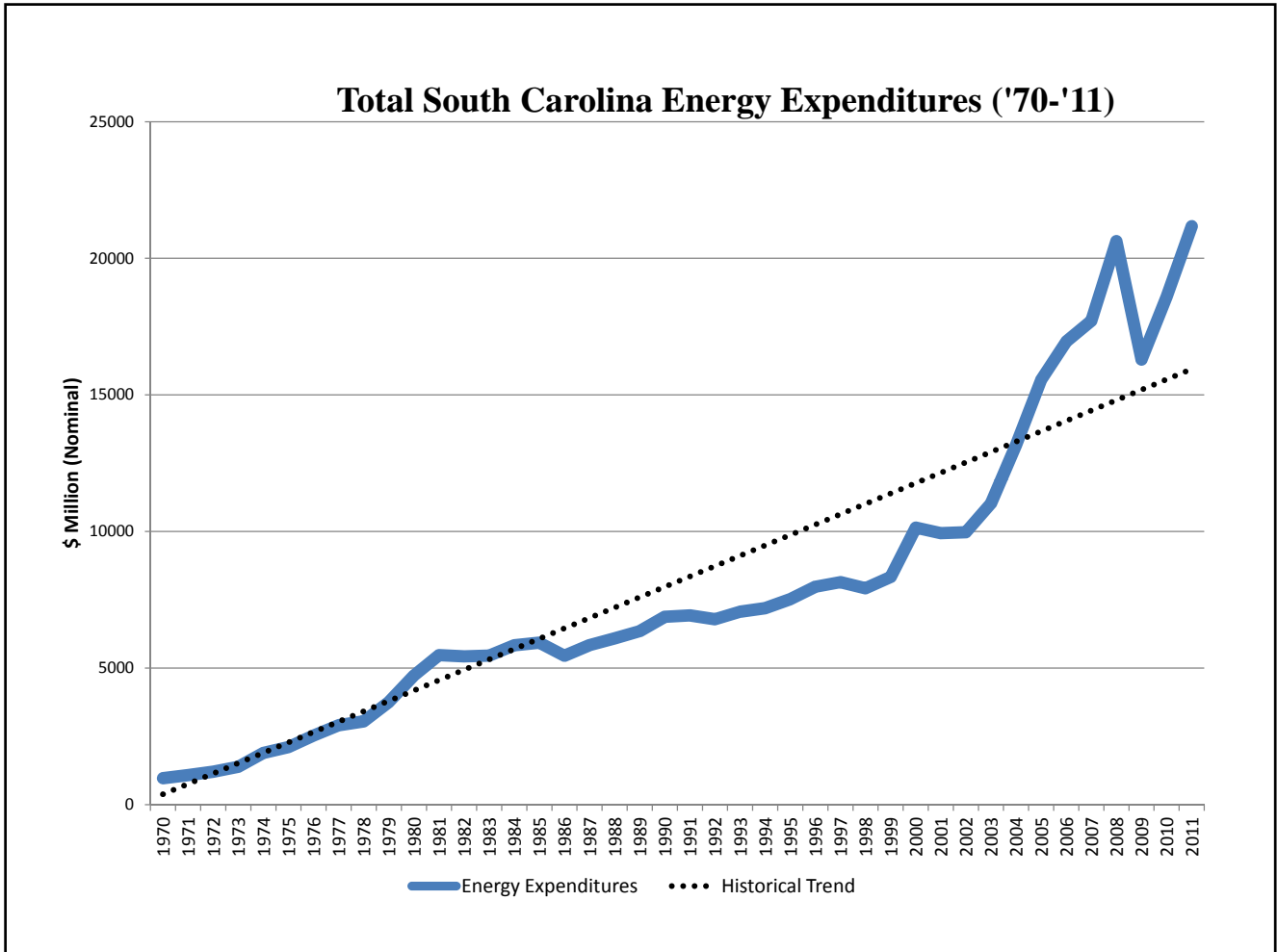


Energy Performance Contracting Workshop

February 13, 2014



Why Are We Here?

Nearly 40% of total U.S. energy consumption in 2012 was consumed in residential and commercial buildings, or about 40 quadrillion British thermal units. (EIA)

Portion of energy in buildings used inefficiently or unnecessarily:
30 percent (EPA)

Organization Type	Average Energy Use per Square Foot (kBTU)		Average Energy Spending per Square Foot (\$)	
	FY2013	2000-2013 % change	FY2013	2000-2013 % change
State Agencies	103	-9%	\$1.74	-3%
Residential Colleges and Universities	113	-21%	\$1.89	+7%
Non-Residential Colleges and Universities	64	-20%	\$1.55	-2%
School Districts	38	-15%	\$1.08	-5%
Total	62	-17%	\$1.34	-3%

Note: These statistics are based on self-reported data submitted by public entities. SCEO makes no representation regarding the accuracy of these data.

"Now, *here*, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

Red Queen to Alice, in Lewis Carroll's
Through the Looking Glass



Definitions

Energy Savings Performance Contracting

“The use of **GUARANTEED** savings from the maintenance and operations budgets as capital to make needed upgrades and modernizations to your building environmental systems, financed over a specified period of time.”

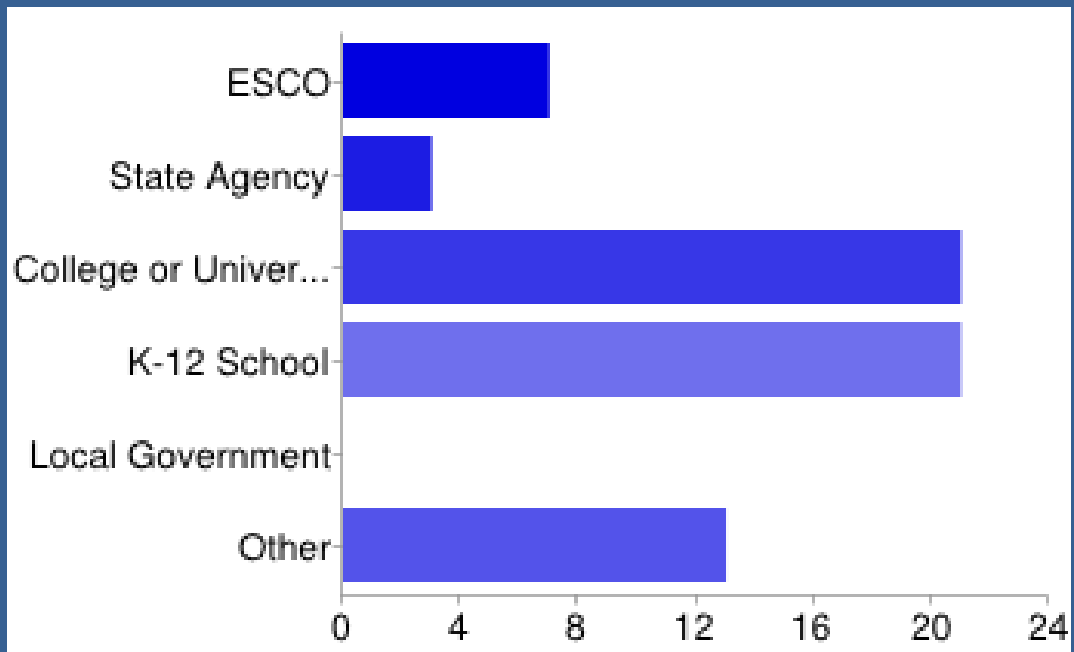
-- US Department of Energy

Jim Ploger, Energy Services Coalition

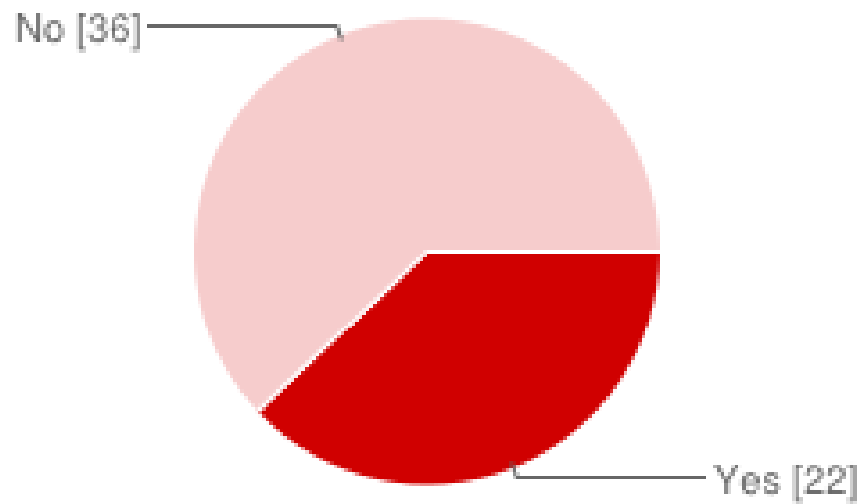
Google Survey

- Sent to approximately 75 participants in the performance contracting workshop
- Received 65 responses
- Sent to ASCEM list, to hear from anyone with opinions who was not able to attend
- Many detailed responses to questions

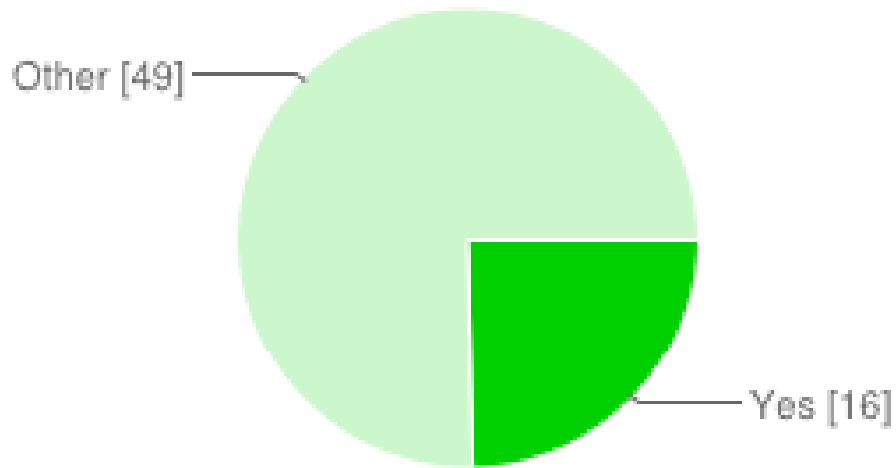
Responses



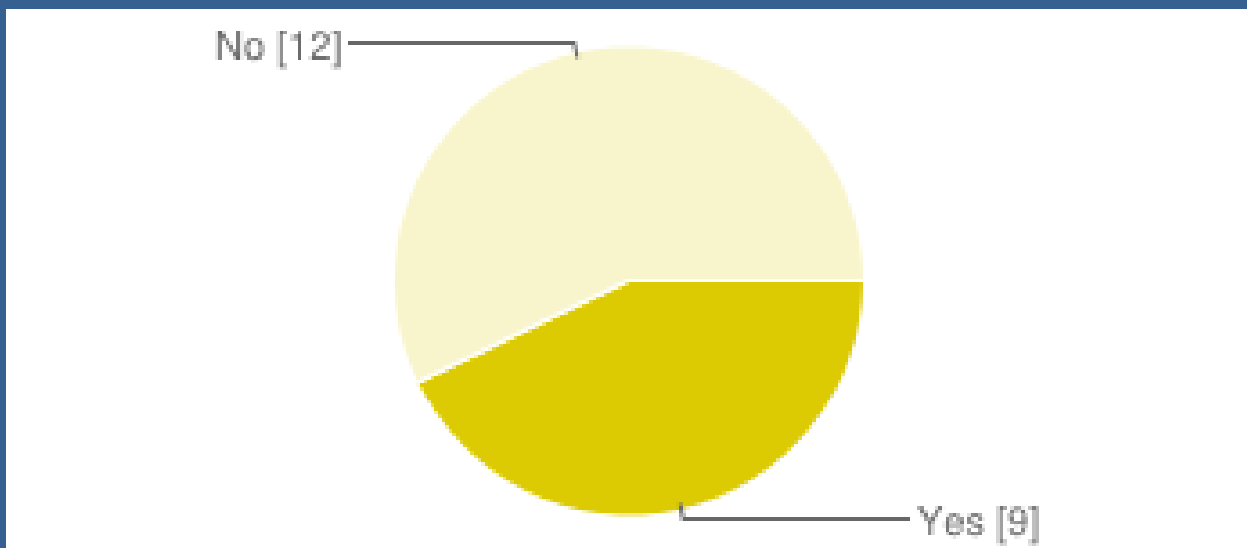
Have you, now or in the past, been party to an Energy Performance Contract in South Carolina?



Did you go through the state procurement process?



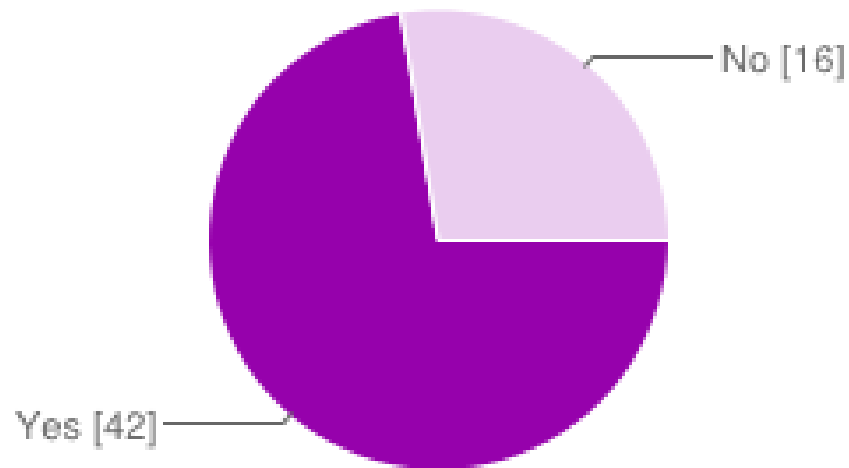
Did any RFPs require offerors to perform a preliminary audit and include those results in their proposal?



How can we help? Select all that would apply

Option	%
Assessments to determine needs	49%
RFP preparation	39%
Measurement and verification	39%
Standard contract documents	35%
Advice about financing	33%
Evaluation of proposals	31%
No help needed	22%

Interested in continuing to meet to discuss Energy Performance Contracting?



SC EPC Steering Committee

Name and Organization	Representing
James Berry, SC Dept. of Mental Health	State Agencies
Keith Byrom, Siemens	ESCO
Paul Cantrell, The Citadel	Higher Education
Delisa Clark, Office of School Facilities	K-12
Bill Crompton, Georgetown Schools	K-12
Ashlie Lancaster, General Services	State Agencies
Larry Landry, Ameresco	ESCO
Kimberly Smith, JCI	ESCO
Brad Van Meter, Trane	ESCO
John St. Clair White, State Engineer	State Engineer

Performance Contracts 101



SC Code of Laws 48-52-670

- Performance Contracting
- An agency may enter into a performance contract with a vendor;
 - financing may be provided by the vendor, internally, or another party;
 - repayment may be made from savings on the agency utility budget

The Performance Contract may include:	
Training Programs	Facility Alteration
Technology Upgrades	Building Insulation
Window Upgrades and Coatings	Energy Control Systems
HVAC Upgrades	Lighting Upgrades
Cogeneration Systems	Energy Recovery Systems
Plumbing Upgrades	Other

Understand the Process

- An agency identifies a problem or need
- It wants to explore entering into a performance contract
- Now what?



Documents Involved



Proposed schedules 801, 810, 821, 830, 860, Appendices A-G, SC consolidated procurement code and regulations, 48-52 of procurement code, 15-30 of RFP process, RFPs, RFQs, Title 2 chapter 7 of Permanent Improvement Project Process, Selection Plan...

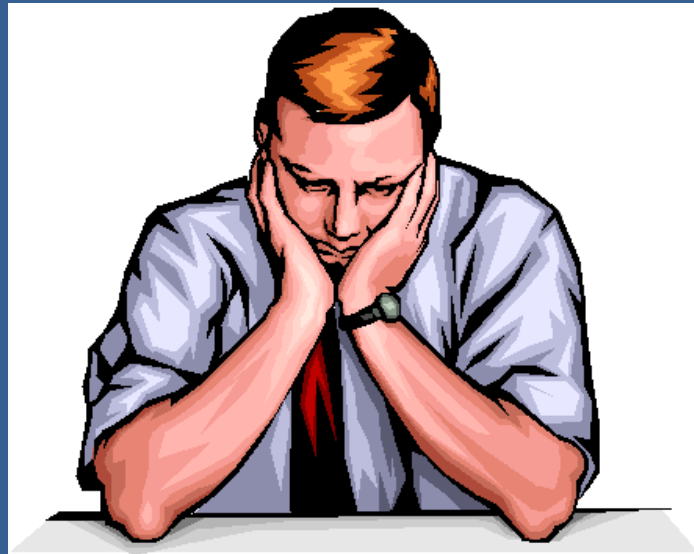
Approvals Involved

- Authority and Review
- Joint Bond Review Committee
- Office of the State Engineer
- Selection Committee
- Procurement Officer



Performance Contracting

- The process can be daunting and complicated
- How do we make it better?



Simple or Complex?

- Step 1 Identify a problem or need
- A. -The solution seems straightforward
 - Project management can be done in-house
 - Financing isn't a problem
 - The project is small in scope or cost
 - Contact SCEO for funding opportunities
 - Go forth and improve

Simple or Complex?

- B. -The solution seems complex or unclear
 - You need project management help
 - Financing is an issue
 - Your organization wants to mitigate risk
 - Think about entering into a Performance Contract

Selection Committee

- Step 2
 - Must have at least 3 voting members
 - OSE appoints the non-voting chair
 - OSE will oversee the process

Selection Plan

- Selection Plan is approved by the Committee
- Explains how the agency will:
 - solicit proposals
 - conduct negotiations
 - evaluate proposals
 - create milestone dates

Document
801

Options

- Step 3
- After the development of the Selection Plan and creation of the Selection Committee, the agency may:
 1. Solicit Request for Qualifications, or
 2. Go straight to RFPs, or
 3. Conduct Pre-proposal meetings followed by RFQ

Request for Qualifications

- assists in creating a short list of applicants to complete a full RFP; can speed the process along
- introduces the firms to the agency

RFQ	
Must be advertised in SCBO	Design requirements and compliance
Financial capacity	Project Schedule
Price and life-cycle costs	Offeror's Qualifications
Any other important factors	

Documents
801
810
821

Pre-Proposal Meeting

- to clarify expectations
- to obtain feedback
- to perform a walkthrough of the facilities
- to assist with timelines

Post-meeting and RFP

- Selection Committee picks 3-5 firms to prepare a RFP
- firms will have access to agency audit/studies or may perform their own audits
- the short list of candidates is announced publically

Request for Proposal

- Step 4
 - must include design requirements
 - must include proposal documents
 - stipends may be paid to unsuccessful bidders if they performed an investment grade audit

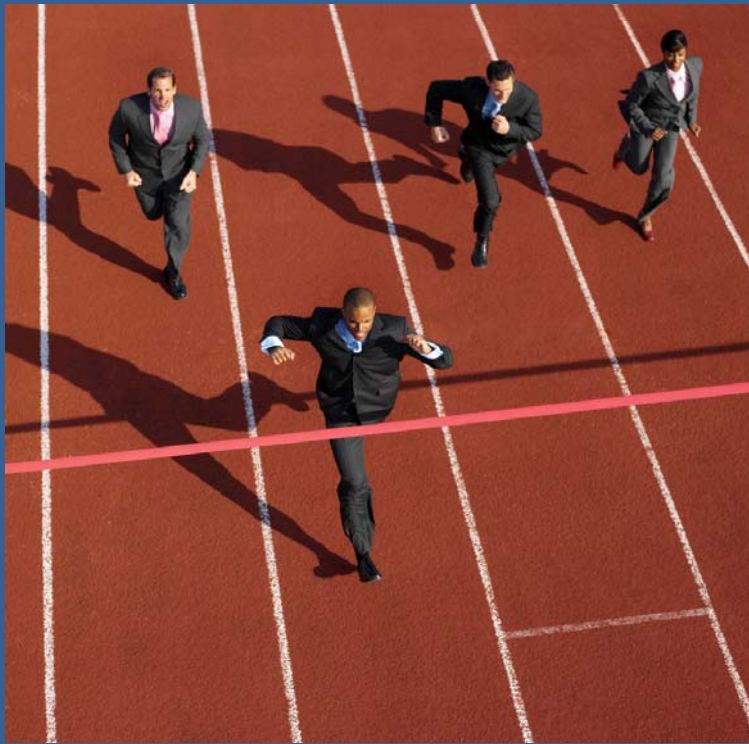
Documents
830
860
Schedules
A-G

Rank, Select, Negotiate

- Step 5
 - Selection Committee follows the Selection Plan and ranks the proposals
 - Procurement Officer begins negotiations
 - Procurement Officer may move down the list if a deal cannot be reached

Documents
860
Schedules
B-G

The contract is prepared



Financing

- State agencies (but not school districts or local governments) must manage financing through the State Treasurer's Office
 - Falls under Master Lease Program
 - Consult Rick Harmon 803-734-2114

Contract Review and Approval

- for state agencies, the Joint Bond Review Committee and Budget and Control Board (successor)
- for colleges/universities, the Commission on Higher Education, JBRC, and B&CB



Experienced Agencies

School Districts	
Anderson 5	Barnwell 29
Barnwell 45	Marion
Orangeburg 5	Richland 2
Spartanburg 3	Spartanburg 7
York 3 (Rock Hill)	
Universities and Colleges	
MUSC	College of Charleston
The Citadel	USC-Columbia
Winthrop	
State Agencies	
Department of Corrections	

Questions or Suggestions?

John White

State Engineer

803-737-0768

jswhite@mmo.sc.gov



Palmetto Energy Efficiency Retrofits (PEER)

- Document and market the value of retrofits
- Remove barriers
 - Energy consultants to assist with needs assessments and assist as needed during preparation of loan applications and/or performance contracting documents
- Measure and benchmark success
- Assisted by an advisory committee

PEER Advisory Committee

Category	Name
Division Of General Services	Ashlie Lancaster, Bobby Banks
Office of the State Engineer	John White
Office of School Facilities	Delisa Clark
ASCEM	Walter Hardin
USGBC-SC	Douglas Rackley
AIA-SC	Adrienne Montare
SC Clean Business Alliance	Clare Morris
Palmetto Green Schools	Alan Hancock
Energy Managers/Agencies	James Berry, Paul Cantrell, Bill Crompton
ESCOs	Rotating among companies
Utility Representatives	Bob Long, Maryann McGowan, Mike Smith