West Virginia Chapter of the Energy Services Coalition

A Public-Private Partnership

2015 Governor’s Energy Summit
West Virginia: A National Energy Resource
October 27, 2015
West Virginia Chapter
Background and History

• The West Virginia Chapter was formed through the joint efforts of the Division of Energy and Office of School Facilities
• State leadership has developed a partnership including stakeholders from public and private industry sharing a common goal
• Increase energy efficiency and return the savings to public entities
West Virginia Chapter
Background and History

- Objective: Reduce cost through energy efficiency
- West Virginia Energy Enabling Legislation
  - Section 18-5-9a - School Districts
  - Section 7-1-30o - Counties
  - Section 8-12-5e - Municipalities
  - Section 5A-3B-1 - State Government

- Public Co-Chair: Jerry Milliken
- Private Co-Chair: Andy Cocina
What is an Energy Performance Contract?
What is an Energy Performance Contract?

- Uses the energy dollars that you are currently spending to make long term capital improvements
- No need for additional capital dollars
- Demonstrates increased government efficiency
- Savings are guaranteed by the Energy Services Company (ESCO)
- Equipment life is typically much longer than the term of debt service
What is an Energy Performance Contract?

“…an agreement with a private energy service company (ESCO)…[that] will identify and evaluate energy-saving opportunities and then recommend a package of improvements to be paid for through savings. The ESCO will guarantee that savings meet or exceed annual payments to cover all project costs….If savings don’t materialize, the ESCO pays the difference….”

– ENERGY SERVICES COALITION
What are the benefits?

- ESCO acts as a single point of contact which lightens the workload for the owner
- Integrated project analysis, design, and construction
- Long term monitoring of savings and performance
- Services and materials based upon quality and life cycle value, rather than on lowest first cost
What are the benefits?

- Capital projects funded through energy savings
- Eliminates tax and rate increases
- A re-purposing of utility dollars to effect . . .
  - Infrastructure Modernization
  - Economic Development
  - Environmental Stewardship
Will an Energy Performance Contract work for you?

Getting started

- Determine overall energy costs
- Develop a facility profile
- Consider upcoming capital projects
- Obtain assessments of savings opportunities
The Energy Performance Contract
Implementing the Project

Comprehensive Energy Audit
• Provides an investment grade audit that will form the energy savings guarantee
• Completed after an ESCO is selected from the RFP process

Design Phase
• Creates construction documents
• Details savings guarantee, Measurement and Verification and scope of work
• Subcontractors are selected
• Financing RFP is issued
The Energy Performance Contract

Implementing the Project

Execute Performance Contract

- Final versions of the energy performance contract documents are assembled for the customer’s signature
- Financing for closes

Construction Phase

- Contractors submit overall work schedules and two week schedules
- Materials arrive onsite and construction is managed by the ESCO to completion
The Energy Performance Contract

Implementing the Project

Commissioning
- Assures that installed equipment functions according to design
- Staff Training

Measurement and Verification
- An annual report that provides documentation of actual savings achieved versus savings guarantee