



Assessing the Federal Commitment to ESPC's (Part II)

NAESCO Federal Market Workshop

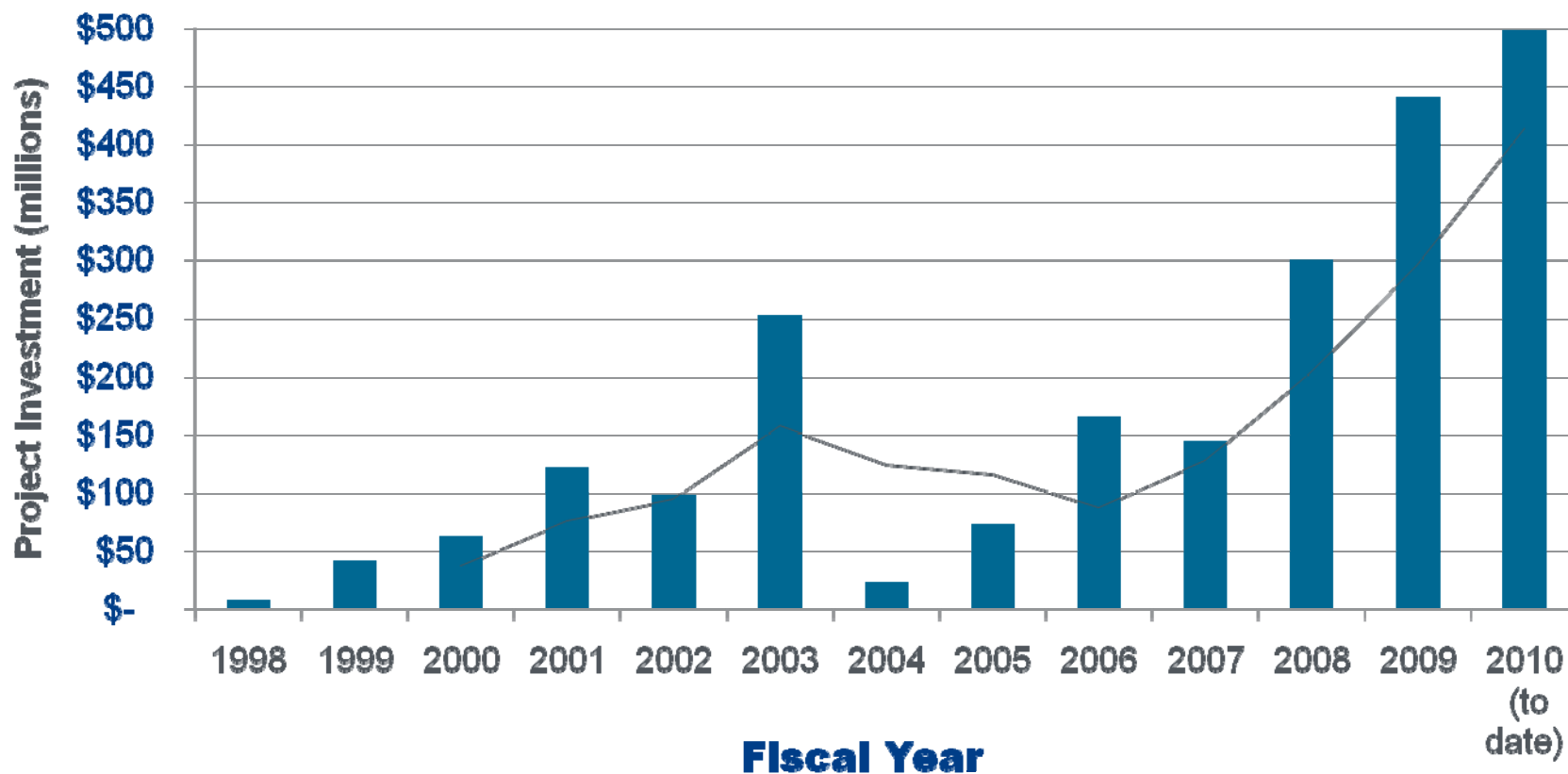
March 19, 2010

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What is the level of ESPC investment?

Super ESPC Investments & 5 yr moving avg.

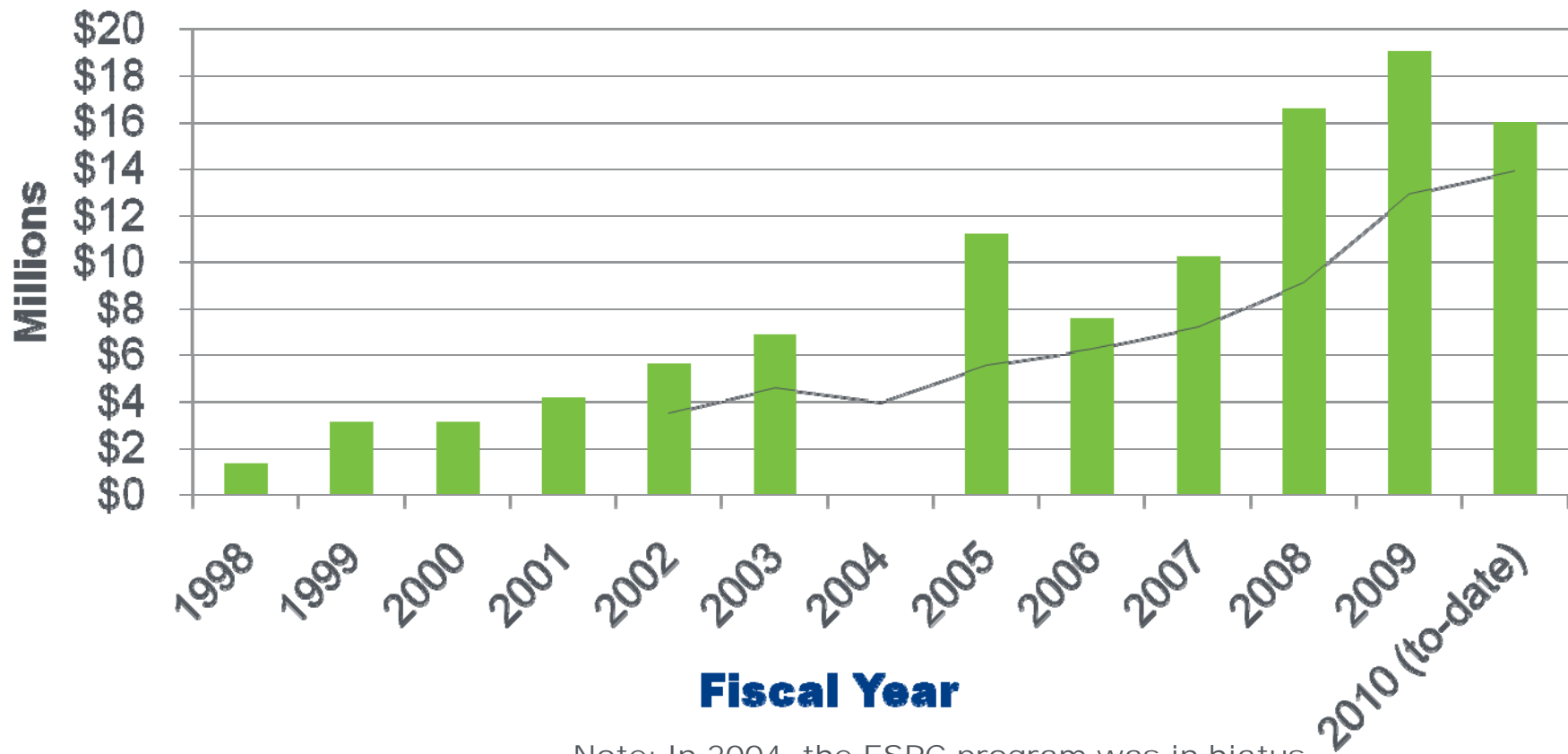


Annual ESPC Investment by Agency



Average Project Size has Grown

Average Project Size & 5 yr. Moving avg.



Note: In 2004, the ESPC program was in hiatus.

How robust is the pipeline?

- 38 projects total in the pipeline, of which
 - 16 of them have a planned investment value of about \$172 million.
 - Some of these might make it in FY 10
 - The remainder in FY 11
 - There are an additional 22 projects that are in either
 - Project lead or
 - Project development status
 - With no hard investment values as of yet.

Robustness?

Websters:

1. having or showing vigor, strength, or firmness, or
2. resembling, or being a relatively large, heavysset australopithecine characterized especially by heavy molars and small incisors

Going with Definition #1. I would classify the numbers as having medium to low robustness. As we've experienced, numbers and dates can change radically..

Is Federal Interest Waning?

- **Agencies are keenly interested in financing their projects, either with ESPCs or other methods, but they want:**
 - a more comprehensive approach to integrated whole-building solutions
 - Integration of new and emerging technologies
 - More and better M&V
 - Lower financing costs
- **They are concerned about**
 - ESCO competition/selection guidance
 - Complexity and time to award
 - Commitment and expense
 - Long-term contract maintenance and support
 - Persistence of savings
 - IG audits

What are the key barriers?

- Complexity
- Level of effort and time
- Expense
- Life of contract issues/concerns
 - Measurement and verification
 - Operations and maintenance
 - Continuity
 - Finance rates
 - Quality assurance throughout life of contract

What are workable solutions?

- Continuous process/cycle time improvement
 - Eliminate all steps/people that don't add value
- Better financing rates
- Cradle-to-grave support
 - Project management versus “facilitation”
 - FEMP LOC Services
- Improved M&V plans
 - Accountability must be assured
 - Less option A, more & better measurement
 - Better and more detailed risk/responsibility matrix
 - Timely and accurate reports
 - Ability to learn and improve
- Fast track for smaller/less complex applications
 - Do we need 18 months for every project?

Thank you!

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