



ESPC PPA Overview

Tracy Logan
Program Analyst

- OMB/CEQ Memo: “Supporting Energy and Sustainability Goal Achievement Through Efficiency and Deployment of Clean Energy Technology” (August 16, 2011)
<http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/supporting-energy-and-sustainability-goal-achievement-through-efficiency-and-deployment-of-clean-energy-technology.pdf>
 - *“ESPCs can incorporate purchase of on-site renewable energy, if the result is lower energy consumption and costs to the Government [...] Agencies should [] submit to OMB for review all proposals for PPAs entered into under ESPC authority...”*
- Note: The process for submitting this information to OMB is still a draft process.

- Can be completed under the DOE, or other Federal agency IDIQ ESPC contracts.
- Can be completed through a site-specific full and open competition ESPC.
- All agencies, regardless of ESPC contracting method, are directed to report their proposed ESPC PPA projects to OMB for review, via FEMP.
- OMB to review all PPAs (both stand-alone and as ECMs in an ESPC).

The PPA Project Must Qualify as an Energy Conservation Measure

- Just like traditional Energy Conservation Measures, the PPA must meet the criteria outlined in the ESPC statute.
- Statutory Definition of Energy Conservation Measure (ECM):
 1. Measures that are applied to a Federal building
 2. That improve energy efficiency
 3. Are lifecycle cost effective
 4. And involve:
 - Energy conservation;
 - Cogeneration facilities;
 - Renewable energy sources;
 - Improvements in operations and maintenance; or
 - Retrofit activities.

The PPA Project Must Qualify as an Energy Conservation Measure

1. Is the PPA applied to a Federal building?
 - Is the project located on Federal land or buildings?

2. Does the PPA improve energy efficiency?

- Does the project decrease the amount of energy required by a Federal building to maintain its same level of operation?
- Does the project reduce the use of conventional energy in a Federal building by substituting conventional energy fuels with renewable energy?
- Identify energy efficiency improvement(s) associated with the project including avoided transmission and distribution losses resulting from on-site generation.

3. Is the PPA lifecycle cost effective?

- Does the project result in the reduction in the total cost of owning, operating, and maintaining a Federal building, as compared to a baseline in which the existing energy source and related energy support structure is maintained?
- Identify the project's lifecycle cost savings, including estimated renewable output (kWh) and renewable cost per kWh.

4. Does the PPA involve:

- Energy conservation;
 - Cogeneration facilities;
 - Renewable energy sources;
 - Improvements in operations and maintenance; or
 - Retrofit activities?
-
- What activity does the project involve?

- *DRAFT* - ESPC PPA Information Submission Process

Start

- Agency decides to move forward with ESPC and notifies FEMP of their plans to include a PPA ECM; FEMP notifies OMB.

Preliminary Assessment (PA) Stage

- Upon completion of PA, FEMP helps Agency fill out information template; FEMP forwards template to OMB.

Investment Grade Audit (IGA) Stage

- Upon completion of the IGA, FEMP helps Agency update information template.

OMB Review Period

- FEMP sends OMB updated template & draft agreements.

Contract Award

- Agency forwards final agreements and template to FEMP.

FEMP looks forward to helping DOE sites navigate this project funding option.

Tracy Logan

Federal On-Site Renewable PPAs,
ESPC PPAs, DOE Utility Acquisitions

(202) 586-9973

tracy.logan@ee.doe.gov