



Energy Savings Performance Contracting

Overview

Energy Services Performance Contracting is a way to fund improvements in your county facilities while having the improvements paid for by guaranteed savings from operations and energy cost reductions. In essence, this contractual vehicle is a way to fund projects that are operational or energy related while keeping your existing operating budget net-neutral.

Why Do Counties Enter into Performance Contracts?

Counties across the US have implemented performance contracts in order to become more efficient, improve aging facilities, reduce operational and energy costs, improve public safety, and enhance economic development as well as improve citizen lifestyle and satisfaction. The savings from these improvements can fund the needed infrastructure and other efficiency measures important to the county.

How Does a County Enter into a Performance Contract?

Georgia counties are clearly authorized to participate in Performance Contracting as authorized by a Constitutional Amendment passed by the voters in November 2010 and codified into Georgia Code (Title 50-Chapter 37). Typically, the first step in the processes is for an energy firm to provide an initial consultation to a county, assisting them in determining their needs and identifying a potential project. Next, the County would publish a Request For Qualifications (RFQ), to which energy services companies will respond.

Once evaluated, the County selects an Energy Services Company (ESCO) and enters into an agreement for the energy firm to develop a detailed engineering study of the County operations, determining the exact savings and improvement to be made (scope of work). Once complete, the County approves the work so that construction can begin. Guaranteed savings outlined in the agreement offset the costs of 3rd party financing for the improvements, making it a budgetary net-neutral endeavor.

Next Steps

If your county has buildings, operations, or infrastructure that are old, costly to operate or don't meet your needs (whether its public safety services, buildings, utility meters, pumps, security, etc.) have an energy services company talk with you about an initial consultation and analysis. That process usually takes 5-6 weeks depending on the size of the county and the number of potential improvements. Also, determine who at the county level will be involved and what role the county will play in the design and construction phases of a project. Think about how you will track the project results and what recourse the county will have if a project is not completed or implemented successfully. Make sure you understand upfront what your on-going maintenance and operational requirements will be after the project is completed. If you issue an RFQ for services, investigate the projects and references of past clients, identify how the provider will be paid and how they plan to measure and verify the energy savings, and make sure you identify how any discrepancies or shortfalls will be managed.

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