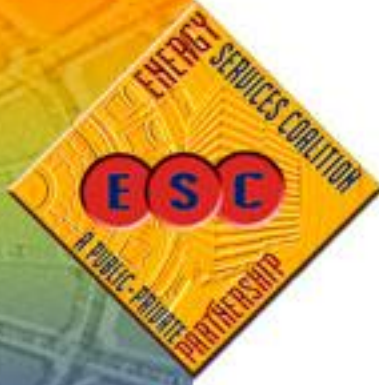




The Role of the Third Party Consultant (Owner's Rep) in ESPC

**6th Annual Market
Transformation Conference
August 11, 2017
Green Valley Ranch Resort & Spa,
Henderson, NV**

Evolution of Owner's Rep Role



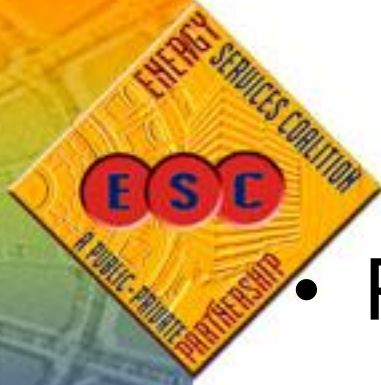
Late 1990s

- Federal and State ESPC programs finding a high level of dissatisfaction and distrust of claimed results with ESPC projects.
- USDOE/NREL and a few states begin utilizing third-party ESPC consultants to facilitate their ESPC programs and processes to improve the credibility of, and hence, the confidence in ESPC.
- Work to review/improve overall programs as well as directly with ESPC participating jurisdictions as “Owner’s Advocate”.
 - Immediate improvement

Since and Presently

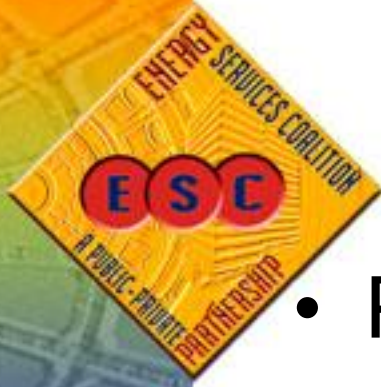
- Because of the growing success of using third-party ESPC consultants, Fed and State ESPC programs expand the use of qualified third-party ESPC consultants.

What is an ESPC 3rd Party Consultant?



- Program level
 - Some third-party ESPC consultants consult directly with states' ESPC program's administrator office to develop and implement ESPC programs from scratch or to review and provide existing program and process improvements.
 - Review/improve ESPC legislation
 - Review/improve ESPC processes
 - Review/improve ESPC documents

What is an ESPC 3rd Party Consultant?



- Project Level

- The ESPC participants’ “Independent” advocate in technical, contractual, and financial aspects of ESPC project
- Assist Agencies throughout ESPC process
- Qualifications
 - Should be very experienced in EE/ESPC, preferably a PE and/or CEM not a “dabbler”
 - Should **not** be doing work for ESCOs
 - **MUST** possess strong people and negotiating skills.
 - Friendly, fair, firm
 - Have respectful, professional relationships with ESCO community

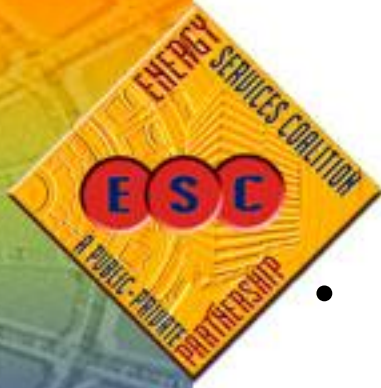
What is an ESPC 3rd Party Consultant?



- **Project Level**

- Fees paid by customer or program to avoid conflict of interest
- Under some State programs, project financing will reimburse Agency for costs
- In others, third-party consultants are hired under state or ESPC participant's internal budgets.

3rd Party Consultant's Main Tasks

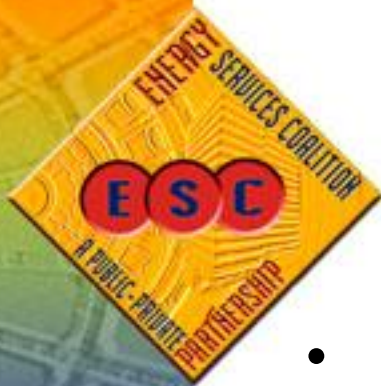


- **Pre-development and Development Phase**
 - Provide outreach services as requested by program office.
 - Help build the Project Team, educate members
 - Pre-qualify the deal prior to procurement
 - Assist in preparation and issuance of RFP
 - Assist in review of ESCO responses & selection
 - Assist in execution of Investment Grade Audit agreement (# of bldgs., schedule, etc.)
 - Oversee IGA development, review savings, costs, M&V
 - Assist “Champion” with Intra-Agency approvals
 - Assist in finalizing Energy Services Agreement (ESA) Schedules prior to “Board” approvals

3rd Party Consultant's Main Tasks



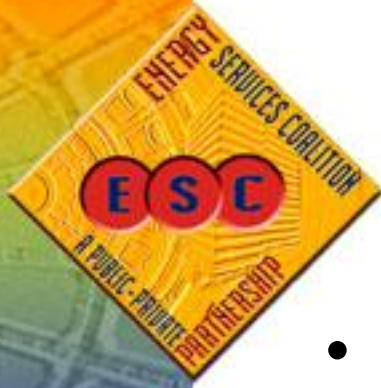
- **Construction, Commissioning (Cx), Acceptance Phase**
 - Review ESCO designs, equipment specifications, installation plans for compliance with IGA/ESA if requested.
 - Review commissioning, O&M, M&V, training plans
 - Witness M&V and commissioning activities and final reports if requested.



3rd Party Consultant's Main Tasks

- **Performance Period Phase**
 - Ensure contractual measurement and verification guidelines are met
 - Review Post-Installation and annual M&V reports
 - Assist customer in understanding M&V report results
 - If requested by customer, ensure energy data is input into eProject Builder
- **Take-aways for a Third-party Consultant:**
 - Risk Mitigation Specialist
 - Helps level the playing field between the ESCO and the owner
 - ***Process must be Win/Win for Agency & ESCO or everyone loses***
 - Never let speed overrule due diligence

How are 3rd Party Consultant's hired?



- **Various procurement processes**
 - Competitive RFP/Q for single Third-party Consultant to represent a state administered program
 - TPC company provides all consulting to state program development and all ESPC participants at no cost to participants
 - State develops a list of prequalified TPCs that agencies may choose from

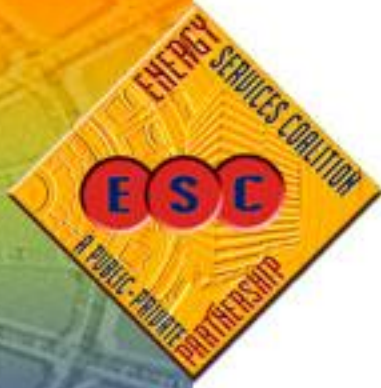


Hiring a Third Party Consultant in Nevada

- According to NRS 333A.086, state agencies “*shall retain the professional services of a third-party consultant*”
- State Purchasing created a list of four pre-qualified consultants, through an RFP in Fall of 2014.
- The RFP will be conducted again in Fall of 2018.
- Local government “*may enter into a contract with the Office of Energy or retain the professional services of a third-party consultant*” for the proposal phase.
- Locals “*...shall enter into a contract...*” when “*reviewing the operating cost-savings measures proposed*”. Audit phase.

Thank you for your time...

QUESTIONS?



Peter Berger

Guaranteed Energy Savings Program Manager
Minnesota Department of Commerce/Division of Energy Resources
651-539-1850
peter.berger@state.mn.us

John Canfield

President
Trident Energy Services, Inc.
303-247-0193
jfcanfield@tridentenergy.com

Christopher F. Halpin, PE, CEM, CMVP, LEED AP

President
Celtic Energy, Inc.
(860) 328-0535 mobile
chris@celticenergy.com

Kelly Thomas

Energy Program Manager
Nevada Governor's Office of Energy
(775) 687-1850 Ext. 7357
kxthomas@energy.nv.gov