Our Public-Private Partnership:
ENERGY PERFORMANCE CONTRACTING

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Presentation Outline

• Program process & components
• Statute highlights
• Eligible governmental units
• Energy conservation measures
• Approvals
Why are we here?

• Today’s audience: ESCOs, consultants
• Introduce new and improved EMNRD program
• Basic program components
• Another way to upgrade aging & worn facilities
• Economic Development & JOBS-JOBS-JOBS
Energy Performance Contracting
Energy Services Companies

- Faster than a capital appropriation
- More powerful than turning out the lights
- Able to upgrade hog buildings in a single project
- Look! No upfront payment!
- It’s utility savings! It’s guaranteed!
- It’s my ESCO!
NM Projects to Date - $43M+

SCHOOL PROJECTS

CYCLE ONE
- Moriarty $1,133,390
- T or C $829,000
- Portales $790,670

CYCLE TWO
- Tularosa Ft. Sumner $402,260
- Cloudcroft $439,260
- Tucumcari Municipal $315,450
- Central Consolidated $3,908,050
- Silver City * $1,571,070
- Gadsden $2,645,760
- Deming $1,181,820
- Hatch *$875,930
- Grants/Cibola $850,660

CYCLE THREE
- Chama Valley $375,420
- Quemado $127,700
- Magdalena $179,950
- Cuba Independent $337,460
- Los Alamos $1,684,110
- Espanola $1,680,811

CYCLE FOUR
- Hobbs $1,958,343
- Carlsbad $1,378,100
- Bloomfield $1,224,780
- Reserve $220,283
- Los Lunas $1,840,180
- Gallup $3,306,362

CYCLE FIVE
- Zuni $799,563
- Clayton $147,459
- Santa Rosa $365,006
- Taos $1,016,109
- Roswell $3,579,879
- Alamogordo P. Sch. $1,943,440

UNIVERSITY PROJECTS
- NMHU $2,498,692
- Torrance County $167,711
- Eastern NM- Port.
- Eastern NM- Ros.
- Western NM Univ. $1,783,723
- Alamogordo-NMSU $632,290
- Santa Fe Com. Col. $1,057,570

OTHER PROJECTS
- City of Albuquerque $1,428,215
Client Project Development Process

Process Overview

• The process draws from nationally-recognized ESC template documents recommended by DOE
• Procurement and contract documents incorporate NM statutes and EMNRD’s guidelines
• EMNRD provides process/procurement/contracting documents
• EMNRD serves governmental units: state agencies, political subdivisions, institutions of the state, higher education, municipalities, counties, school districts.
Client Project Development Process
(cont’d)

- Agency contacts EMNRD for assistance
- Agency selects ESCO in compliance with Procurement Code
- Selected ESCO certified as Qualified Provider by EMNRD
- ESCO’s Project Proposal certified by EMNRD
- ESCO provides annual report of consumption and savings
Client Project Development Process (cont'd)

**Process Steps**

- Joint Powers Agreement, Agency ↔ EMNRD
  - Defines the roles and responsibilities
  - EMNRD provides technical assistance
- RFP to select an ESCO, Agency ↔ ESCO
  - EMNRD establishes qualifications for a “qualified provider” (by statute) and provides model RFP
  - RFP will be issued by each agency
Client Project Development Process (cont’d)

- Investment-Grade Energy Audit
  - EMNRD provides model contract
  - Required Deliverables - Audit, baseline calculation, M&V plan, commissioning plan, proforma
  - EMNRD certifies reasonableness and accuracy of savings results before project can proceed (by statute)
- Energy Performance Contract
  - Financing facilitation by ESCO (competitive selection process on behalf of the client)
Client Project Development Process
(cont’d)

Project Basics

- Annual guarantee
- Savings must meet or exceed the cost of the measures
- Throughout financing term (“to the extent necessary,” as determined by EMNRD)
- M&V required
- Form of performance bond, cash bond, letter of credit by bank with Moody’s or Standard and Poor’s rating of “A” or better or any other surety
- Installment contract or lease-purchase contract
The Statute

- Public Facility Energy Efficiency & Water Conservation Act (6-23 NMSA 1978)
  - Established 1992
  - $43M in total projects
  - $30M in utility savings
  - Allows up to 25-year term agreements
Energy Conservation Measures (ECMs) – General

- Cost savings directly resulting from ECMs or WCMs
- Training programs
- Modifications
- Operation & maintenance management
ECMs – Buildings

• Insulation & weatherization
• Automated control systems
• HVAC upgrades
• Lighting retrofits
• Renewable energy
• Cogeneration
ECMs – Transportation & Water

- Transportation
  - Traffic control systems
  - Alternative fuel
  - Fuel-saving accessories

- Water conservation measures
Approvals

• EMNRD certifications
• Agency head / governing body approves each project
• Agency submits project to Legislative Finance Committee thru budget process
• Timing: preceding fiscal year, before leg. session
• Info needed: energy audit & project proposal
EMNRD’s Role

• Certification of ESCO as a Qualified Provider
  • Evaluate qualifications
  • Experience in design, implementation, and installation of ECMs
• Certification of project proposal
  • Investment-grade energy audit
  • Guaranteed utility savings contract
  • Utility savings “appear to be accurately estimated and reasonable”
EMNRD’s Role

(cont’d)

• Annual Report
  • Format approved by EMNRD & DFA
  • Monthly consumption and energy prices
  • Total consumption and savings
  • Due by July 30th
Qualified Provider

- "qualified provider" is experienced in the design, implementation and installation of ECMs (or WCMs) and who meets the experience qualifications developed by EMNRD for ECMs (or the office of the state engineer for water conservation measures)

- Approved by EMNRD on project-by-project basis

- NO PRE-QUALIFICATION PROCESS
25-Year Term

- ...the amount the governmental unit would spend on the energy or water conservation measures recommended in the proposal is not likely to exceed the cumulative amount of utility cost savings and conservation-related cost savings of all energy or water conservation measures in the proposal over twenty-five years or over a period not to exceed the expected useful life of the most durable measure in the proposal...
Eligible Entities

• "governmental unit" means an agency, political subdivision, institution or instrumentality of the state, including two- and four-year institutions of higher education, a municipality, a county or a school district
Maintenance

• No more than 50% of total project savings

• "utility cost savings" means the amounts saved by a governmental unit in the purchase of energy or water that are a direct result of ECMs or WCMs implemented pursuant to a guaranteed utility savings contract

• “conservation-related cost savings" means cost savings, other than utility cost savings, in the operating budget of a governmental unit that are a direct result of ECMs or WCMs implemented pursuant to a guaranteed utility savings contract
Capital Cost Savings

- Do not include in Project Proposals
- Will consider conditions for allowing through future rulemaking process
Future Plans & Possibilities

- Webpage updates ➔ www.CleanEnergyNM.org
- Clean Energy Projects Audit Program
- Establish administrative rules
  - Program requirements & best practices
  - Pre-qualification process
  - Set $/sqft audit pricing
- “EPC-light” for single or simply-bundled ECMs
- Develop project database
For further information…

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