OMB Guidance and Scoring

Hosted by:

FEMP
Federal Energy Management Program

Virginia Natural Gas
An AGL Resources Company
Conditions for Annual Scoring

• A UESC is a contract between a Federal agency and a local utility providing energy, water, or sewage services, as well as provision of technical services and/or upfront project financing for energy efficiency, water conservation, and renewable energy investments, allowing Federal agencies to pay for the services over time, either on their utility bill, or through a separate agreement.

• UESCs that meet the criteria prescribed in this memorandum, and follow the guidance prescribed in M-98-13, can receive the same budget scoring treatment as ESPCs. Through this authority, a UESC may be scored on an annual basis if the UESC requires:
  • (1) energy savings performance assurances or guarantees of the savings to be generated by improvements, which must cover the full cost of the Federal investment for the improvements;
  • (2) measurement and verification (M& V) of savings through commissioning and retrocommissioning; and
  • (3) competition or an alternatives analysis as part of the selection process prior to entering into a UESC.
Renewable Generation

III. Procurement

• When entering into ESPC and UESC procurements, unless otherwise exempt, agencies shall adhere to the Federal Acquisition Regulation (FAR), including appropriate application of FAR Pali 8, Required Sources of Supplies and Services and Subpali 23.2, Energy and Water Efficiency and Renewable Energy.

• For an ESPC or UESC that includes onsite energy generation to be scored on an annual basis under this memorandum and M-98-13, the Federal government must retain title to the installed capital goods at the conclusion of the contract. (Lease arrangements, where the Federal government does not retain title, will be scored under the standard leasing scoring rules described in OMB Circular A-II Appendix B, which for capital leases requires that agencies have sufficient resources to cover the full cost of the contract when the contract is signed, rather than applying the scoring exceptions in M-98-13.)

IV. Off-Site Generation or other Arrangements

• This memorandum does not specifically and separately address power purchase agreements (PPAs), and they are not independently covered by the guidance in M-98-13. ESPCs and UESCs are solely for the purpose of achieving energy savings and benefits ancillary to that purpose. To qualify for the scoring on an annual basis covered under this memorandum and M98-13, ESPC and UESC authority may not be used for the long-term purchase of off-site new renewable generation or to build merchant scale power generating facilities on federal land. In advance of award, summaries of all lease arrangements related to power purchase agreements should be submitted to OMB and the Department of Energy Federal Energy Management Program (FEMP), as noted in the OMB-CEQ Memorandum of August 16, 2011, on Supporting, Energy and Sustainability Goal Achievement Through Efficiency and Deployment of Clean Energy Technology (also enclosed).