

ENERGY SAVINGS PERFORMANCE CONTRACTING (ESPC)

The ESPC Process

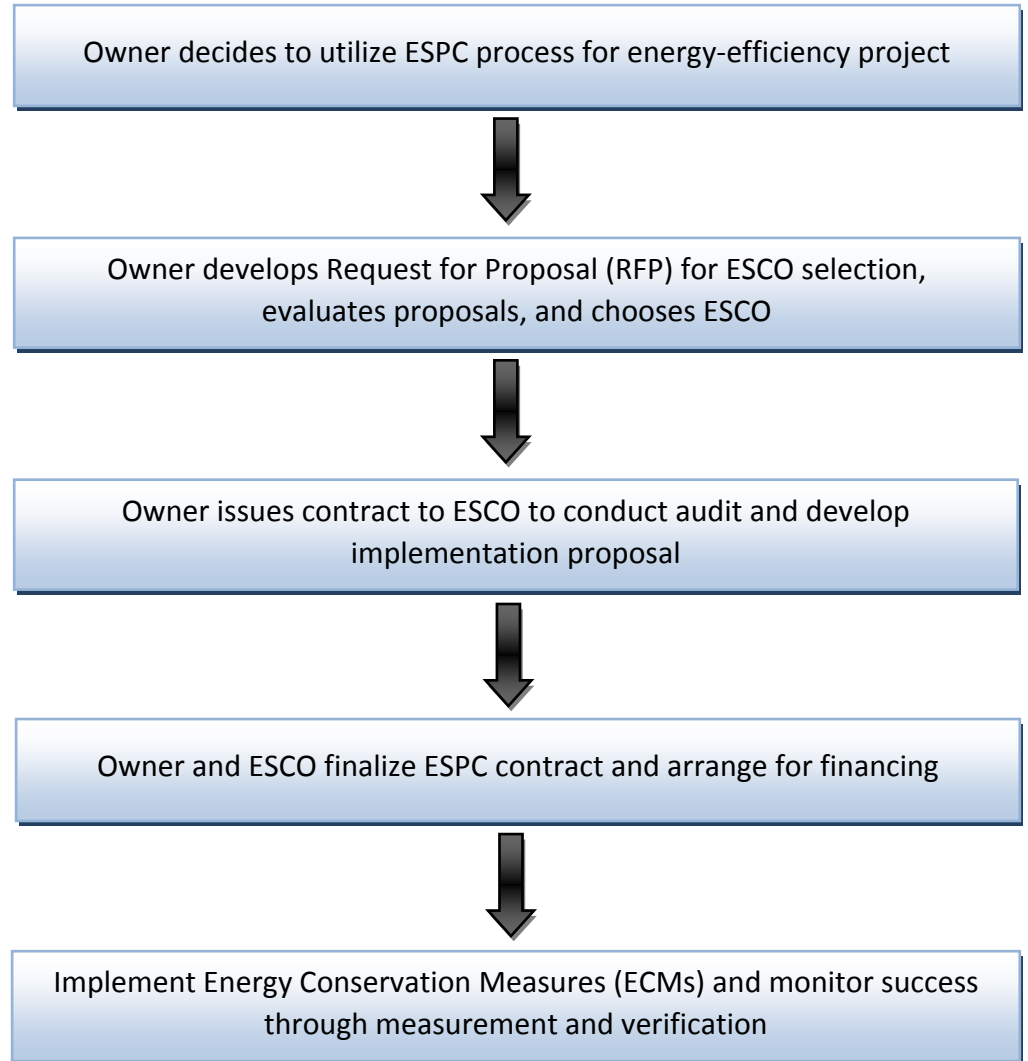
- Looking for ways to maximize and leverage funding?
- Interested in learning more about how to finance your energy conservation measures without any upfront capital costs?

If so, consider Energy Savings Performance Contracting.

ESPC is a financial mechanism used to **pay for today's facility upgrades with tomorrow's energy savings** – without tapping your organization's capital budget.

An ESPC constitutes a partnership between a facility owner and an energy service company (ESCO), and is considered a time and cost-effective method for completing comprehensive energy upgrades.

Major Steps in a Typical ESPC Project



[Turn over the page for more information and a list of resources for each step]

CONTACT THE TECHNICAL ASSISTANCE TEAM

Contact the ESPC Technical Assistance team directly by emailing solutioncenter@ee.doe.gov, or visit the Technical Assistance Center at <https://tac.eecleanenergy.org/>.

VISIT THE SOLUTION CENTER

Access project resources on the web at www1.eere.energy.gov/wip/solutioncenter.

Process Step	Description and Additional Steps	Resources (underlined text is hyperlinked)
Owner decides to utilize ESPC process for energy-efficiency project	<p><i>Determine whether or not ESPC is a good fit for your energy-efficiency projects.</i></p> <ul style="list-style-type: none"> Conduct initial internal stakeholder meeting Define broad project scope (facilities included in project) Determine contract path and method of ESCO selection 	<ul style="list-style-type: none"> DOE EERE Solution Center Energy Savings Performance Contracting page Fact Sheets on Solution Center: “What is Energy Savings Performance Contracting?” and “ESPC Advantages and Opportunities” Energy Services Coalition (ESC) ESPC Resources page
Owner develops Request for Proposal (RFP) for ESCO selection, evaluates proposals and chooses ESCO	<p><i>Check to see if your state has an existing ESPC program. If so, you may be able to leverage existing templates and documents, to save time and streamline the process. In any case, you will need to:</i></p> <ul style="list-style-type: none"> Develop, review and finalize RFP Invite ESCOs to bid and prepare proposals Hold pre-bid meeting and walk-through of facility with ESCO candidates Review bids received and choose an ESCO 	<ul style="list-style-type: none"> List of ESCOs by geographic location at http://www.naesco.org/ List of states with ESPC programs Fact Sheet on Solution Center: “How to Select an ESCO” ESC Model Documents page Description of model ESCO selection process in a state with pre-qualified ESCOs, from ESC (Attachment C to RFP) Sample RFP for a facility owner in a state with no pre-qualified ESCOs, from ESC ESCO Evaluation Sheet, from ESC
Owner issues contract to ESCO to conduct audit and develop implementation proposal	<p><i>The contract should include the terms and conditions for an investment-grade audit (IGA), which will form the foundation for subsequent project execution.</i></p> <ul style="list-style-type: none"> Negotiate IGA and project development agreement with ESCO Provide utility bills (owner) Perform facility audit (ESCO) Review the IGA (owner) Select ECMs to implement (ESCO and owner) ESCO develops implementation proposal 	<ul style="list-style-type: none"> Model document for Technical Energy Audit and Project Proposal Contract, from ESC (Attachment F to RFP)
Owner and ESCO finalize ESPC contract and arrange for financing	<p><i>ESPC contract is negotiated and finalized.</i></p> <ul style="list-style-type: none"> ESCO develops Preliminary Implementation Proposal Negotiate final contract ESCO revises Preliminary Implementation Proposal and makes it Final Implementation Proposal Arrange financing which can be done by the ESCO or secured independently Issue ESPC contract to ESCO for project implementation 	<ul style="list-style-type: none"> Fact Sheets on Solution Center: “The ESP Contract” and “How to Finance an ESPC” Model Energy Performance Contract, from ESC (Attachment G to RFP) Model Financing Solicitation Package, from ESC (Attachment H to RFP)
Implement Energy Conservation Measures (ECMs) and monitor success through measurement and verification	<p><i>After your contract is signed, retrofits are installed. To ensure success, monitor new systems with measurement and verification (M&V).</i></p> <ul style="list-style-type: none"> Install ECMs / retrofits Monitor systems through M&V 	<ul style="list-style-type: none"> Download the IPMVP 2009 M&V protocol: Concepts and Options for Determining Energy and Water Savings Volume I, 2009 FEMP M&V Guidelines: Measurement and Verification for Federal Energy Projects – Version 3.0

