

Overview of Performance Contracting in the Southwest

Successes, relevant policies, challenges & opportunities

6th Annual Marketing Transformation Conference

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Nevada Representative



The Southwest Energy Efficiency Project



- Non-profit organization with a 15 year track record
- Works on utility, building efficiency, transportation and industrial policy programs
- Works closely with state and local governments, energy efficiency businesses, utility companies, and other clean energy advocates
- Funding provided mainly by charitable foundations, U.S. DOE, and business allies



Still Huge Energy Savings Potential

ENERGY EFFICIENCY IN
THE SOUTHWEST REGION:

THE ROAD TO
ENORMOUS
BENEFITS



Source: Southwest Energy Efficiency
Project

Actual photo of Tom Polikalas after he was notified he was to address the topic of Performance Contracting in Southwest states.



Performance Contracting

**The most economical
way to save taxpayer
dollars and create
jobs is closer than you
might think.**





Colorado: A High Degree of Achievement in Performance Contracting

(Special thanks to the Colorado Office of Energy!)

SUCCESS STORY! Tremendous State support for Performance Contracting:

- **Energy Office provides state and local public jurisdiction with 3rd party technical support with our two in house engineers.**
- **Colorado Energy Office, in partnership with the Office of the State Architect have curated and maintain standardized Investment Grade Audit and Energy Performance Contract template documents.**
- **Colorado Energy Office curates and maintains a set of Measurement and Verification guidelines that meet or exceed FEMP guidelines for M&V and tailor the requirements to CO statute.**
- **Colorado Energy Office maintains a list of "Pre-Qualified" Energy Service Companies (ESCOs) who have demonstrated their capabilities and abide by programmatic guidelines (List to be renewed in 2018)**
- **Program matches well with ESCO key elements and best practices**

- **MORE GOOD NEWS/POLICY CHANGE: Enabling legislation passed to provide for water efficiency measures**

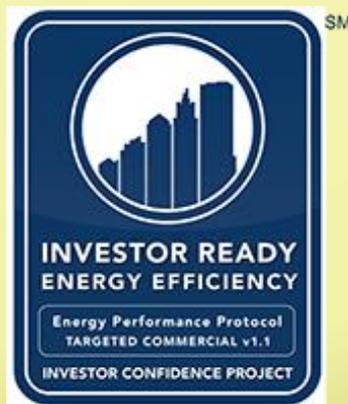


Colorado: A High Degree of Achievement in Performance Contracting

(Special thanks to the Colorado Office of Energy!)

SUCCESS STORY! MORE GOOD NEWS/POLICIES:

- **Enabling legislation passed to provide for water efficiency measures**
- **Strong C-PACE program**
- **Robust utility incentives for commercial buildings**





Colorado: A High Degree of Achievement in Performance Contracting

(Special thanks to the Colorado State Office of Energy!)

PUBLIC SECTOR EPC PROGRAM RESULTS as of June 30, 2017

Facility investments	GUARANTEED ANNUAL UTILITY SAVINGS	ENERGY + WATER CONSERVATION MEASURES
\$546,416,348		
Executed projects 199		
Public clients 145	Electricity (kWh) 180.6 million	HVAC improvements
State agencies 8/18	Natural gas, propane, heating oil & coal (therms) 9.9 million	Boiler replacements
Higher education 18/26	Water (kgal) 506,189	Pumps, fans & drivers
Counties 23/64	Utility cost savings \$32.8 million	Equipment controls
School districts 55/179	Operations & maintenance (O&M) cost savings \$2.8 million	Lighting fixtures & controls
Municipalities 32/271		Occupancy sensors
Special districts 9/?		Operations & scheduling
Public buildings 2525		Building envelope improvements
Square feet improved 80.6 million sf		Water efficiency (low flow fixtures, irrigation, evapotranspiration & cooling tower controls, ice machine & laundry conversions, pool covers, valve replacements)
<i>Office space, schools, housing, libraries, jails, hospitals, street lighting, water & wastewater facilities, swimming pools, ball fields</i>		Street & traffic lights
		Renewable energy installations



New Mexico: Land of Enchanting Levels of Performance Contracting

SUCSESSES/STRENGTHS:

- **Strong State Energy Office support and promotion**
- **\$82+ Million invested in Performance Contracting; \$41 per capita**
- **200 buildings across 13 institutions and 8.6 million square feet.**
- **Many educational facilities success stories**
- **Seven companies out of the eleven applicants were approved for direct contracting by any state and local governmental agency**
- **Water retrofits included in enabling legislation**
- **Utility rebates for commercial building efficiency measures**
- **Active ESC Chapter**

Challenges/Opportunities:

- **High oil prices had generated revenue to fund energy retrofits in State buildings; the current price of oil should produce pressure to look for alternatives such as Performance Contracting**
- **No Commercial PACE legislation**



Arizona: A Grand Canyon of Opportunity in Performance Contracting. “Ditat Deus”

SUCSESSES:

- \$323,732,433 invested in Energy Performance Contracts; \$50.65 per capita
- Leadership at Municipal Level-City of Tucson noted
- A number of excellent State and local government project successes.
- State Policy of an EERS helped produce strong utility rebate programs
- A list of thirteen prequalified ESCOs is maintained, which state agencies are required to use. K-12 schools, cities, towns and counties may use the list.
- ESC Arizona Chapter

Challenges/Policies:

- Absence of State Energy Office
- No Commercial PACE legislation
- Some utilities’ incentives are not funded to a level to meet all demand for commercial building rebates
- Legislative prohibition of mandatory energy use benchmarking for commercial buildings
- *Neither the ESC Chapter or the State has an awards program to recognize outstanding projects—noted as an example that most states need to increase public awareness of the benefits of Performance Contracting and energy efficiency in general*



Arizona: A Grand Canyon of Opportunity in Performance Contracting. “Ditat Deus”

Tens of Millions in Successful Performance Contracting Projects!

- **Chino Valley School District** initiated a contract in 2012. Savings have increased each year. John Scholl, support services director, said the deals are saving money with energy saved, plus the updated heating, ventilation and air-conditioning systems save money on maintenance.
- **Scottsdale Unified School District** has entered into several contracts for different schools in the district and the savings are allowing the district to pay off upgrades early and direct funds back to the classrooms.
- **Marana Unified School District** has done \$13.5 million in contracts, using Recovery Act grants for some of the work.
- **Pinal County entered** its first contract in 1999 and now has 29 facilities under contract, saving a total of more than \$600,000 a year.
- **Arizona State University, University of Arizona and Northern Arizona University all have contracts. ASU saves 29 percent on energy annually, or \$5 million a year.**
- In 2010 the **Department of Corrections completed a \$5 million contract** for energy and water measures at its Tucson complex. During the first year after installation, electricity consumption fell by 18 percent, a \$230,000-a-year savings.

The screenshot shows the Arizona Chapter website. At the top, there is a navigation bar with links for ABOUT, MEMBERS, NEWS, EVENTS, and RESOURCES. Below this is a search bar. The main content area is titled "ARIZONA CHAPTER" and features a "Case Study Database" section. This section includes a list of case studies with bullet points: "Luke AFB", "Luke AFB, AZ", "Luke AFB MOD 1", "Luke AFB, AZ", "The City of Glendale, AZ Reaches Lighting Performance Benchmark with Help From ECOM", "Glendale, AZ - RCOM", "VA Medical Center CYAN 131 Tucson", and "Tucson, AZ - Johnson Controls Government Systems, LLC". A "Quick Links" section is visible at the bottom of the page, containing links for ABOUT, MEMBERS, NEWS, and RESOURCES.



Utah: Jazzing Up the appeal of performance contracting

SUCCESSSES/STRENGTHS:

- A strong track record of success--\$165,195,000 Million in projects as of a few years ago
- \$63+ million at the University of Utah alone (Go Utes!)
- Municipal Leadership: Orem's \$6.7 million project expected to save @\$893,000/year
- Utah's legislation allows for a scope of work that includes all measures that pay for themselves in energy savings and was amended in 2015 to include alternative fuel vehicles and infrastructure—good news for Electric Vehicles in fleets?!
- Pre-qualified provider list
- State Facility Energy Efficiency Fund (\$3.6+ million to start-oil stripper well violation)
- ESC Chapter re-launched April, 2016.

Opportunity: City of Ogden RFP deadline is 8-17-2017

CHALLENGES:

- Limited State agency support
- The ESC Chapter does not have an awards program to recognize outstanding projects
- Changes to RMP's commercial building incentives/rebates?



Equal Rights for Performance Contracting

(I didn't know Wyoming's state motto was "Equal Rights" until yesterday, thought about "Old Faithful"...)

SUCSESSES/STRENGTHS:

- **\$13,000,000 invested in Performance Contracts; \$23.06 per capita**
- **Some State support through State of Wyoming's Economic Development Agency**
- **Some co-funding of energy audits**
- **Private sector support on model contracts through the Wyoming Business Council**
- **Rocky Mountain Power commercial energy rebates**
- **Pre-qualified provider list**
- **ESC Chapter re-launched April, 2016.**

CHALLENGES:

- **Limited State agency support**
- **The ESC Chapter does not have an awards program to recognize outstanding projects**
- **Changes to RMP's commercial building incentives/rebates?**



Nevada: Time to Double Down on Performance Contracting

SUCSESSES/STRENGTHS:

- **\$207,974,203 invested in Energy Performance Contracts; \$77.01 per capita**
- **Strong State Energy Office support and promotion**
- **State Performance Contract Audit Assistance Program (PCAAP)**
- **Prequalified list of contractors**
- **Examples of successful Performance Contracting—City of Reno, Carson City, schools**
- **C-PACE enabling legislation just passed (thank you Tim Farkas, Ameresco!)**
- **Cities of Las Vegas and Reno are looking to implement C-PACE**
- **Good electric utility rebates for commercial building efficiency measures**
- **New legislation passed in 2017 should increase emphasis on energy efficiency in public utility commission proceedings**
- **Other financing tools emerging from 2017 legislation—energy loan fund**
- **Active ESC Chapter**
- **Momentum in legislature trending to benefit clean energy tech, engagement by stakeholders produced substantial policy changes**

CHALLENGES:

“Energy Choice” initiative could substantially disrupt utility DSM and EE programs



WESTERN
RESOURCE
ADVOCATES

PROTECTING THE WEST'S LAND, AIR, AND WATER



TAPPING THE POWER OF THE MARKET

Energy Savings, Water Conservation, and
New Revenue Streams Through Performance
Contracting in the Colorado River Basin States

Suggested takeaways from reviewing Southwest States' Performance Contracting:

- 1) Ongoing need to better publicize the success and concept of PC
- 2) Build alliances of stakeholders
- 3) (WRA example at left) to educate policymakers and public
- 4) Promote and publicize the economic and other benefits of energy and water efficiency to all audiences—public, media, government, business
- 5) Create greater demand for Performance Contracting

Thank you!

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Resources available online at:

www.swenergy.org