



## 2011 DLTA PROJECT PROPOSAL

# Regional Energy Savings Performance Contracting

### Purpose

To facilitate a regional procurement of a single professional Energy Services Company (ESCO) to provide comprehensive energy efficiency services under an Energy Savings Performance Contract (ESPC) for multiple municipalities and school districts in the MAPC region, listed below.

### Summary of Scope

M.G.L. Ch. 25A §11i allows public agencies seeking to improve the energy efficiency of their facilities to issue a Request for Qualifications (RFQ) for ESCOs that are qualified in Massachusetts to provide energy management services. This procurement process leads to a contract with an ESCO to design, purchase, install, operate and maintain energy systems so that municipalities and school districts can purchase energy and water saving improvements to public facilities where the basis for payments is the performance level guaranteed in the contract.

Under this proposed project, MAPC will assemble representatives from the participating municipalities and school districts to form an ESCO Selection Committee to solicit a single RFQ and select a professional ESCO to provide comprehensive energy efficiency services under an ESPC to each municipality or school district. The ESCO Selection Committee will review proposals submitted in response to the RFQ, requesting additional information and conducting interviews as necessary.

Each participating municipality or school district is individually responsible for engaging the services of the selected ESCO. MAPC will develop standardized contract agreement templates as necessary to support the process outlined below:

1. Preliminary Energy Audit (PEA) – Conducted by the ESCO to determine the technical and economic feasibility of implementing a program on an individual basis.
2. Investment Grade Audit (IGA) – The ESCO conducts a thorough technical assessment of the facilities at each building or site, and identifies the energy savings and implementation costs that they would contractually guarantee.
3. Energy Services Agreement (ESA) – Negotiated between the municipality or the school district and the ESCO and governs the construction and performance period obligations of both the participating entity and the ESCO.

## Benefits

Many of the participating municipalities and school districts participating have not attracted the interest of an ESCO because their projects are too small to warrant the time and effort involved in responding to an RFQ, as well as the cost of mobilization, both in terms of dollars spent and staff time required to complete the lengthy performance contracting process. By grouping multiple communities to move through the process simultaneously, an ESCO gains the advantage of economies of scale and can treat all participating entities as essentially one large project.

For the participating municipalities and school districts, facilitating access to an ESCO provides them with an opportunity to greatly improve energy efficiency, leading to energy cost savings and other benefits related to reducing environmental pollution and greenhouse gas contributions. The participating entities also gain the benefit of one procurement process paid for and facilitated by MAPC, versus multiple individual procurements by each entity. Legal review of one template contract for each of the three stages of the process will save each entity from needing to pay for its own legal review of the basic contract language. Participants are free to start with the template and focus local resources on the individual scope of work for their entity. The value of avoided legal expenses and staff time is estimated conservatively to be at least \$5,000 per entity.

## MetroFuture Consistency

The proposed project advances a number of MetroFuture goals, most significantly, the Green Energy Campaign goals of increasing the use of energy efficiency measures in the region (Goal 57) and reducing greenhouse gas emissions (Goal 56).

## Project Budget

The proposed budget is \$#,000 in DLTA funds for MAPC to provide technical assistance services to conduct the ESCO selection and contracting process and to create the necessary contract agreement templates. Each participating entity will contribute the necessary staff time to support the ESCO selection process. Each municipality or school district will also be asked to participate in the MetroFuture Green Energy Campaign network by providing information and data related to experiences with energy efficiency and alternative energy development.