

# NAM Report on Energy Savings and Performance-Based Contracting Investment Initiative

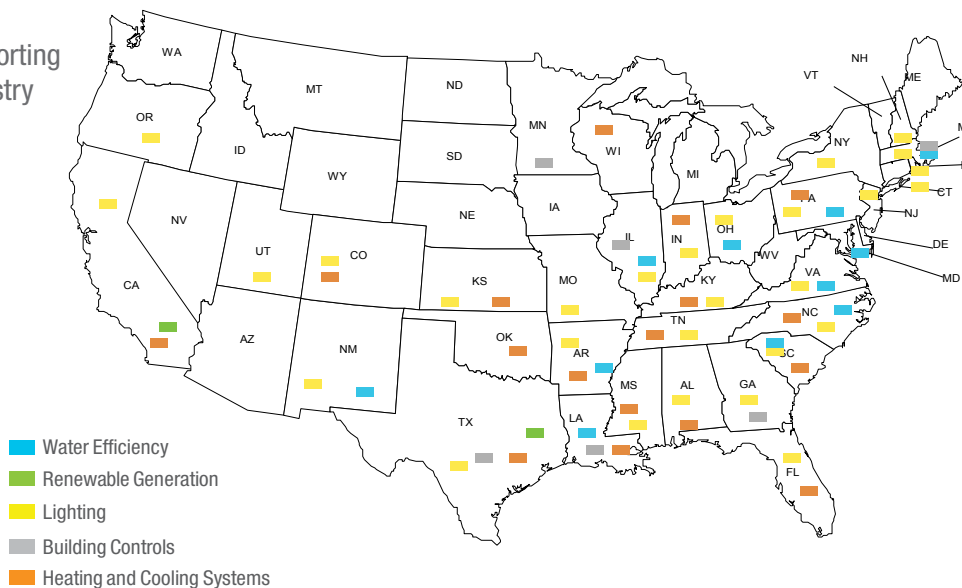
## Executive Summary

- » On December 2, 2011, President Obama directed the heads of all executive departments and agencies to enter into a combined \$2 billion in energy-saving performance contracts (ESPCs) and utility energy service contracts (UESCs) by the end of 2013.
- » Almost two years later, the program is an unqualified success. By the close of 2013, more than \$1.3 billion worth of these projects will have been awarded. Another \$1 billion worth of projects will be in various stages of the development “pipeline,” with expectations of an additional \$200 million being awarded early in 2014. The program has created jobs across the manufacturing supply chain.
- » By setting a firm goal this initiative broke down many barriers that have kept agencies from taking on ESPCs and UESCs in the past. Manufacturers believe the President should extend his directive and challenge all federal agencies to meet a five-year, \$5 billion goal.

## The Impact of ESPCs and UESCs on Manufacturing

ESPCs and UESCs present tremendous opportunities for manufacturers. The types of products and services that typically fall within the scope of an ESPC or UESC—boilers and chillers, energy management control systems, lighting, windows, doors, insulation, HVAC, energy delivery—create much-needed jobs across the manufacturing supply chain and around the country. In addition, small and medium-sized manufacturers handle the majority of the components of a performance contract.

Manufacturing Facilities Supporting the ESPC Industry



## Facts About the Initiative:

- ➔ **23 agencies have participated**
  - ➔ **305 projects have been identified**
  - ➔ **100 projects of been awarded to date (need to put this fact in our paper)**
  - ➔ **\$1.03 billion has been contracted or spent**
  - ➔ **\$1.3 billion will have been contracted or spent by end of 2013**
  - ➔ **100 projects are in the pipeline**
  - ➔ **\$200 million worth of projects will be awarded in early 2014**
  - ➔ **\$1 billion worth of projects are in the pipeline**
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## Recommendations and Conclusions

- 1** Continue to direct the use of ESPCs and UESCs over the next five years at a steady rate of \$1 billion per year. These programs will help the federal government accomplish much-needed infrastructure improvements and modernization, reduce energy consumption and create jobs at no upfront costs to taxpayers by leveraging the power of the private sector.
- 2** Streamline the ESPC/UESC process, including the issuance of bids, selection of contractors and approval of projects. The more quickly projects are awarded, the sooner departments and agencies will reach their goals. The Administration should put in place a process by which legal and contracting personnel at all federal agencies can vet their various interpretations of what is allowable under an ESPC/UESC.
- 3** Expand the scope of projects beyond traditional measures (efficient lighting, building controls and HVAC equipment and the associated operations and maintenance) to include proven measures to enhance energy security at all federal facilities. This could include measures such as combined heat and power, microgrids and demand response and waste to energy plants and data centers.