



## Supporting ESPC at the U.S. Department of Energy

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**AnnaMaria Garcia**

Director, Office of Weatherization & Intergovernmental Programs  
U.S. Department of Energy

# A Perfect Storm for ESPC

- Tight budgets for energy efficiency retrofits
- Increasing attention to ESPC by the Administration
- Good energy savings potential
  - Estimated annual energy savings potential in MUSH market: ~199.5-262.3 trillion Btu
  - A typical ESPC project in the MUSH market saves approximately 13% to 31% annually compared to its baseline consumption<sup>1</sup>
- High market growth potential for ESPC
  - Estimated 2013 revenues of \$6.4 billion, with a projected growth of ~12% in the next three years
  - Estimated ESPC project investment opportunity in MUSH market: ~\$51.8-\$86.8 billion



<sup>1</sup> LBNL/NAESCO database of ESCO projects

Source for all other slide facts: "Current Size and Remaining Market Potential of the U.S. Energy Service Company Industry" by Elizabeth Stuart, Peter H. Larsen, Charles A. Goldman, and Donald Gilligan. September 2013.

# Supporting the ESPC Market

- MUSH market expresses barriers to broad use of ESPC
- DOE's goal: Enable access to the upfront financing needed for the public sector to deploy energy efficiency projects
- DOE's work has included:
  - Individual technical assistance under ARRA
  - Support for 14 states undertaking ESPC through State Energy Program Competitive awards
- There's still more to do: the President's call to action
  - The ESPC Accelerator provides technical assistance and recognition to partners that make commitments

# DOE's ESPC Accelerator

- 3 activity pillars that address the most frequently expressed barriers to broad use of ESPC:
  - Streamlining ESPC documentation and process
  - Standardizing project reporting and benchmarking contract performance
  - Overcoming individual framework, process, and new market barriers



# The Accelerator Today: \$1.8 Billion Commitment

- Alabama
- Cincinnati, OH
- Colorado
- Connecticut
- El Paso, TX
- Fort Worth, TX
- Hawaii
- Houston, TX
- Illinois
- Massachusetts
- Michigan
- Minnesota
- Montana
- Nevada
- New Mexico
- Newark, NJ
- North Carolina
- Philadelphia School District
- Virgin Islands
- Virginia
- Washington State

# Addressing ESPC Process and Data Barriers

## Pillar 1: Streamlining the Process

Purpose:

Shorten ESPC transaction costs and timeline

Flagship Activity:

Reviewing Existing Model ESPC Documents

## Pillar 2: Standardizing Reporting

Purpose:

Standardize project results documentation & reporting

Flagship Activity:

Tailoring and Testing eProject Builder

# Addressing Framework, Process, & Market Entry Barriers

## Pillar 3: Individual Barriers

Purpose:

Support successful, permanent, innovative, and replicable resolution of individual partner barriers

Activities:

- Each partner elects one barrier to ESPC investment
- Solutions fall into three categories:
  - Establishing elements of an ESPC framework,
  - Operationalizing ESPC tools and processes, and
  - Educating/motivating market decision-makers.
- Partners participate in
  - Individual Technical Assistance
  - Working Groups

# Accelerator Successes

- ~50 percent of total commitment achieved in first year
- Half the partners achieved 50% to more than 100% of their program commitment
- Model ESPC documents updated and available online
- eProject Builder tool and support available – programming continues to incorporate data needs of MUSH market
- Individual barrier resolutions in progress – model tools and Implementation Models expected





# Plan for 2016

- Topic for the year is measurement & verification (M&V)
- Purpose: Provide a forum for partners to discuss and refine M&V best practices for application in ESPC projects
- Curriculum planning begins September 3
- High-quality reporting of results will help states take credit for ESPC project results, particularly as part of a cost-effective approach to meeting Clean Power Plan goals
- Partnering with ESC to disseminate Accelerator tools and solutions to jurisdictions across the country





# Questions?

For more information, please contact  
[AnnaMaria.Garcia@ee.doe.gov](mailto:AnnaMaria.Garcia@ee.doe.gov)