



Empowering you to make
smart energy choices

CT's Standardized Energy-Savings Performance Contracting (ESPC) Program

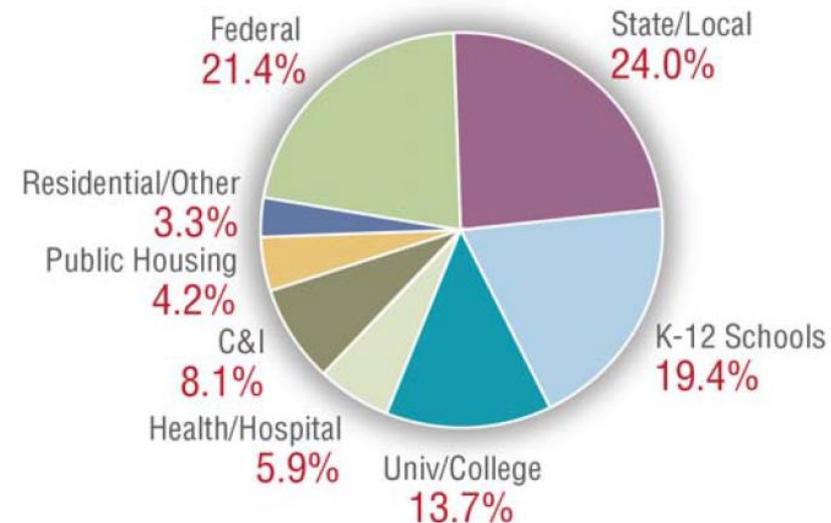
March 2015

Agenda

- What is Energy Savings Performance Contracting?
- How does the CT ESPC program work?
- How would I pay for an ESPC project?
- How do I take first/next step?
- Project Examples in CT

What is ESPC?

- Implementation of energy saving measures, paid for by guaranteed savings from future operating budget
- Approach is over 30 years old, approx. \$4.1 billion market in U.S. in 2013¹
 - “SMUSH” Sector > 50% of ESPC Market



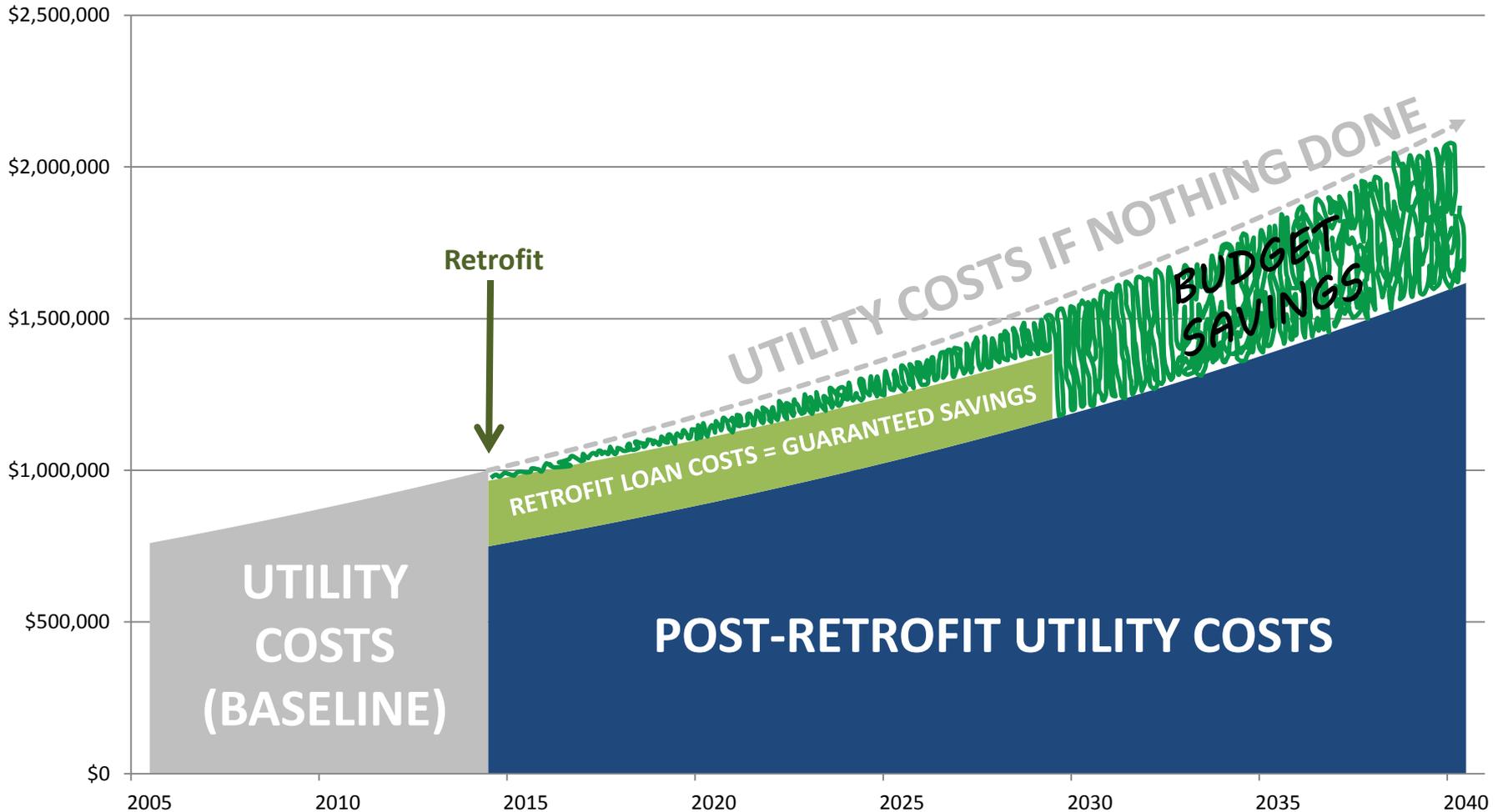
¹ Lawrence Berkeley National Laboratory, “Current Size and Remaining Market Potential of U.S. ESCO Industry”. (Presentation to Energy Services Coalition, August 13, 2013)

Energy Savings Performance Contracting



Energy Savings Performance Contracts repurpose energy inefficiencies to fund infrastructure improvements

ESPC Concept v.2



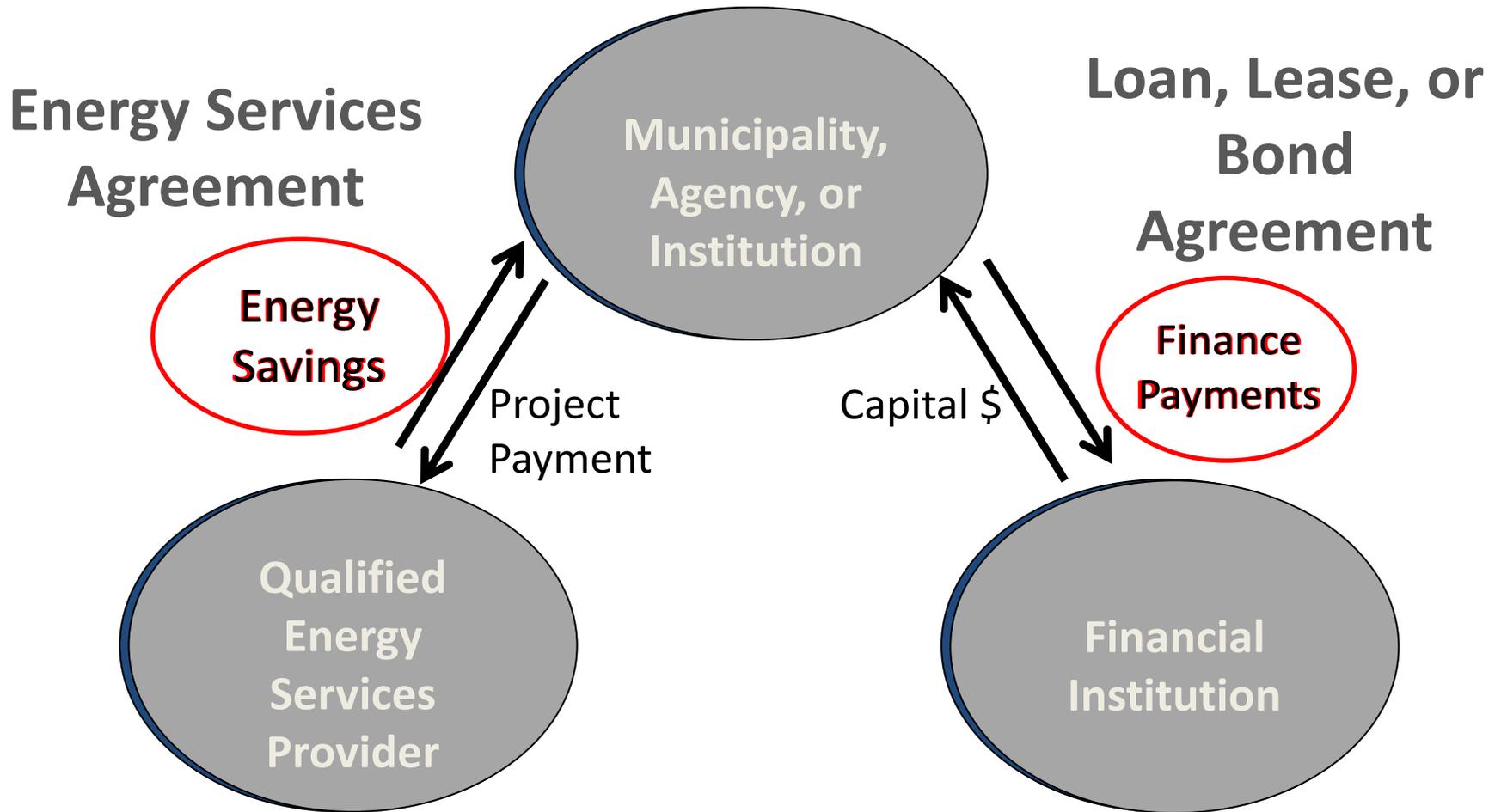
Infrastructure improvements can include:

- Upgrading to high efficiency energy systems
- Stabilizing energy costs, improve budget accuracy



- Addressing deferred maintenance
- Eliminating costly emergency repairs

Energy Savings > Finance Payments



Aggregated Measures Balance Payback

Short Payback



– High Efficiency Lighting



– Optimized energy management systems



– Low flow fixtures

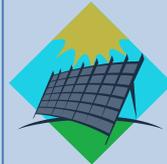
Long Payback



– Advanced HVAC Systems



– Windows and building weatherization



– Renewable energy systems

Many parties benefit

- **City/Agency**

- Opportunity to lower operating costs
- Can finance projects outside of capital budgets
- Address deferred maintenance...fewer complaints

- **Tax/Rate payers**

- Reduced rates
- Increased longevity of infrastructure

- **Societal benefits**

- Improved efficiency, meet GHG reduction or other policy goals
- Job creation

How does the CT ESPC program work?



- Pre-approved, standardized documents and process
 - Required for use by state agencies, including public colleges/universities
 - Available for use by municipalities

- Pre-qualified vendors (QESPs = “ESCOs”)



- Technical Support



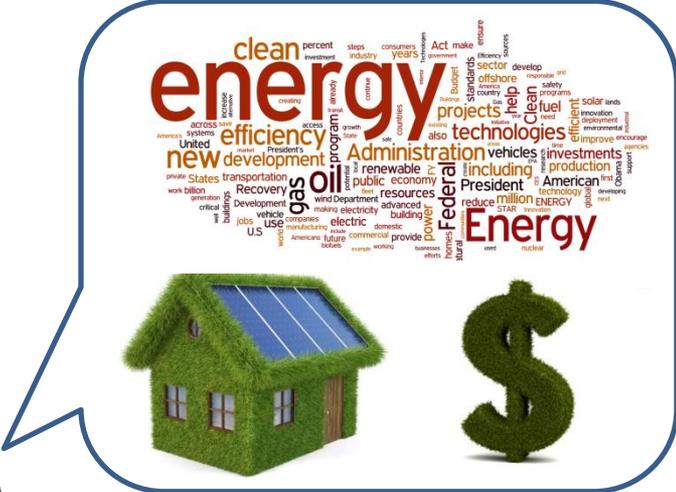
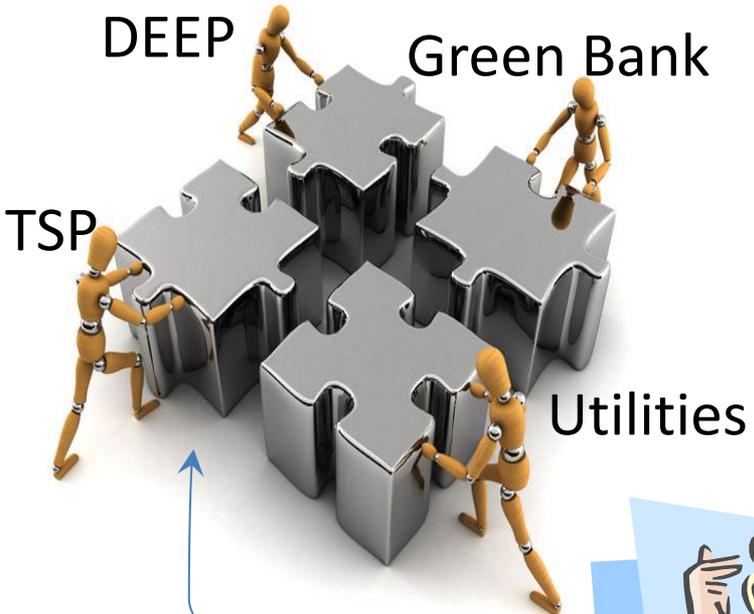
Pre-Qualified Vendors



- 13 Qualified Energy Services Providers (QESPs) are pre-qualified and on State contract



Support Services “Translate” ESPC Lingo



Support Services – Energy Engineering



- Program Manager at DEEP with energy efficiency expertise
- Utilities – Incentives through CT Energy Efficiency Fund
- 3rd party Technical Support Providers (TSP = “Owner’s Rep”)

Support Services - Financing

- Green Bank staff can provide advice and support on financing options, introductions to capital providers and financial institutions
- Tax-exempt municipal lease/loan guidance documents



Typical Financing Methods

- State Agency projects will work with CT Green Bank/OPM to determine if bonds or private capital will be used for financing
- Municipal Bonds or Tax Exempt Lease Purchase (TELP) are most common financing mechanisms for municipal building or K-12 School projects

Performance Contracting Process

Step 1: Select Qualified Energy Services Provider

Step 2: Investment Grade Energy Audit

Step 3: Arrange Financing

Step 4: Finalize ESPC Contract...Construct

Step 5: Measure and Verify

Step 1: Selecting a QESP

1a. Reach out to DEEP/CEFIA

1b. Prepare Technical Facility Profile

1c. Issue Letter of Interest

1d. Issue RFP for Feasibility Studies

1e. Select QESP

1f. Contract QESP for IGEA



First Projects under CT ESPC Program



**Connecticut Valley Hospital –
IGEA phase**



**Dept of Corrections –
IGEA phase**



**City of Bristol –
IGEA phase**



**Dept of Motor Vehicles -
IGEA phase**



**UConn: Storrs & Health Center
– Selecting QESPs**



**Town of Enfield –
IGEA phase**



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Program Website:

www.energizect.com/esp