

The Pot of Gold

NY Public Service Commission
EPS Proceeding Overview Forum
Albany, NY
July 20, 2007

Overview

- What is NAESCO?
- What is Performance Contracting?
- Why Do Performance Contracting?



What is NAESCO?

- National trade organization
- About 85 companies and agencies
- ESCOs, financiers, contractors, suppliers
- Members deliver \$4 billion of projects/year
 - ~ All US utility EE programs combined
- Rigorous accreditation process
 - <http://www.naesco.org/accreditation/companies.aspx>



What is Performance Contracting?

- Turnkey service
 - Similar to Design/Build
- Full range of measures installed
- Guaranteed savings
 - Sufficient to finance cost of improvements
- Substantial industry history



Turnkey Service

- Energy audit
- Design engineering
- Construction management
- Project financing
- Commissioning
- Operations & Maintenance
- Savings Monitoring & Verification



Full Range of Building Measures

- Lighting
- Heating, air conditioning and ventilation
- Controls
- Building envelope
- Cogeneration and CHP
- Demand Response
- Renewables and biomass
- Water and sewer
- Sustainable materials and operations



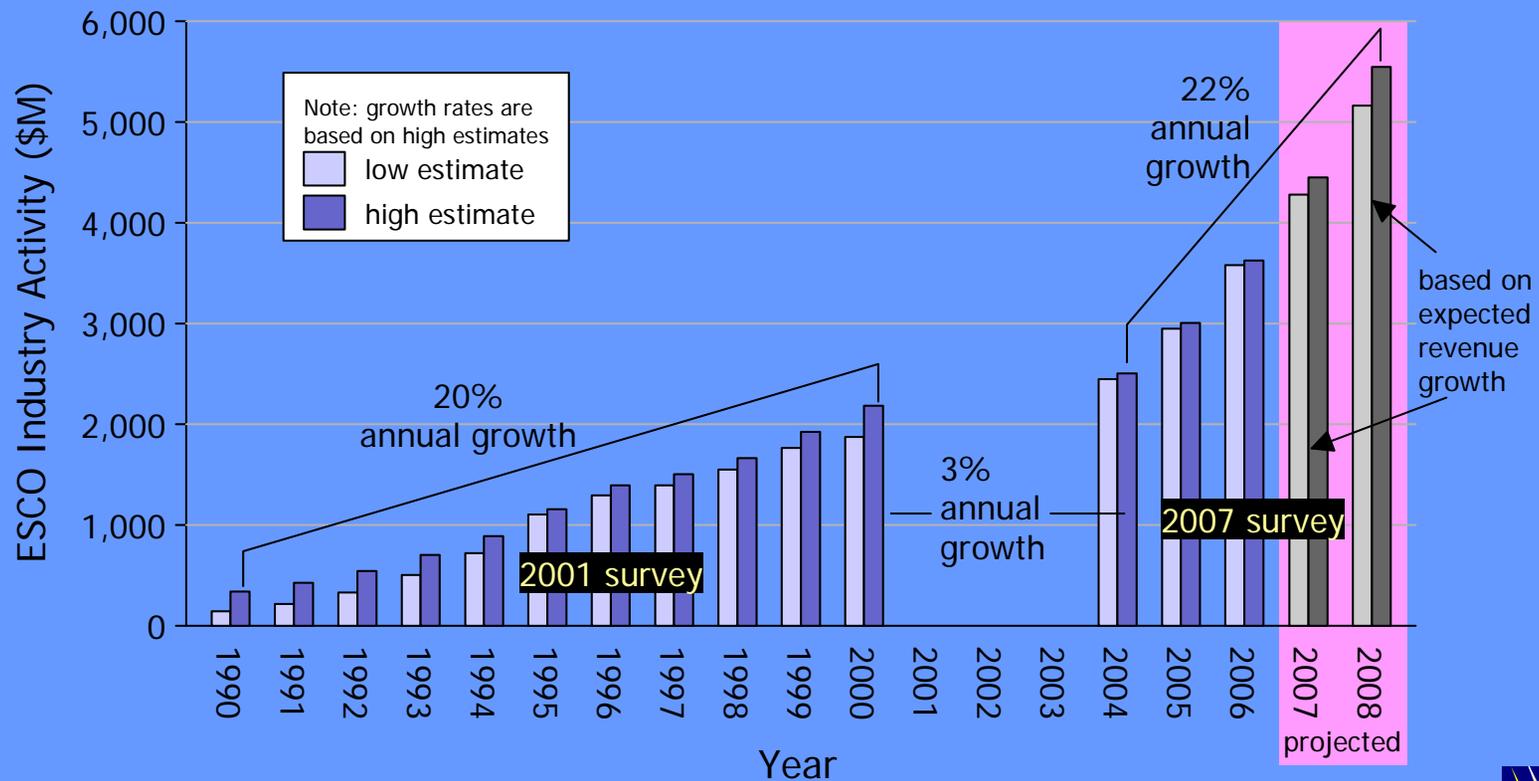
Guaranteed Savings

- ESCO provides guarantee that savings will meet or exceed a specific amount
- Guarantees meet federal and state standards, according to the jurisdiction





ESCO Industry History



Why Do Performance Contracting?

- Seems difficult and complex
- Takes a lot of time
- What are the rewards for taking a risk?



PC = The Pot of Gold

- Use performance contracting to:
 - Solve building problems
 - IAQ and productivity improvements
 - Pay for “greening” a building
 - Meet energy and CO₂ reduction mandates
 - Enhance the local economy



Solve Building Problems

- Improve energy and water efficiency
 - Use third party financing
 - Decrease maintenance costs
 - Free-up budget dollars for primary activities
 - Increase productivity
 - Improved indoor air quality (IAQ)
 - Building comfort conditions



Pay for “Greening” a Building

- Comprehensive project
 - Efficiency first
 - Optimize the whole building
- EE pays for green
 - Short payback measures produce \$\$ for longer payback measures
- Green = retrofits plus operations



Meet Energy and CO₂ Mandates

- Governor and legislature want reductions
- Facilities have limited budgets
- Third parties will finance improvements through performance contracts
 - Billions of dollars pledged to the market
 - Competitive rates and terms



Enhance the Local Economy

- NYSERDA documents that EE creates jobs and economic development
- Performance contracting sustains jobs
 - Construction
 - Ongoing building operations
- Long-term jobs must remain local



Conclusion

- PC can be a pot of gold
- Outstanding energy savings
- Solves building problems
- Pays for “greening” a building
- Helps meet energy and CO2 reduction mandates
- Enhances the local economy
- Use it!



Thank You

Donald Gilligan

NAESCO

781.793.0250

donaldgilligan@comcast.net

