



The “Improving State and Local Government Access to Performance Contracting Act”

Senator Peter Welch

Energy Savings Performance Contracting is a tool used by state and local governments to improve their existing building infrastructure. This type of contract is a public-private partnership that engages the expertise and capital of the private sector to make investments into public building upgrades. With these improvements, the operational costs of these buildings are substantially reduced by replacing decrepit and poorly performing components, resulting in savings that are used to repay the investment made by the private sector company.

These contracts provide approximately \$5 billion each year in improvements to our schools, hospitals, courthouses, universities, emergency response facilities, and state and local buildings,¹ but progress is often limited by the resources needed to provide oversight and management of the process. Every state has current legislation and procedures that authorize and structure these contracts to ensure the best value for the taxpayer, and by increasing the capacity of these state programs or establishing new state programs, our non-federal public building infrastructure will be enhanced. Energy efficiency and renewable energy, indoor air quality, lighting levels, water management, building envelope, and many other items are targeted by these actions.

According to research completed by Lawrence Berkeley National Laboratory in 2017, the remaining cost-effective building investments that are left uncompleted is over \$200 billion.² This *Act* will help to close the gap between what is being done today, and what could be done – all while using private expertise and funding to implement these needed building improvements without requiring up-front capital commitments and reducing operating costs over the long term.

Specifically:

This *Act* will utilize existing funding pathways to provide \$35 million per year for five years that will provide valuable improvements to the operation of these programs. Actions that will be provided through this legislation:

- Design and Implementation of Model Energy Savings Performance Contracts;
- Guidelines, procedures, manuals and other documents to structure contract delivery;
- Programs that will prequalify and certify energy savings performance contractors;
- Technical and administrative assistance to performance contracts; and

¹ Lawrence Berkeley National Laboratory, Updated Estimates of the Remaining Market Potential of the U.S. ESCO Industry (April 2017) (online at https://eta-publications.lbl.gov/sites/default/files/revised_market_potential_final_25apr2017_0.pdf).

² Lawrence Berkeley National Laboratory, Updated Estimates of the Remaining Market Potential of the U.S. ESCO Industry (April 2017) (online at https://eta-publications.lbl.gov/sites/default/files/revised_market_potential_final_25apr2017_0.pdf).

- Monitoring, tracking and reporting of performance contracts.

Furthermore, the legislation directs the U.S. Department of Energy to establish a program to develop and provide a project facilitator certification program – providing expertise right in local communities to oversee and guide these projects to success. These facilitators will ensure that projects carried out under a performance contract will achieve the cost savings and continue to provide benefits to the local community.

Endorsements

National Association of State Energy Officials (NASEO), National Association of Energy Service Companies (NAESCO), Northeast Energy Efficiency and Electrification Council (NEEEEC), North American Insulation Manufacturers Association (NAIMA).