



# Energy Services Coalition

## A Public-Private Partnership

### Energy Services Coalition Newsletter

November 2009

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#### State Showcase - Hawaii

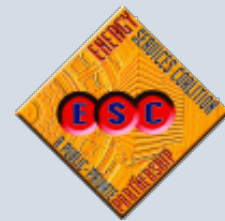
Hawaii is a state to watch on ESC's [Race to the Top](#) (state ranking of performance contracting activity per capita). [Hawaii's Department of Business, Economic Development and Tourism's State Energy Office](#) has been leading the charge on performance contracting for over a decade, developing guidelines and providing expert technical assistance to help facility managers through 6 completed projects to date totaling \$36 million in capital investment in state and local governments, higher education and healthcare. "Buildings represent one of the largest energy efficiency opportunities and the State will continue to work with business and government agencies to encourage performance contracting opportunities," said Theodore Peck, Energy Administrator, Hawaii State Energy Office. "Our goal is to build a clean energy future as part of the state's Hawaii Clean Energy Initiative."

Governor Lingle launched the [Hawaii Clean Energy Initiative](#), in partnership with the U.S. Department of Energy, aiming for 70 percent of Hawaii's energy to come from clean sources by 2030 (40 percent from renewable energy and 30 percent through energy efficient measures).



Last month, Governor Lingle proudly announced a big step toward that 30% efficiency goal - a \$34 million energy performance contract in state facilities paid for by \$3.2 million in annual operational savings and leveraged bond funds. The [Hawaii Department of Accounting and General Services](#) (DAGS) committed to performance contracting for its own buildings and established streamlined procurement practices to make it easier for other departments, leading by example. The DAGS team stepped through ESC's recommended [Best Practices](#), pre-qualifying ESCOs for state government projects and developing model pre-approved contracts. DAGS became its own first customer, easily selecting an ESCO from the pre-qualified list for its own buildings and using the pre-approved contracts that the team had pored over

#### About the ESC



The Energy Services Coalition (ESC) is a national nonprofit organization composed of a network of experts from a wide range of organizations working together at the state and local level to increase energy efficiency through energy performance contracting.

Energy performance contracting enables building owners to use future energy savings to pay for up-front costs of energy-saving projects, eliminating the need to dip into capital budgets.

#### ESC Working for YOU

**State Energy Offices and similar organizations:** ESC's website offers a growing variety of tools and resources to aid you in accelerating performance contracting in your state. ESC's State Technical Support Liaisons can work one-on-one with you to develop a performance contracting program. Networking opportunities put you in touch with your peers in

and customized to meet state requirements.

DAGS and the ESCO left no stone unturned in developing the project scope in the ten buildings (1.3 million square feet) in the State Capitol District. Improvements capture energy, water, sewer and operational savings totaling 30 percent of the utility budget and offset a looming utility budget deficit. Deferred maintenance will be handled, while maintenance service contracts ensure ongoing maintenance. The savings even support a project manager to make certain the savings are sustained over the next 20 years. Overall this provides economic stimulus through 350 new local jobs lasting 2 years and 25-30 jobs lasting 20 years.

"Energy savings performance contracting provides a comprehensive approach to looking at the whole building and improving operational efficiency with a performance guarantee," said Russ Saito, State Comptroller. A second phase for other DAGS buildings throughout the islands will commence as soon as this one is underway.

"Improving the energy efficiency of State buildings will allow us to save taxpayer money on the State's energy bills, while reinvesting in the infrastructure of our public buildings," said Governor Lingle. "The Departments of Hawaiian Home Lands, Accounting and General Services and Business, Economic Development and Tourism are continuing to lead by example in the State's pursuit of increasing energy security and independence for Hawaii," the governor said.

## Tennessee Green Building Summit Save Green by Going Green



"Wow" was the response of many of the 280 decision-makers who attended the *Tennessee Green Building Summit - Save Green by Going Green*. They learned from trusted speakers from national, state and local perspectives about going green through performance contracting, and about the value of *acting now* to leverage the many available funding sources.

The [Tennessee ESC Chapter](#), with the State of Tennessee and the Tennessee Valley Authority (TVA), put together not only an inspirational and educational workshop but a hands-on program with follow-up resources. Attendees got practical how-to and next-steps information, with testimonials, and were literally armed with informational resources about available funding options. "The idea was for each attendee to walk out of the door knowing what path to take and how to get started," said Stewart Shunk, Tennessee ESC Chapter's Private-Sector Co-Chair and emcee.

Beginning with a national perspective, representatives from the Energy Services Coalition, U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy (DOE), the National Association of State Energy Officials (NASEO) and the National Association of Energy Service Companies (NAESCO) presented a united front on the value of performance contracting to reduce our nation's use of energy resources, modernize our infrastructure in these trying economic times, create real jobs now, and reduce our dependence on foreign oil.

From there, the focus drilled down to the state level, where Matt Kisber, Tennessee's Commissioner of Economic and Community Development (ECD), and Ryan Gooch, Director of Energy Policy Development, shared their perspectives on the positive economic development benefits.

Then, in a Town Hall interview forum facilitated by ESC Board's Dale Hahs, a diverse panel of local experts told their own stories about how they used performance contracting and valued the result.

other states.

### **ESCOs:**

Work in partnership with public-sector representatives in states where you do business. And, work in partnership with your peers and others to break down local barriers to performance contracting and increase awareness through effective educational workshops.

### **Vendors, Engineers, Contractors & Performance Contracting Specialists:**

Grow your business by accelerating the use of energy performance contracting.

### **Building Owners & Facility Managers:**

Get unbiased information and how-to steps to get started and follow-through with a successful energy performance contracting project.

## ESC Activities

### **WEBINARS**

ESC is presenting webinars quarterly on timely topics. Additional webinars are planned to address ongoing member interests. All will be available for viewing at any time in ESC's growing online webinar library.

### **NEWSLETTERS**

Newsletters are distributed every several months. [Sign-up](#) for the newsletter and contact us to [contribute ideas](#) for our "What's New in Performance Contracting" feature.

### **CHAPTER ACTIVITIES**

Chapters have a variety of activities. Check the chapter websites or contact chapter leaders to get involved.

## Get Involved

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Town Hall panelists included representatives from the Metropolitan Nashville General Services, Tennessee Board of Regents, Metropolitan Nashville Public Education (now in its 6th phase of a performance contracting project), Tennessee's Henry County, Oak Ridge National Laboratory, and the Governor's Task Force (charged with accelerating performance contracting).

Attendees were equally diverse - private sector representatives from the building trades, equipment suppliers and performance contracting industry, many from county governments, K-12 and state representatives plus a number of people from other organizations wanting to learn how ESC and performance contracting mesh with their interests. "They all learned that performance contracting is not new, but a tried and true approach with tremendous success right here in Tennessee," said Rhonda Courtney, ESC Board Member, "and those who may have been hesitant now know they will not be the first to give it a go."



"This was a first time the State, ESC and TVA came together, delivering a clear message that energy performance contracting is the way to go green," said Courtney. Get involved in future green events in Tennessee - sign up for the [TN Green E-Newsletter](#), [Join the ESC](#) and participate in the very active [ESC Tennessee Chapter](#).

## What's New in Performance Contracting? Better Buildings - Old and New



With a \$30 million bond to improve eight existing schools and replace two 100-year-old schools, Idaho's [Caldwell School District](#) set out to be the first district in the state to build high performance, energy-efficient schools, and looked to performance contracting services to achieve those goals and more. A \$5 million retrofit of existing schools was completed last year to save the district over \$6 million in the next 20 years. The improved lighting, ventilation and temperature control got rave reviews from teachers and students alike.

Negotiations then quickly commenced for two new schools to be 30% more efficient than standard code construction (IECC 2006), achieve LEED certification, and be no more than 5% over standard budget, with annual savings guaranteed to cover that added cost over the 30-year average lifetime of the building components.

The new schools opened their doors this fall. The buildings are V-shaped and positioned on the site to fully capture solar energy and daylight. Huge classroom windows and solar shades provide outdoor views and daylight to learning spaces, while controlling direct sunlight penetration and glare. Florescent lighting automatically adjusts to augment sunlight, triggered by both motion and occupancy sensors. "This makes for a comfortable and healthy environment which will increase student achievement and improve teacher retention," said Superintendent Roger Quarles, "while also reducing our carbon footprint on the world and saving taxpayers millions of dollars in future energy costs."



Both schools are expected to be certified as LEED silver or better. And, they were built at or below the budget of standard schools in the region, with an option for long-term guaranteed energy and operational savings. "We are committed to spending taxpayer money wisely and efficiently. Our schools are now healthier, safer, and cheaper to operate in the long run," said district spokesperson Jennifer Swindell. "In the end it's about education so transferring long-term building and energy costs to better education is an investment worth making."

## Recognition of Support

Market Transformation tools to accelerate energy performance contracting are made available through support of the U.S. Department of Energy -Energy Efficiency and Renewable Energy.



The [Idaho Office of Energy Resources](#) (OER, the state energy office) was there every step of the way. "OER is committed to facilitating efforts that will enhance energy efficiency in public buildings," said OER Administrator Paul Kjellander. "Sue Seifert's efforts in the Caldwell School District illustrate how serious we are about this commitment." OER's long-time education on energy performance contracting makes Idaho the top state in ESC's [Race to the Top](#) (a state ranking of energy performance contracting projects per capita).

Performance contracting has been used in new construction applications across the country, offering performance outcomes whether the ESCO is the prime design-build contractor or a subcontractor, but some hurdles may need to be overcome to establish this innovative approach as part of the process and to allow for future annual utility and operational savings to offset the capital budget.

## ESC in Action - National Board Activities

### **A Look Back and a Look Forward**

ESC Board members gathered in September to review past accomplishments and engage in strategic planning for the future. ESC continues to pave the way for uptake of energy performance contracting nationwide through the great effort of local chapters providing outreach and overcoming barriers. ESC's efforts to provide great tools to accelerate the marketplace have been well received. This success is displayed in the [Race to the Top Map](#) where the number of participants and projects continue to grow. Webinars and this newsletter have proven to be great vehicles to share industry news and accomplishments, opportunities and education regarding the coalition and performance contracting.

Proudly ESC has branded itself with lapel pins, delivered webinars and participated with the U.S. Department of Energy to ensure continued education on many facets of performance contracting. The Market Transformation Committee effort has delivered technical assistance to over 30 states sharing the experience and expertise that only hands-on assistance can deliver - and state activity is growing proportionately.

The Board will provide even better communication to members and chapters to broaden recognition activities, roll out new ESC literature, continue an effort to acquire sponsorship and funding, and expand the Market Transformation Committee's work in concert with the National Association of State Energy Officials ([NASEO](#)), the National Association of Energy Service Companies ([NAESCO](#)) and the National Council of State Legislatures ([NCSL](#)) through the support of the U.S. Department of Energy ([DOE](#)). We are proud to plan regional meetings with the new NASEO Regional Representatives and continue our support of program and project development related to stimulus funds provided by the American Recovery and Reinvestment Act (ARRA). Executive Committee members aligned themselves with key committees to better the flow of crosscutting information. The Board is excited to support the practice of general membership participation in Board committee activities.

The Board acknowledged this time of extraordinary industry growth and is proud to be the "go to" organization for programmatic and project support of Energy Savings Performance Contracting. The insight and participation of public and private membership has made the ESC the valuable resource envisioned so many years ago.

### **Welcome to new and returning board members!**

Two long-time Board members who made career transitions will continue on the Board in new positions - Perry Been now of DMI Entegral Solutions Group is an ESCO representative and Jim Ploger with the National Association of State Energy Officials (NASEO) is now a representative of non-profit organizations. Three new Board members represent state energy offices: Eileen McHugh of the Massachusetts Department of Energy Resources, Joel Asrael of the Colorado Governor's Energy Office and David Godfrey of the Georgia Environmental Facilities Authority. Karen Keeler of All American Investment Group (AAIG) now represents the finance

industry. Larry Knox of the Alabama Department of Economic and Community Affairs is the interim Vice President - Public Sector. See the roster of [Board members](#) and the categories they represent.

### Thank you to departing board members!

A special note of thanks to Rob Van Der Like, Jeff Lyng and Mike Moore - we all benefitted from your years of service and participation on ESC's Board of Directors.

### Networking and Monday Night Football - NASEO Conference



ESC sponsored a networking event at the National Association of State Energy Officials ([NASEO](#)) conference in Annapolis, Maryland in September, mixing business with pleasure in this hospitality event. Invited to *Join Us for Sips in the Land of Tall Ships*, guests had the opportunity to casually interact with ESC members to discuss ways to integrate performance contracting with their

State Energy Plans and ARRA funds.

## ESC Hot News

### Catch the Recording - Green Performance Contracting

Webinars continue to be a hit! Over 100 participants logged on to the webinar on *Green Performance Contracting - Using a Paid-from-Savings Project Approach to Earn a LEED*

*Certification* presented by Rob Van Der Like. Rob has more than thirty years of experience in the building industry - planning, design, construction, project management, operations & maintenance, and energy management and has worked with over a dozen school districts across the nation to help them achieve LEED certification for existing buildings. If you missed it, no problem - catch the [recording](#).



### Mark Your Calendars - ESC Presents *Build America Bonds*

ESC's [next webinar](#) will be held on Friday, December 4th, 1:00 ET. Karen Keeler, ESC Board member representing financing companies, and other professionals yet to be identified will discuss Build America Bonds provided through ARRA that offer 35% federal rebates for states and local governments.

### Chapters In the News

[ESC Alabama](#): The next chapter [meeting](#) will be held on November 23rd in Montgomery. The chapter just hosted its 4th Annual *Alabama Energy Efficiency and Renewable Energy Conference*.

[ESC Mississippi](#): The chapter just hosted *Performance Contracting 101: Energy Efficiencies via a Budget-Neutral Approach*.

[ESC North Carolina](#): The chapter was recognized by the North Carolina Sustainable Energy Association (NC SEA) as the *2009 Business of the Year for Energy Efficiency*. The November meeting's speaker was Josh Stein, Legislator of the Year, who sponsored legislation to expand the use of performance contracting in the state.

**ESC Recognizes Dave Edmunds:** Dave served on the ESC Board of Directors as a state representative from Tennessee and co-founded the Tennessee Chapter in 2001 which led to the very successful Tennessee Green Summit showcased above.

**Congratulations to Board Member Jim Ploger!** Mr. Jim Ploger was honored recently when the Governor presented him with a Life time Achievement Award at the 10th Annual Kansas Energy Efficiency Conference.

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Energy Services Coalition | 1108 Dawnwood Drive | Old Hickory | TN | 37138