

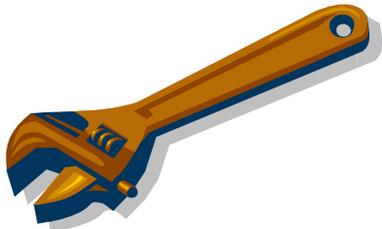


U.S. Department of Energy
Energy Efficiency and Renewable Energy



Energy Performance Contracting in Virginia

Virginia Code 11-34.3

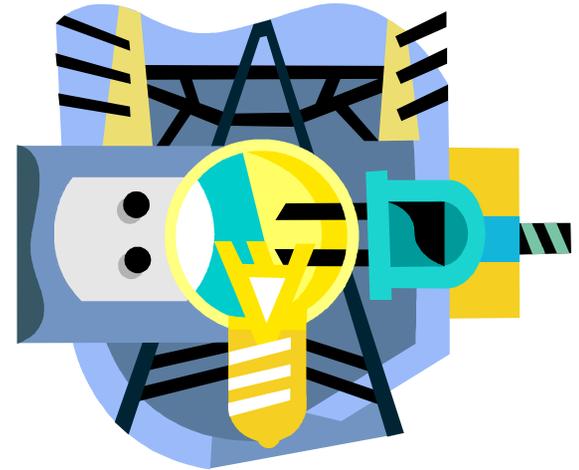


State Contract # C300020-0



What are energy projects?

- HVAC upgrades
- Co-generation plants
- Automated utility accounting
- Electrical/lighting upgrades
- Building envelope improvements (roofs, windows, etc.)
- Water fixture replacements
- Maintenance operations training
- Building automation
- New Construction upgrades





Virginia Code 11-34.3

- Energy Performance-Based Contract Procedures- From 12 up to 20 years**
- A. Significant level of reduction**
- B. Competitive sealed bid evaluation to include:**
 - **cost of installation**
 - **maintenance**
 - **repairs**
 - **debt service**
 - **post install monitoring and reporting**
- C. Contracting entity shall require payment and bond...reasonable and necessary to protect its interest**



Virginia Code 11-34.3

- ❑ **D. Prior to the design and installation**
 - PC shall provide a report disclosing all costs and an estimate of all savings
 - Amount spent would not exceed amount saved over the 12 (20 pending signature) years from the date of installation
 - PC provides a written guarantee....

- ❑ **E. Term expires at the end of each fiscal year but may be renewed annually up to 12 (20 yrs. pending signature) years**
 - Does not constitute debt
 - May also provide capital contributions...



Virginia Code 11-34.3 Contract requirements:

- ❑ **F.1 ..Shall include the following provisions: a written guarantee...shall reimburse the contracting entity for any shortfall of guaranteed energy savings projected in the contract.**
- ❑ **F.2. A requirement that the PC provide a 100% performance guarantee bond...energy savings measures as outlined in the contract document.**
- ❑ **F.3. A requirement that the energy performance contractor provide to the contracting entity an annual reconciliation of the guaranteed energy cost savings measures as outlined in the contract document. ...PC shall be liable for any annual savings shortfall that may occur.**



State Contract Number C300020-0

Goal:

“To establish optional use contracts with qualified...we reduce the procurement time required for these services.”



“The New Tool Box”

- **Current contracts for all public bodies on Energy Performance Contracting**
 - **State Agencies**
 - **Public Schools**
 - **Local Government**
 - **City Government**
- **Back of the Envelope-Pick three**
- **Energy Services Contracting**
- **State Contract Number C300020-0**



How the State Contract Works

- Energy Performance Contracting
 - 14 companies pre-qualified
 - Contact 3 or more from the pre-qualified pool
 - They meet with you
 - They perform a “back of the envelope” audit
 - You interview and discuss the audits
 - You select and begin negotiations for the energy contract



How to Implement a Project

- Define your needs
 - **What are your greatest needs?**
 - **Old chiller that is inefficient**
 - **Steam line leaks**
 - **High energy costs (electric, heating fuels, etc.)**
 - **High water consumption**
 - **Building envelope**
 - **Customer wants new technology -new bldg.**
 - **LEEDS upgrade**



How to Implement a Project

- Discuss finance options
- Select a minimum of 3 contractors to perform the “Back of the Envelope Audit”
- Refer to contractor qualifications and select based on project needs



How to Implement a Project

- Set up a walk through for the contractors
- Public bodies need to provide:
 - **Facility data**
 - **Utility data**
 - **Maintenance history**



How to Implement a Project

- Set a deadline for the “Back of the Envelope”, 3-4 weeks
- When you receive the “Back of the Envelope Audits”, review them and set up your interviews



How to Implement a Project

- Select contractor based on abilities and approach
- Set up a kick off meeting to begin the “Technical Energy and Water Savings Audit”
- The cost of the technical audit can be rolled into your energy contract



How to Implement a Project

- Allow time for your technical audit
- Once the technical audit is complete, make sure everyone is in agreement with the potential savings and approach to the project
- If everything is in agreement, proceed with the energy contract



The Energy Contract



- **Addresses the financing**
 - **Methods and savings**
 - **Type of financing**
 - **Owner obligations**
- **Addresses the construction schedule**
- **Addresses the bidding process**
- **Addresses the maintenance**
- **Addresses measuring the savings**



Assistance for the Energy Contract

- Department of General Services will provide procurement support.
- For State Agencies, Department of Mines, Mineral and Energy will provide technical analysis and automated measurement tools
- Have your attorney review your energy contract just like any other construction contract
- Make sure you bond the contract



The energy contract is just like a construction contract, it has design, it has specifications, it has bidding, it has construction and installation and it must comply with building codes.



Questions and Answers

- Thank you and good luck with your project!