

## Utility Partnerships Program Overview

The U.S. Department of Energy (DOE) Federal Energy Management Program (FEMP) Utility Partnerships Program fosters effective partnerships between federal agencies and their local serving utility. FEMP works to reduce the cost and environmental impact of the government by advancing energy and water efficiency, promoting the use of renewable and distributed energy, and improving utility management decisions.

Federal energy managers must identify the most cost-effective measures for implementing necessary capital improvements. To address increasing energy demands and environmental concerns, local utility companies are significantly expanding the range of energy saving services and incentive programs offered to customers.

The FEMP Utility Partnerships Program facilitates utility partnerships and utility energy services offered by serving utility companies, including electric, gas, and water. The Utility Partnerships Program also encourages local utility companies to assist

### UESC Quick Facts

Since 1995, close to 2000 UESC projects have been awarded. The projects:

- Are worth over \$3billion.
- Performed infrastructure and equipment upgrades to reduce federal energy and water consumption.
- Saved trillions of BTUs.



The U.S. Army's Fort Rucker used a utility energy service contract to eliminate the use of high cost propane and fuel oil along with traditional and renewable energy conservation measures, the UESC saves over 60,500 MBtu of energy and \$1.4 million each year.

*Photo credit: Fort Rucker.*

agencies in meeting energy efficiency, renewable energy, and water conservation goals.

### Laws and Regulations

The following legislative and executive authorities support contracting for utility services:

**EPACT 1992: Codified as 42 USC 8256 (P.L. 102-486): Incentives for Agencies**

Agencies are authorized and encouraged to participate in utility programs generally available to customers. Agencies may accept utility financial incentives, goods, and services generally available to customers and are encouraged to enter into negotiations with utilities to design cost effective programs to address unique needs of facilities used by the agency.

**National Defense Authorization Act of 2007: Codified as 10 USC 2913 (P.L. 110-3): Energy Savings Contracts and Activities**

Outlines energy savings contracts and related contracts, participation in gas or electric utility programs, acceptance of financial incentives, and agreements with gas or electric utilities for Department of Defense agencies.

**FAR Part 41: Acquisition of Utility Services**

Authorizes the U.S. General Services Administration (GSA) to enter into areawide contracts for use by all federal agencies for the purchase of utility services.

**EISA 2007: Codified as 42 USC 8253 (P.L. 110-140) Section 432: Management of Energy and Water Efficiency in Federal Buildings Section 512: Financing Flexibility**

Authorizes federal agencies to use any combination of appropriated funds and private funding when implementing utility energy service contracts.

**Presidential Memorandum – Implementation of Energy Savings Projects and Performance-Based Contracting for Energy Savings**

Mandates that the federal government shall enter into a minimum of \$2 billion in performance-based contracts in federal building energy efficiency by December 31, 2013. The administration also announced federal agencies will further expand their use of performance-based contracts through 2016.

For more information on federal laws and regulations, visit [energy.gov/eere/femp/laws-and-regulations](http://energy.gov/eere/femp/laws-and-regulations).

## Utility Energy Service Contracts

A utility energy service contract (UESC) is a limited-source contract between a federal agency and serving utility for energy management services, including energy and water efficiency improvements and demand-reduction services.

Federal agencies are often a utility's largest customer. UESCs help utilities improve key customer load profiles, meet efficiency and renewable energy portfolio standards, and provide exemplary customer service. Federal sites benefit from UESCs by meeting federal mandates, resolving specific challenges at the site like replacing aging equipment with new, more energy-efficient equipment, and reducing operating costs.

UESCs provide a streamlined approach for federal agencies to contract for the broad spectrum of energy management services offered by local utilities. The utility partner assesses the opportunities, designs and implements the accepted energy conservation measures, and may provide financing for the project, if desired. The agency repays the utility from appropriations either at acceptance or over time when the projects are financed.

A UESC can be used for any size project and the process has recently become more streamlined with the development of the new UESC Guide, which includes samples and templates of UESC documents. UESCs can be used for a wide array of energy efficiency improvements.

In addition, UESCs can be a means to implement renewable energy projects, including photovoltaics, wind, and geothermal systems.

Implementing projects through UESCs continues to be a major force behind many federal facilities meeting energy management goals. To date, federal agencies have used UESCs to invest approximately \$3 billion in their facilities.

GSA Areawide Contracts are long-term (10 year) government-wide contracts with regulated public utility companies across the U.S. to provide access and ease of ordering and managing your utility service needs. It is important to note that UESC Task Orders may have terms greater than 10 years, up to 25 years. UESC contract terms are on average about 14 years. These contracts and modifications can now be downloaded on GSA's website at [www.gsa.gov/portal/category/100000](http://www.gsa.gov/portal/category/100000).

For more information visit the UESC website at [energy.gov/eere/femp/utility-energy-service-contracts](http://energy.gov/eere/femp/utility-energy-service-contracts).

### Benefits of Using UESCs

#### Agency:

- Can be used for large and small projects
- Leveraging incentives, including financing
- Optimize use of energy and water to meet goals
- Streamline contracting with established source
- Take advantage of utility expertise
- Appropriate for a wide range of projects and facilities, including leased space

#### Utility:

- Increase incentive program impact and participation
- Reduce need for new generation
- Improve system reliability through improved customer load profiles
- Assist federal customer goals
- Meet Public Utility Commission requirements
- Provide exemplary customer service



Naval Undersea Warfare Center Newport, part of Naval Station Newport, sits on the shores of Narragansett Bay in Newport, Rhode Island. Its 189.5 acres support 77 buildings. This project aims to produce annual savings projected at \$1.5 million in estimate energy savings over the life of the project. *Photo credit: U.S. Navy*

## Utility Rebates, Incentive Programs, and Additional Services

### Rebates and Incentives

Most utility companies offer rebates and incentives to their customers to encourage energy efficiency and/or renewable energy projects. These initiatives are increasing, with energy efficiency funding at approximately \$8 billion in 2013. Agencies should always check with their local utility account representative to see if rebates or incentives are available before installing new equipment.

Rebates and incentives represent an important source of project funding for federal agencies. Incentives can include free services, such as facility energy audits, energy-efficient design assistance, discounts, or rebates on energy-efficient equipment. In many cases, the programs can pay for a significant portion of energy efficiency upgrades. Federal statutes authorize and encourage federal agencies to participate in these programs and permit retention at the facility of any rebates or incentives received by the agency.

Utilities promote these programs because energy efficiency is less expensive than and can delay the need for new generation. Incentive programs are usually funded through utility revenues from energy sales approved by public utility commissions. Some incentive programs are funded by legislature-approved statewide surcharge for public benefit funds, systems benefit charges, and state conservation surcharges.

FEMP has started a new Rebate and Incentive Outreach Initiative to help utilities share information on its rebate and incentive programs with their federal customers. Utilities should contact the FEMP Utility Lead, [tracy.niro@ee.doe.com](mailto:tracy.niro@ee.doe.com) for details.

### Demand Response and Load Management Programs

Demand response and load management programs provide incentives to curtail demand during peak energy usage



The National Aeronautics and Space Administration (NASA) used a UESC at the John F. Kennedy Space Center to reduce electricity consumption and save \$440,000 annually.  
Photo credit: iStock/1570255.

periods in response to system reliability or market conditions. Utilities generally offer demand response programs to large consumers of power. Under these programs, a facility agrees to significantly reduce the amount of energy it takes from the utility system when a utility is nearing peak demand, in exchange for payments by the utility. Federal agencies are encouraged to take advantage of these programs, which are another source of project funding.

A state-by-state listing of energy efficiency incentives, rebates, and demand response programs can be found at [energy.gov/eere/femp/energy-incentive-programs](http://energy.gov/eere/femp/energy-incentive-programs).

### Additional Energy Management Programs and Services

Utilities often provide energy management services at low or no cost to the customer, funded by fees included in utility rates. FEMP surveyed its utility partners to identify low or no cost services provided to federal customers. These include:

- Real-time pricing
- Peak savings
- Energy audits

- Technical assistance and/or design review
- Building commissioning
- Rate analysis and load management assistance
- Advanced metering
- Web access to utility account data
- Power quality and reliability assistance.

## FEMP UESC Resources

### Federal Utility Partnership Working Group

The federal Utility Partnership Working Group (FUPWG) meets twice a year. To share success stories, get updates about the FEMP, network, and discuss FUPWG business. The group establishes partnerships and develops strategies to implement cost-effective energy efficiency and water conservation projects through utility incentive programs at federal sites.

FUPWG Seminars are open to all federal agency, utility and ESCO personnel and attendance is typically around 200. Seminar session topics include UESC best practices, UESC case studies and success stories, new technologies and other topics of general interest to federal energy managers and utility representatives.



Additional information and seminar registration details can be found at [energy.gov/eere/femp/federal-utility-partnership-working-group](http://energy.gov/eere/femp/federal-utility-partnership-working-group). The website also contains a utility partner list which includes contact information and information on services provided by each utility which can be found at [energy.gov/eere/femp/federal-utility-partnership-working-group-utility-partners](http://energy.gov/eere/femp/federal-utility-partnership-working-group-utility-partners).

### UESC Training

FEMP offers an ongoing series of workshops and webinars to provide training on the implementation of UESC projects. Please visit the training website at [energy.gov/eere/femp/training](http://energy.gov/eere/femp/training) for more details.

- Advanced UESC Workshop—Two—day workshop focused on completing task orders under the GSA Areawide Contract.
- Federal/Utility Strategic Partnership Meetings: Assist utilities in connecting with their federal customers for training and partnering opportunities.
- Additional trainings include live monthly webinars, on-demand training sessions, and agency-specific workshops and webinars.

### UESC Tools

- UESC Guide: Compilation of samples and templates of UESC documents and checklists to help streamline the UESC process.
- Enabling Documents: Collection of documents that clarify the authority for federal agencies to enter into UESCs.
- Virtual Center of Expertise: Connects project teams with agency, utility, and financing experts who are willing to assist their peers with project implementation.

### Technical Assistance

FEMP provides comprehensive support to guide agencies through the process of implementing UESCs. Direct project support includes assistance in developing contract documents, providing document templates, and building partnerships. FEMP also provides technical reviews of audits, feasibility studies, and proposals to ensure optimal performances.

FEMP provides technical assistance to agencies seeking help accessing state energy-efficiency funds, purchasing renewable power, or implementing a comprehensive energy efficiency or renewable energy plan with local utilities. FEMP also provides direct assistance to agencies wishing to participate in local demand response programs or to access utility rebate and incentive programs.

FEMP helps agencies explore renewable power purchasing options and evaluate on-site renewable power generation options with a comprehensive screening.

FEMP also helps agencies coordinate renewable energy purchases and organizes competitive electricity or renewable energy certificate procurements. This assistance may include solicitation development, publicizing the solicitation, organizing bidder meetings, and evaluating bids. Please contact Tracy Niro at [tracy.niro@ee.doe.gov](mailto:tracy.niro@ee.doe.gov) for additional information regarding technical assistance.



The GSA-owned Ted Weiss federal Building (below) used a UESC to save \$256,000 in annual energy costs through a myriad of energy conservation measures.

*Photo credit: GSA, NREL/PIX 16425*

### UESC Data Collection

FEMP has collected UESC data from federal agencies since 1995, amassing over \$3 billion in investments and almost 2,000 UESC projects. FEMP's Utility Program serves as the federal government's primary source of information on the UESC project funding mechanism. Tracking UESC data allows FEMP to have a better understanding of the current trends and successes in UESC investments. FEMP has developed a template that simplifies the reporting process. Please visit the [FEMP website](http://femp.energy.gov) or contact Pete Heywood at [pheywood@alleghenyst.com](mailto:pheywood@alleghenyst.com) for data collection information.

### FEMP Utility Partnerships Program Contact

Tracy Niro  
202-431-7601  
[tracy.niro@ee.doe.gov](mailto:tracy.niro@ee.doe.gov)