Maximize Full Potential
Sustain Savings
Mitigate Risk

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Program Manager
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Making a Difference

<table>
<thead>
<tr>
<th>EIA Energy Consumption</th>
<th>Commercial</th>
<th>Transportation</th>
<th>Residential</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Million kWh</td>
<td>92,275</td>
<td>115,474</td>
<td>16,918</td>
<td>268,553</td>
</tr>
<tr>
<td>Trillion BTU *all energy groups</td>
<td>1061.6</td>
<td>1452.7</td>
<td>1294.3</td>
<td>486.6</td>
</tr>
</tbody>
</table>

Challenges for Commercial Sector
- Funding
- Time
- Expertise
Agenda

- Typical Cycle for EE Upgrades
- Breaking the Cycle – Capital Recovery and Investment in Sustainability Program (CRISP)
- Financial Solution/Mitigating Risk
- Resources

A Business Model That Doesn’t Work
A Business Model That Doesn’t Work

Equipment Need

Build
Reduce Scope
Bid
Review Costs
Costs
Bid
Reduce Scope
Build
Equipment Need

Usually Component Driven

Budget
Appropriate
Design

Time Delay – Shortfall Issues

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Time Delay – Shortfall Issues
A Business Model That Doesn’t Work

**Equipment Need**
- Build
- Reduce Scope
- Bid

**Budget**
- Appropriate
- Costs

**Design**
- Review

**Designed to budget – not operating cost; No guarantee of performance**

Scope reduction if over budget (Cost of construction, not cost of operation)
A Business Model That Doesn’t Work

- Equipment Need
- Build
- Review Costs
- Bid
- Reduce Scope
- Contractor not bound to design or operational intent

If bids come in over budget
A Business Model That Doesn’t Work

Built to a price; No guarantee of performance

More symptoms
Maximizing Savings

- Efficient devices and installation (saves 10 to 15%)
- Optimized usage via automation (save 5 to 15%)
  - Without regulation and control systems (up to 12% lost)
  - Without Monitoring and Maintenance (2 to 8% lost)

Instead: Begin with the End in Mind

Goals

Can now consider:
- Utility expenses
- Operation and maintenance
- Energy Reduction
- Leadership Capabilities
- Streamlining Systems
- Quality
Breaking the Cycle

Performance Goals
Performance Metrics
Commission
Design / Build
Develop Project
End Result
Budget
Appropriate
Facility Audit

What is the Process?

Goals are tied to project metrics

Project Performance

Project Design & Construction

Qualifying Phase
- Feasibility Assessment
- Education
- Preliminary Engineering

Years
0 5 10 15 20
How does this address the “funding” barrier?

Financial Solution

Capital Recovery and Investment in Sustainability Program:

Potential Sunk Costs to Utility Provider
Guaranteed Funding from Existing Budget

Another Way to Look at it…
Mitigating Risk – Guaranteed ROI

If the entity does not achieve the **annual guaranteed savings**, Energy Services Company will write a check for the difference.

State Agency – Making the Change

“I think there's a natural reluctance to enter into a new contracting method. It was new to us, too. To handle as large and as varied a project as we have, we're very encouraged. We feel like it's the **best thing going for us** right now.”

Victor Moore, director of maintenance and construction, Texas Health and Human Services Commission (HHSC)
Resources

Legislation for Program

- State, municipality, or other political subdivision
- Florida College System institutions, state universities, and school districts

National Association of Energy Services Companies
http://www.naesco.org/resources/esco.htm

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