

Financing Your Project: Performance Contracting





Current Situation in Cities, Towns and School Districts

- # State & local “budget crunch”
- # Rising energy & maintenance costs
- # Aging buildings with obsolete systems
- # Facilities staff stretched to limit



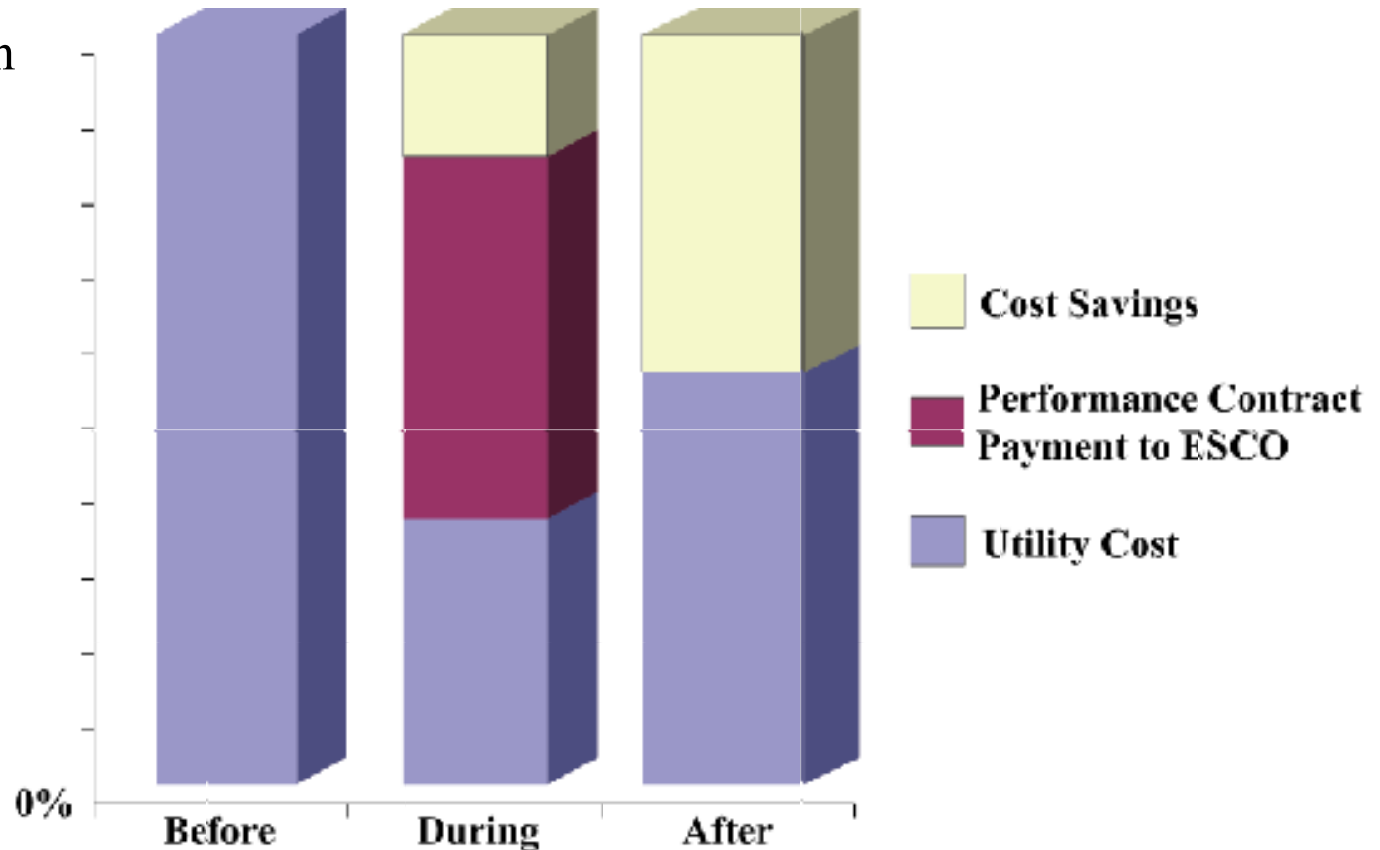
Performance Contracting

Promote & deliver cost-effective, energy efficiency outcomes

Energy related capital improvements paid from future energy and operating cost savings

What is Performance Contracting ?

\$1 million



Summary of Massachusetts Legislation

Municipalities and School Districts may
now implement an ESPC through either:

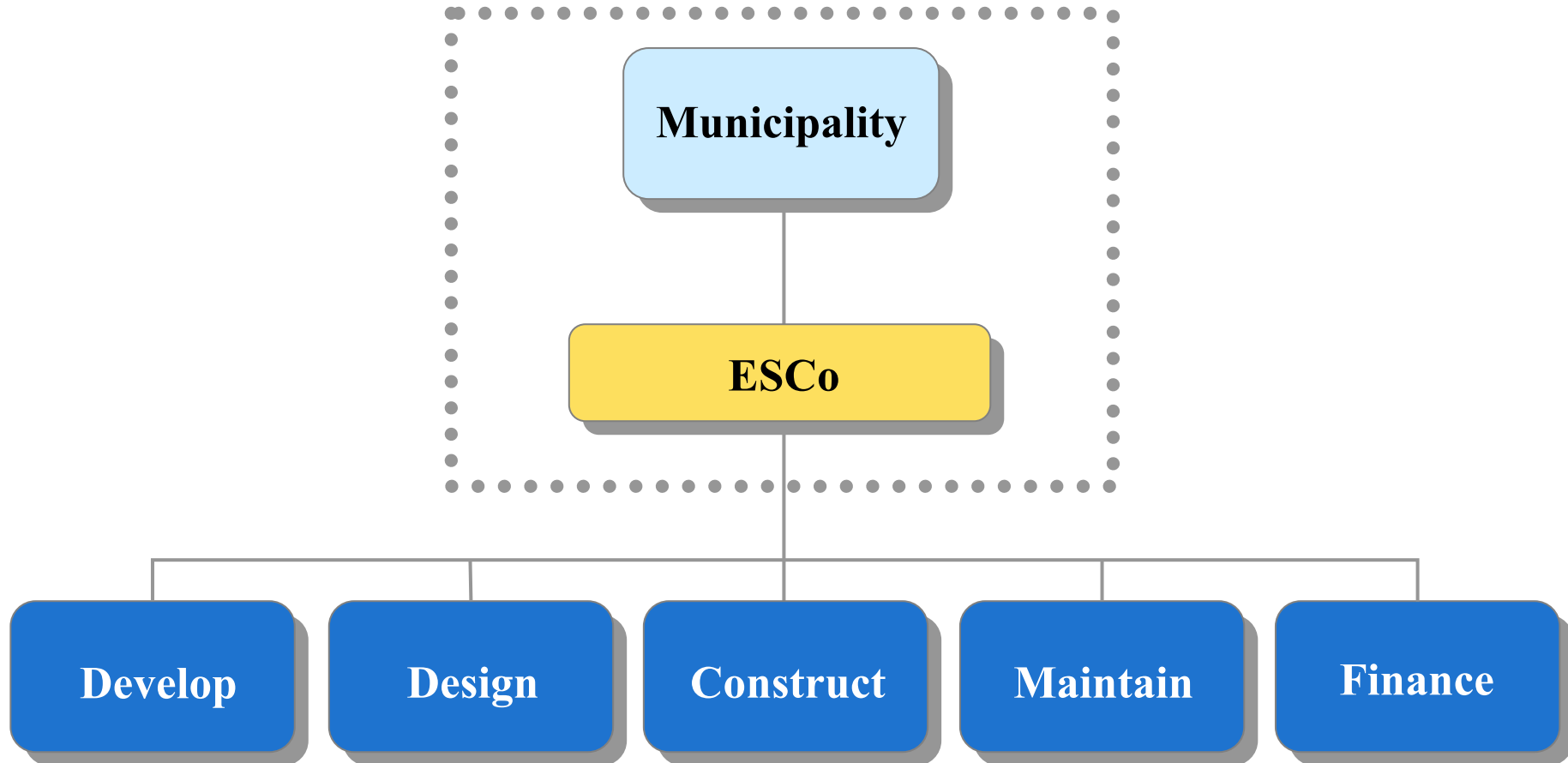


Chapter 25A, Section 11C RFP process (1998)

or

Chapter 25A, Section 11I RFQ process (2006)

ESCo is Single-Source Provider





ECM Description

- ✦ Boiler Replacement / Heating Conversion
- ✦ Lighting and Lighting Controls
- ✦ Energy Management System
- ✦ Cogeneration
- ✦ HVAC system modifications
- ✦ Pool Covers






Six Key Steps

- 1) Organize and Mobilize
- 2) Select a Qualified Energy Services Provider
- 3) Facilitate & Evaluate the Detailed Energy Audit
- 4) Negotiate the Performance Contract
- 5) Support the Installation of the Energy Conservation Measures
- 6) Verify and Publicize Results Each Year



Potential Cost Buydowns

ESCO will seek out all available financial rebates and incentives on behalf of the customer

-  Electric and Gas utility company conservation programs
-  Massachusetts Technology Collaborative
 - Massachusetts Renewable Energy Trust
-  Emission Credits – US EPA and Mass DEP
 - New efficient equipment reduces power plant emissions
 - Clean Air Act provides economic incentives



Contractor Certification

- ✦ Contractors shall be certified by DCAM under Energy Management Services category
- ✦ Update Statements must be issued with proposals (reflect firm's experience, finances & current work)



Further Steps Necessary for Project Development

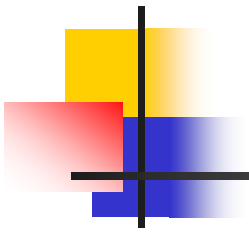
- ✦ File RFP with DOER at least one week prior to advertisement

- ✦ Advertise Project

Central Register, major and local newspapers

Consider posting on Comm-Pass.com or
City/Agency website

- ✦ Distribute RFP to all requesting parties



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