



Energy Savings Performance Contracting



Energy Savings Performance Contracting (ESPC) method is the most cost-effective process for implementing energy upgrades and retrofits. By leveraging utility savings, grants and capital dollars, projects can usually be funded within existing budgets.

The ESPC program also guarantees the total project cost, performance and energy savings before construction starts.

How ESPC works

Every two years, the Energy Program publishes a Request for Proposals (RFQ) to solicit interested energy savings performance contracting firms to participate in our program.

Once a customer agency contracts with our Energy Program, an energy engineer is assigned to help them through the process. They can then select an Energy Service Company (ESCO) from the master list.

DES and the ESCO will complete a free preliminary energy audit of the customer's facility to evaluate possible energy efficiency projects.

Typical projects

- Interior and exterior lighting
- Building control systems
- High efficiency HVAC systems
- Boiler replacements
- Repair/replacement of heating distribution systems
- Wastewater treatment plant improvement
- Renewable energy, and more

The DES Energy Program Project Manager is involved in all aspects of the project from initial meetings to reviewing the measurement and verification report, and all program steps identified below.

10. Project closeout

Once the project is complete and utility inspections have been finalized, a closeout meeting is scheduled (closeout documents, intents and affidavits) (2 - 3 weeks)

The Client pays ESCO and DES for the construction/implementation. Progress payments are made to the ESCO during construction to avoid construction period financing. DES is paid at commencement of energy savings.

9. Construction

The ESCO installs and implements the project efficiency measures. DES provides oversight for the installation and works closely with the Client for on-site coordination of construction activities and provides overall contract administration. (3- 6 months)

8. Prepare contract for the projects

The Client signs a Funding Approval for Construction and Professional Services per the approval ESP. Funding from the Client can come from several sources. Utility incentives are maximized to help reduce overall project costs. The ESCO signs the contract with DES to start the project. (3 - 7 weeks)

7a. Investment Grade Audit

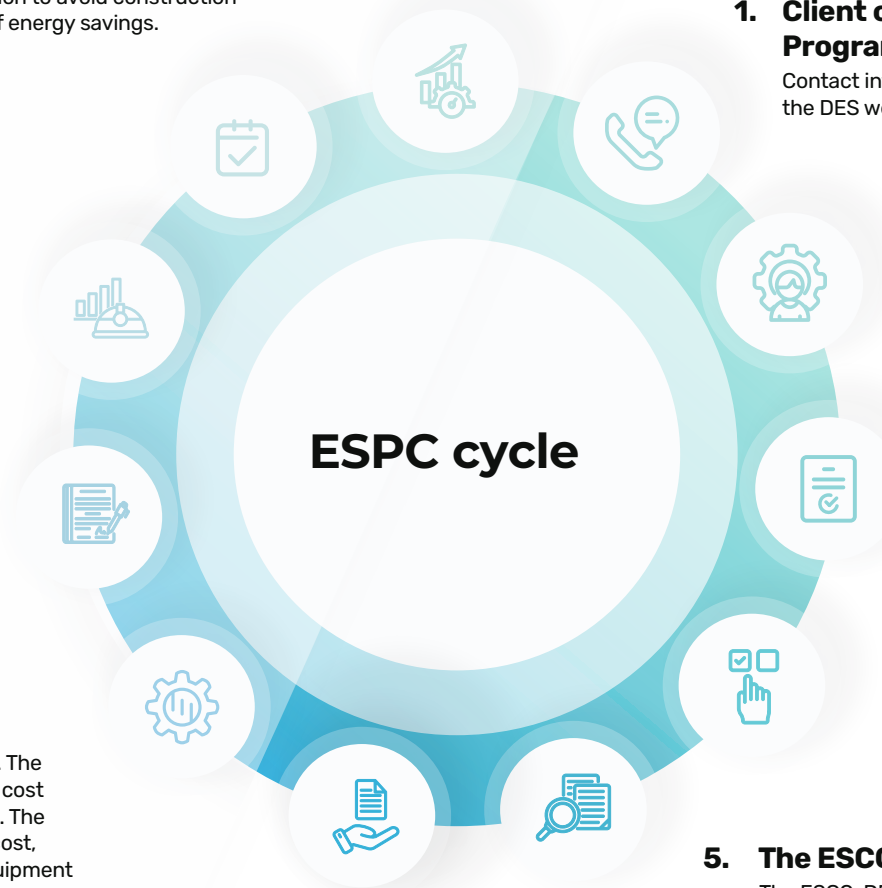
The Client provides funding approval for the IGA. The IGA includes monitoring of equipment, accurate cost estimating and investigation of utility incentives. The IGA includes the guaranteed maximum project cost, guaranteed energy savings, and guaranteed equipment performance. If the IGA does not present projects that meet the cost effectiveness criteria established by the Client, then there is no cost to the Client for the IGA. (2 - 5 months)

b. Energy Services Proposal

The ESCO presents the DES approved IGA to the Client. Client decides which measures to proceed with, and the ESCO develops the ESP for Client and DES approval

11. Measurement and verification (M&V) of savings

M&V is performed by the ESCO and reviewed and approved by DES Energy Program Project Manager to ensure that the guaranteed savings are achieved (13 - 15 months)



1. Client contacts Energy Program (EP) for assistance

Contact information is provided on the DES website at <http://bit.ly/DES-Energy>

2. Assign an Energy Project Manager

The DES Energy Project Manager assigns an Energy Project Manager to work with the Client (1 day)

3. Client & DES sign Interagency Agreement (IAA) with DES EP

This starts out as a no cost agreement generated by DES and used to establish the working relationship between the Client and the DES Energy Program (1 - 2 weeks)

4. The Client selects an Energy Services Company (ESCO)

DES has a list of pre-qualified ESCOs from which the Client makes a selection (1 - 3 weeks)

5. The ESCO performs a Free Preliminary Audit

The ESCO, DES and Client meet to identify which buildings have potential cost effective energy efficiency measures. ESCO presents audit findings to Client and DES. (3 - 6 weeks)

6. Investment Grade Audit Proposal

The ESCO will develop a proposed scope of work to include the systems to be evaluated, completion timelines, and the cost to conduct the investment grade audit (1 - 4 weeks)