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 2013\(^1\)
  - “SMUSH” Sector > 50% of ESPC Market

Energy Savings Performance Contracting

Energy Savings Performance Contracts repurpose energy inefficiencies to fund infrastructure improvements.
ESPC Concept v.2

POST-RETROFIT UTILITY COSTS

RETROFIT LOAN COSTS = GUARANTEED SAVINGS

UTILITY COSTS IF NOTHING DONE

BUDGET SAVINGS

UTILITY COSTS (BASELINE)

POST-RETROFIT UTILITY COSTS
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

Energy Services Agreement

Municipality, Agency, or Institution

Loan, Lease, or Bond Agreement

Qualified Energy Services Provider

Energy Savings

Project Payment

Capital $

Finance Payments

Financial Institution
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

Aggregate Payback <15 years
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

DEEP

Green Bank

TSP

Utilities

energize CONNECTICUT
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
Program Website:

www.energizect.com/espc