

## Energy Savings Performance Contracts (ESPCs)

Energy savings performance contracts (ESPCs) allow Federal agencies to conduct energy projects with limited to no up-front capital costs, minimizing the need for Congressional appropriations.

An ESPC is a working relationship between a Federal agency and an energy service company (ESCO). The ESCO conducts a comprehensive energy audit for the Federal facility and identifies improvements to save energy. In consultation with the Federal agency, the ESCO designs and constructs a project that meets the agency's needs and arranges the necessary funding. The ESCO guarantees the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. After the contract ends, all additional cost savings accrue to the agency. Contract terms of up to 25 years are allowed.

### DOE ESPC Benefits

The U.S. Department of Energy (DOE) ESPCs help Federal agencies meet energy efficiency, renewable energy, water conservation, and emissions reduction goals. By leveraging private sector financing and ESCO expertise, ESPCs provide multiple benefits, including:

#### ESPC Quick Facts

From 2009 to 2011, FEMP arranged ESPCs that leveraged almost \$1.2 billion in project investment to save more than \$3.5 billion in energy and water costs.\*

\*These figures include both projects awarded under the DOE IDIQ and the U.S. Army Corps of Engineers Huntsville ESPC Contract.



Photovoltaics installed on the Harold Washington Social Security Center in Illinois as part of an ESPC. Photo from U.S. Social Security Administration, NREL/PIX 19006

- Increased quality and value through:
  - Private-sector expertise in energy efficiency, renewable energy, water conservation, and reduced greenhouse gas (GHG) emissions
  - Built-in incentives for ESCOs to provide high-quality equipment, timely services, and thorough project commissioning
  - Infrastructure improvements that pay for themselves over time
  - Healthier, safer working and living environments.
- Flexible, practical contract and procurement processes that ensure your agency achieves its energy-related goals with:
  - Best practices developed over nearly 15 years and hundreds of projects
  - Templates, schedules, contract review tools, and other resources
  - Life-of-contract (LOC) support.
- Expert, objective technical support through FEMP assistance, including:
  - FEMP-provided legal and funding guidance, project facilitators, experts on emerging and underutilized technologies, and training for Federal agencies.
- Smart project management that:
  - Ensures building efficiency improvements and new equipment without upfront capital costs
  - Funds energy improvements without relying on special Congressional appropriations
  - Guarantees energy and related operation and maintenance cost savings
  - Enhances the ability to plan and budget energy, operation, and maintenance accounts
  - Minimizes vulnerability to budget impacts due to volatile energy prices, weather, and equipment failure.

#### DOE IDIQ Contract

DOE awarded indefinite-delivery, indefinite-quantity (IDIQ) ESPC contracts to 16 ESCOs. Each contract has a \$5 billion ceiling amount, resulting in a potential of up to \$80 billion for energy efficiency, water conservation, GHG emissions reduction, and



Personnel from Marine Corps Logistics Base Albany and a DOE ESCO review plans to install a 1.9 MW methane power generator as part of an ESPC project. *Photo from U.S. Marine Corps.*

renewable energy projects at Federally-owned buildings and facilities. DOE awarded these umbrella contracts to ESCOs based on their ability to serve Federal agencies under terms and conditions outlined in the IDIQ solicitation. Under these contracts, agencies can use ESPCs in Federal facilities, both domestic and international.

## FEMP Assistance and Training

The DOE Federal Energy Management Program (FEMP) provides technical assistance and training to Federal agencies interested in ESPC projects. This assistance is delivered through Federal financing specialists, project facilitators, and an experienced training team.

Several live and on-demand training opportunities are also available. A full listing of FEMP training is posted at [www.femp.energy.gov/training](http://www.femp.energy.gov/training).

### Federal Financing Specialists

FEMP Federal financing specialists help Federal agencies initiate DOE ESPC projects through education, assistance, and process support. These individuals will explain performance contracting to site personnel and management and help agencies to:

- Educate agency staff on FEMP third-party financing vehicles
- Determine whether an ESPC project is feasible and appropriate considering all available procurement vehicles
- Form an agency acquisition team
- Identify agency project decision makers.

Federal financing specialists are organized by geographic service areas. Contact information is available at [www.femp.energy.gov/financing/espcs\\_financingspecialists.html](http://www.femp.energy.gov/financing/espcs_financingspecialists.html).

### Project Facilitators

Project facilitators (PFs) guide the acquisition team through the development, awarding, and verification of savings from ESPC projects. PF assistance helps Federal agencies avoid obstacles and expedite projects. A project facilitator serves as an experienced, unbiased advisor responsible for:

- Providing consultation and assistance with:
  - Contractual and financial issues
  - Technology and engineering issues
  - Measurement and verification (M&V).
- Reviewing cost and technical proposals.

Federal agencies developing DOE ESPC projects receive project facilitator assistance from FEMP. FEMP covers the cost of this individual through the agency review of the ESCO preliminary assessment. After that point, services are provided on a reimbursable basis executed through an interagency agreement with the DOE Golden Field Office.

## Resources

Additional information is available at:

FEMP ESPC Website  
[www.femp.energy.gov/financing/espcs.html](http://www.femp.energy.gov/financing/espcs.html)

DOE and Qualified ESCOs  
[www.femp.energy.gov/financing/espcs\\_companies.html](http://www.femp.energy.gov/financing/espcs_companies.html)

## Contacts

For further information and assistance, visit:

[www.femp.energy.gov/financing/espcs\\_financingspecialists.html](http://www.femp.energy.gov/financing/espcs_financingspecialists.html)