

## Energy Savings Performance Contracts (ESPCs)

Energy savings performance contracts (ESPCs) allow federal agencies to implement energy projects and infrastructure improvements with no up-front capital costs, minimizing the need for Congressional appropriations.

An ESPC is a collaboration between a federal agency and an energy service company (ESCO). The ESCO is a private-sector contractor that – in consultation with the agency - develops, designs, and implements improvements at the project site and provides the money to pay for it. The agency pays the ESCO over the term of the contract out of the energy and energy-related cost savings resulting from the project. The ESCO guarantees the performance of the project that is estimated to generate enough cost savings 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 helps federal agencies manage their energy use and meet energy and water goals. By leveraging private sector financing and ESCO expertise, ESPCs provide multiple benefits, including:



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

- Built-in incentives for ESCOs to provide high-quality equipment, timely services, and thorough project commissioning
- Mission-critical infrastructure repairs, upgrades, and resilience<sup>1</sup> features that pay for themselves over time
- Increased reliability, cybersecurity<sup>2</sup> capacity, and functionality
- Healthier, safer working and living environments

### Flexible, practical contract and procurement processes that ensure your agency achieves its energy-related goals

- Best practices developed over 20 years and over 400 projects
- Templates, schedules, contract review tools, and other resources
- Continuous process improvement to measure persistence of savings
- Ongoing support through the FEMP (Federal Energy Management Program) life-of-contract support

### Expert, objective technical support through assistance from FEMP

- FEMP-provided legal and contracting guidance, project facilitators, experts

on emerging and underutilized technologies, and training for federal agencies

### Smart project management

- Delivers building efficiency improvements and new equipment without upfront capital costs
- Funds energy improvements without relying on special Congressional appropriations
- Guarantees a level of performance estimated to generate enough savings to pay for the project within a 25-year term

### ESPC Quick Facts

Between 1997 and 2020, DOE IDIQ ESPCs leveraged \$7.5 billion in project investment to save more than \$17 billion in total guaranteed energy, water, and energy-related cost savings.

<https://www.energy.gov/eere/femp/awarded-doe-idiq-energy-savings-performance-contract-projects>

<sup>1</sup> <https://www.energy.gov/eere/femp/resilience-planning-and-implementation>

<sup>2</sup> <https://www.energy.gov/eere/femp/cybersecurity-considerations-performance-contracts>



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.

- 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

- Determine whether an ESPC project is feasible and appropriate considering all available procurement vehicles
- Inform on how an agency puts together their acquisition team
- Set up ESPC training tailored to the agency site/facility

### DOE IDIQ Contract

DOE awards indefinite-delivery, indefinite-quantity (IDIQ) ESPC contracts to ESCOs through a competitive procurement process based on their ability to serve federal agencies under terms and conditions outlined in the IDIQ solicitation.

Any ESCO that has been awarded the DOE-FEMP ESPC master IDIQ can do projects for federally owned facilities anywhere in the world. Agencies negotiate, award, and administer task orders under the IDIQs.

### Project Facilitators

Project Facilitators (PFs) guide the acquisition team through the development, award, 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 to:

- Help to ensure that the US Government achieves a technically and financially sound contract in a timely fashion
- Provide expert unbiased advice
- Review key project documents providing technical, engineering, and financial expertise
- Ensure that proper project documentation is achieved to prepare sites and agencies for potential audits

Federal agencies developing DOE ESPC projects may request project facilitator assistance from FEMP. Project Facilitator 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

<https://www.energy.gov/eere/femp/energy-savings-performance-contracts-federal-agencies>

DOE and Qualified ESCOs  
[www.energy.gov/eere/femp/energy-service-companies-0](http://www.energy.gov/eere/femp/energy-service-companies-0)

### Contacts

Click here to contact a FEMP FPE and start a project:

[www.energy.gov/eere/femp/energy-savings-performance-contract-federal-project-executives-0](http://www.energy.gov/eere/femp/energy-savings-performance-contract-federal-project-executives-0)

ESPC Program Manager:  
[Kurmit.rockwell@ee.doe.gov](mailto:Kurmit.rockwell@ee.doe.gov)

### FEMP Assistance and Training

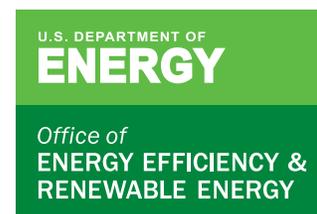
DOE FEMP provides technical assistance and training to federal agencies interested in ESPC projects. This assistance is delivered through Federal Project Executives, Project Facilitators, and an experienced training team.

Several live and on-demand training opportunities are also available. A full listing of FEMP training is posted at <https://www7.eere.energy.gov/femp/training/curriculum-filter/espc-uesc-appropriations-project-development>

### Federal Project Executives

FEMP Federal Project Executives (FPEs) are the agency's primary resource for help with ESPCs. The FPEs can assist with any questions about financing federal energy projects, help agencies get started with their ESPC project, and assist during each ESPC development process. These individuals will explain performance contracting to site personnel and management and help agencies to get started with a project. FEMP FPEs:

- Educate agency staff on third-party financing vehicles



For more information, visit:  
[energy.gov/eere/femp](http://energy.gov/eere/femp)