

NAESCo Federal Market Workshop



“Potential for Energy Efficiency Improvements at Federal Facilities”

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American Recovery &
Reinvestment Act of
2009

Discussion Topics

- Stimulus Package Potential
- Impacts to Existing Financing Programs
- Meeting Federal Efficiency Mandates
- Challenges For Civilian Agencies
- GSA & DOD Use of Funds to Modernize & Green Buildings
- Key Priorities for Federal Managers
- Industry Opportunities & Challenges

Stimulus Package Potential

- Unprecedented attention on Energy Efficiency and Renewable Energy
- Significant funding for Federal Agencies:
 - DOD examples with “...and invest in energy efficiency of DOD facilities”:
 - Army \$1.47 Billion in Operations & Maintenance
 - Navy \$ 657 Million “
 - Marine \$113 Million “
 - Air Force \$1.095 Billion “
 - GSA - \$4.5 Million “to convert GSA bldgs into High Performance Green Bldgs”
 - DOI - \$1.17 Billion “construction, reconstruction..., including energy efficient retrofits”
 - VA - \$1 Billion for “non-recurring maintenance, including energy projects”
- Multiplier effect if funds are leveraged with Financing Programs
- Potential for implementing renewable energy and other long-payback measures

INDUSTRY CHALLENGE

Convincing Federal Managers to leverage Stimulus Funds

Impacts to Existing Financing Programs

- ESPC & UESC use may decline
 - Historically used when funding not available
 - Long development time (12-18 months for ESPC) doesn't address immediate stimulus goals
 - Federal managers familiar with appropriated funding
- ESPC & UESC projects could become significantly bigger
 - Leveraging stimulus funds creates bigger, more comprehensive projects
 - EISA '07 and Executive Orders allow for use of buy-down money to projects
 - Projects could include more renewable energy and other long-payback efficiency measures
- Either scenario may draw needed attention to Federal Financing Programs

Challenges for Civilian Agencies

■ Have's

- GSA – major funding, focused on “High Performance Green Buildings”
- VA – significant funding for “non-recurring maintenance, including energy projects”
- DOI – funding for “construction, repair, and deferred maintenance”

Challenges:

- Procurement methods for quick implementation
- Meeting energy reduction goals
- Adhering to other requirements such as Sec. 432, transparency, etc.

■ Have Nots

- DOE - some funding for cleanup
- Commerce, Labor, Others – small amount of funding
- Challenges
 - Other funding approaches (financing programs)
 - Meeting energy reduction goals

Meeting Federal Efficiency Mandates

Short term impacts:

- Major increase in efficiency retrofits
- Allows Federal Agencies to meet or exceed goals
- May create false sense of mission accomplished

Will Sec. 432 requirement be met? (M&V)

Longer term impacts:

- Slow down in efficiency retrofits resulting from “low hanging fruit” implemented
- Federal Agencies not meeting goals
- Significant challenges for long-payback efficiency upgrades

*Efficiency Industry may need to create new approaches
to help Federal Agencies meet long term goals*

GSA & DOD Use of Funding for Goals

GSA:

- \$4.5 Billion for High Performance Green buildings

DOD:

- Army, Navy, Marine Corps, Air Force, Army Reserve, Navy, Air National Guard
- Approx. \$3.5 Billion for Operations & Maintenance, including “invest in energy efficiency of DOD facilities”

Major Questions

- How much of funding will be invested in energy efficiency?
- What procurement methods will be used for deployment?
- Will requirements of Sec. 432 apply?

Key Priorities for Federal Managers

- Fast Implementation
- Procurement methods
- Meeting Energy Reduction Goals
- Required transparency
- Fundamental Facility Needs:
 - Mission critical
 - Management goals
 - Personal goals

Industry Opportunities & Challenges

Opportunities:

- Attention for energy efficiency
- Significant potential for efficiency retrofits & renewable energy
- Major impacts to help Federal Facilities meet or exceed goals
- Potential to create new, innovate approaches

Challenges:

- Convincing Federal Managers to leverage funds
- Competent resources to meet federal demands
- Slow down in current programs (need to shift resources)
- Ensuring projects meet government requirements (strong governance)

Questions

