCO Partner

- Smaller service territory or limited UESC market
- Off-book financing for utility
- Turn-key execution
- Outsource UESC implementation & services



Multiple ESCO Partners

- Large service territory with broad UESC market
- Resources available for internal UESC functions
- Resources for managing multiple subcontracts
- Maintains competitive process for larger UESC volume

Partnering with an ESCO

- **Establish an ESCO partner:**
 - DOE list of qualified ESCOs is available:
 - <https://www.energy.gov/sites/default/files/2021-03/doe-ql.pdf>
 - DOE qualification is not required for UESCs
 - ESCO Request For Qualifications sample (available upon request)
- **Establish a “pre-contract” relationship with a Project Development/Design agreement**
 - Sample Project Development/Design agreement (available upon request)
- **Negotiate a Utility/ESCO agreement**
 - Subcontracting agreement between Utility and ESCO
 - May be project-specific or a Master Services Agreement for multiple projects

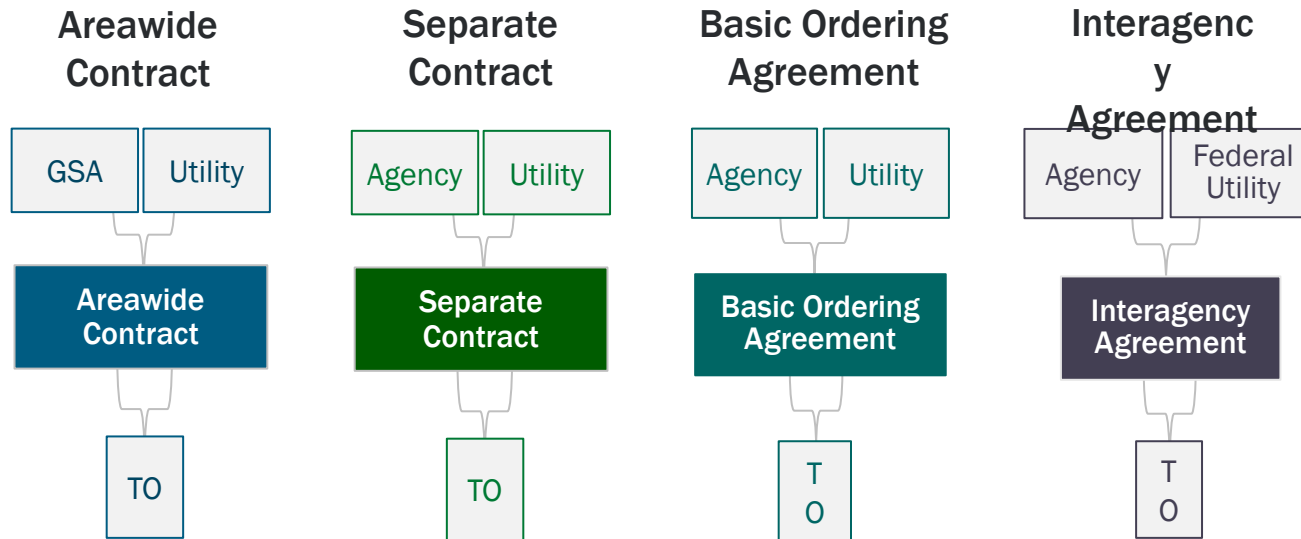
Unregulated affiliates

- **Unregulated affiliates are separate legal entities from the utility service provider and function as subcontractors in UESCs**
- **Competitive sourcing of ESCO partner is required at agency discretion**
- **ECM subcontractors must be competitively selected**
- **Public Utility Commission (PUC) requirements vary from state to state**

Agency-specific requirements

- **Some agencies have additional requirements for administering UESCs**
 - Centralized approval process for pursuing a UESC
 - Formal notice or letter of interest required before preliminary assessment
 - Competition of ESCO partners (including unregulated affiliates)
 - Guaranteed savings
 - Additional UESC requirements
- **Contact your agency customers and FEMP to understand additional requirements**

UESC Contracting Options



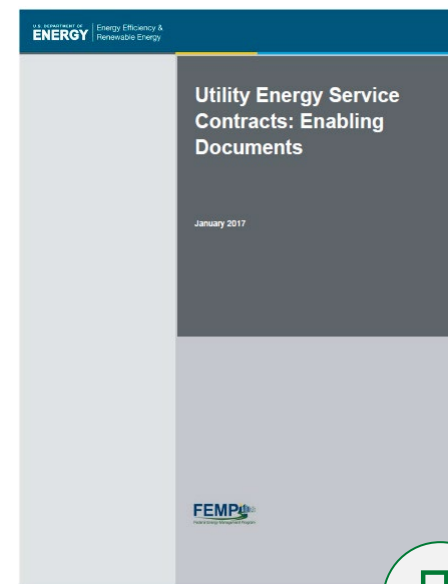
TO = Task Order

FAR Part 41.204 GSA Areawide Contracts
FAR Part 41.205 Separate Contract
FAR Part 16.703 Basic Ordering Agreement
FAR Part 41.206 Interagency Agreements

Resource: UESC terms and conditions

Serves as a starting place to establish or specify the terms and conditions for a UESC.

- Available in the [UESC Enabling Documents](#)
- Contains **80% - 95%** of the terms and conditions needed for a UESC
- Establish T&Cs for the following contracting options:
 - Agency-specific T&Cs under an AWC
 - Basic Ordering Agreement (BOA)
 - Separate Agreement
 - Interagency Agreement



Areawide Contract (AWC)

- FAR Part 41 authorizes GSA to establish contracts, AWCs, to be used by all federal agencies to procure utility service within the utility's franchised service territory
 - AWC is bilaterally signed by GSA and utility
 - Agencies place UESC Task Orders under the AWC using the Authorization for Energy Management Services
 - FAR requires agency use of AWC unless head contracting authority determines otherwise
- An optional Master Agreement may be placed under the AWC to establish agency specific terms and conditions

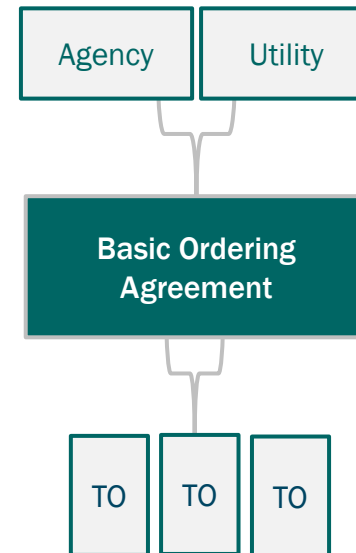


FAR Part 41.204 GSA Areawide Contracts

Basic Ordering Agreement (BOA)

Agency policy may recommend the use of a BOA.

- BOAs incorporate terms and clauses applying to future contracts (orders) between the ordering agency and the utility

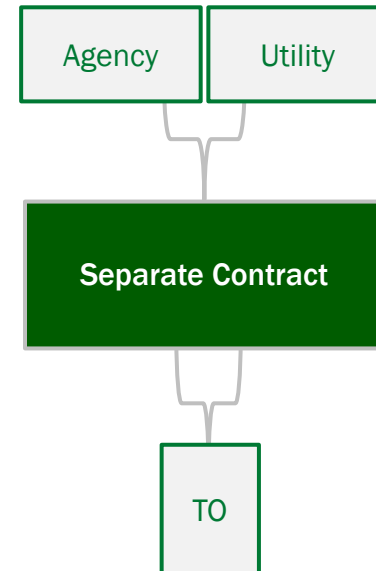


FAR Part 16.703 Basic Ordering Agreement

Separate Contract

Agencies can place a **Separate Contract** for Energy Management Services, *when no AWC is available*

- FEMP developed a [UESC Agreement Template](#) that may be used develop terms conditions for a separate contract



FAR Part 41.205 Separate Contract

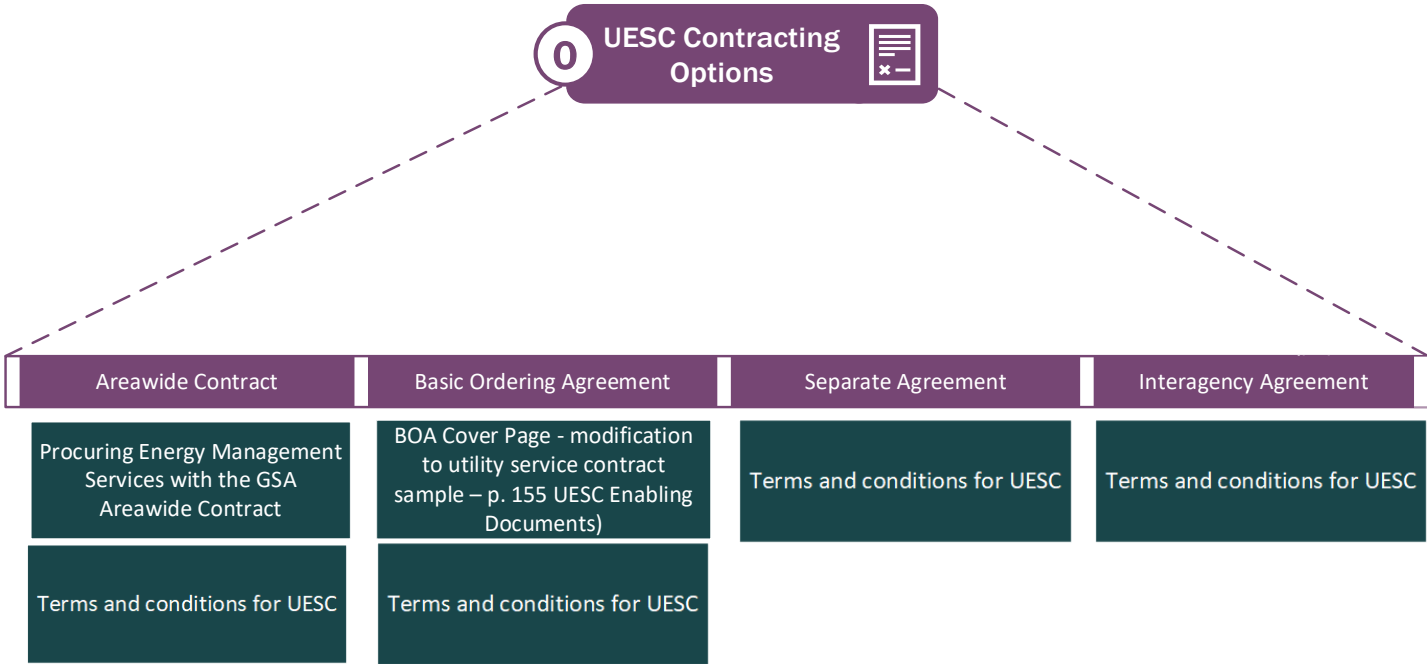
Selecting a Contracting Option


- If the GSA AWC is available in the service area, the facility shall use the AWC unless one of the two exceptions below, is met
 - Service is available from more than 1 supplier
 - The head of the contracting activity or designee otherwise determines that use of the AWC is not advantageous to the Government
- **Basic Ordering Agreement (BOA)** – agency-wide application
- **Separate Contract** – single location
- **Interagency Agreement** – federal owned utilities

Steps for developing a UESC contract

1. Select a contracting option:
2. For GSA AWC contact: energy@gsa.gov
3. For BOA or Separate Agreement engage agency customer for contract negotiations or FEMP for guidance

UESC Contracting Options – Tools & Templates



 Click on tile to access resource

Sample Documents

- **Pre-contract agreements for utilities to use with ESCOs (provided upon request):**
 - Sample Project Development/Design Agreement
 - Sample RFQ for Providing Utility Energy Efficiency Services
- **Template for ESPC preliminary assessment reports:**
 - <https://www.energy.gov/eere/femp/downloads/2008-doe-idiq-espc-preliminary-assessment-template>
- **UESC Project Development Report Template**
 - <https://www.energy.gov/eere/femp/downloads/uesc-project-development-report-template>

Additional Areawide Contract (AWC) Information

FAR Part 41.204 GSA Areawide Contracts

- Utility Energy Service Contracts
 - An ECM will not normally be considered unless a net overall energy or water usage or cost reduction can be demonstrated and verified.
 - Utility has the right to enter into a subcontract with ESCO, included unregulated affiliate to perform project development and perform any or the entire project through subcontractors
 - Subcontractors must be competitively selected based on cost, experience, past performance, and other requirements
 - Utility must make available to the Contracting Officer all documents related to the selection of subcontractors
 - Facility must be located within the geographic area of the utility



Each AWC includes several exhibits; the Authorization for Energy Management Services serves as the Task Order for UESCs.

Authorization for Electric Service

Nature of Service

- ☐ Connect
- ☐ Change
- ☐ DSM Work
- ☐ Line Extension, Alteration, Relocation or Reinforcement
- ☐ Special Facilities

Examples: EV Infrastructure, Advanced Meters; Army used Exhibit A for Georgia 3x30 Solar Generation Projects – 166 MW

Authorization for Natural Gas Service

Nature of Service

- ☐ Connect
- ☐ Change
- ☐ Continue service
- ☐ Line Extension, Alteration, Relocation or Reinforcement
- ☐ Transportation
- ☐ Billing & Ancillary Services

Example: Installation of gas line

Authorization for Energy Management Services (EMSA)

Nature of Service

- ☐ Preliminary Energy Audit
- ☐ Investment Grade Audit
- ☐ Engineering & Design Study
- ☐ Energy Conservation Project Installation
- ☐ Demand Side Management Project

Examples: Lighting and Chiller Retrofits, Cogeneration Facilities, Recommissioning, HVAC

Authorization for Provisions of Services Under (insert appropriate Regulatory Authority)

Nature of Service

- ☐ _____ Interconnection of the Ordering Agency's renewable energy project

Examples: Interconnection of PV System

Each AWC includes several exhibits; the Authorization for Energy Management Services serves as the Task Order for UESCs.

Authorization for Energy Management Services (EMSA)

Nature of Service

- ☐ Preliminary Energy Audit
- ☐ Investment Grade Audit
- ☐ Engineering & Design Study
- ☐ Energy Conservation Project Installation
- ☐ Demand Side Management Project

Examples: Lighting and Chiller Retrofits, Cogeneration Facilities, Recommissioning, HVAC

The Authorization for Electric Service may be used to respond to the requests and requirements of the agency (regardless of whether savings are realized).

- Typically included in an AWC as “Exhibit A”

Authorization for Electric Service

Nature of Service

- ☐ Connect
- ☐ Change
- ☐ DSM Work
- ☐ Line Extension, Alteration, Relocation or Reinforcement
- ☐ Special Facilities

- EV Infrastructure
- Advanced Meters
- Solar Arrays
- Conversion of overhead lines/cables to underground
- Utilities hardening
- Emergency & back-up generation
- Customer-owned substation and distribution system upgrades
- Distribution system mapping
- Osmose pole inspections/replacements
- Emergency restoration/repairs
- Redundant/alternate feeder
- Infrared scan
- Line extensions
- Lightning protection