

Performance Contracting Programs

Two Types of Model State Programs

State Facilitated Program

Where little or no authority exists to manage and oversee building-improvement projects in state or local governments, a facilitated process can be very effective. Such states include Colorado, Wyoming, Nevada and Kansas. At the simplest stage, the state energy office (or “champion” agency) can pre-qualify ESCOs (working with the state’s procurement office) which streamlines the ESCO selection process. Similarly, the energy office can work with the state’s legal department to establish model, pre-approved state contracts. If funds or staff allow, it’s very useful to provide technical assistance to facilitate the process and review technical documents throughout a project’s life. Where capability exists, author legislation and/or a Governor’s Executive Order to establish performance contracting as an approved and desired approach to implement energy-efficiency projects.

State “GSA” Governed Program

Different states have varying degrees of authority to manage/oversee building projects in state agencies/departments. For those states that have such authority through a central general services “GSA” type agency, a very controlled process can be developed. The states of Washington, Maryland and Oregon (in development) have such programs. In Washington’s case, the “GSA” type group is in the middle of the contract chain, on one hand contracting with the end user agency to provide performance contracting services (construction and guaranteed savings), and on the other hand contracting with the ESCO to perform the work on behalf of the “GSA” for the end user. The GSA pre-qualifies ESCOs, negotiates terms, oversees construction and manages the contract.

Such programs are generally for state-owned/managed facilities only, and do not extend to local government project, however Washington has authority to provide the same services to local governments.

Option: Self-funded Program

Either of the above program models can also include a self-funded approach, where fees are collected from the end-user and typically payable once the end-user realizes the guaranteed savings that were set-aside for this payment purpose. The states of Washington, Kansas and Oregon (in process) use this approach.