

Jobs and Facility Modernization with No New Taxes

NASEO

State Energy Outlook Conference

February 7, 2013



Agenda

- The Needs
- ESPC Can Help Meet Needs
- What is ESPC?
- Where is ESPC Available?
- What Can Governors Do?



The Needs

- States need new jobs
 - Recovery still slow
- State and local facilities need improvements
 - \$ Billions of deferred capital improvement
 - Budgets very tight
- What can states do immediately?

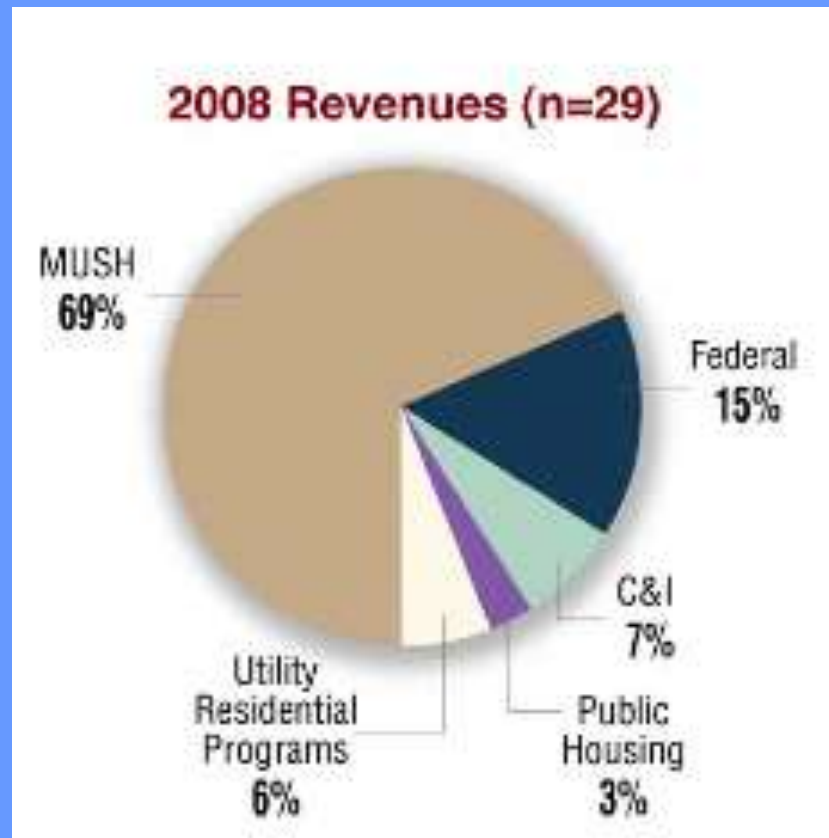


ESPC Can Help Meet Needs

- \$45B in projects since 1990
- \$50B savings – guaranteed and verified
- 350,000 person-years of direct employment
- \$30 billion of infrastructure improvements
- 450 million tons of no cost CO₂ savings
- No new taxes



ESCO Market Segments



What is ESPC?

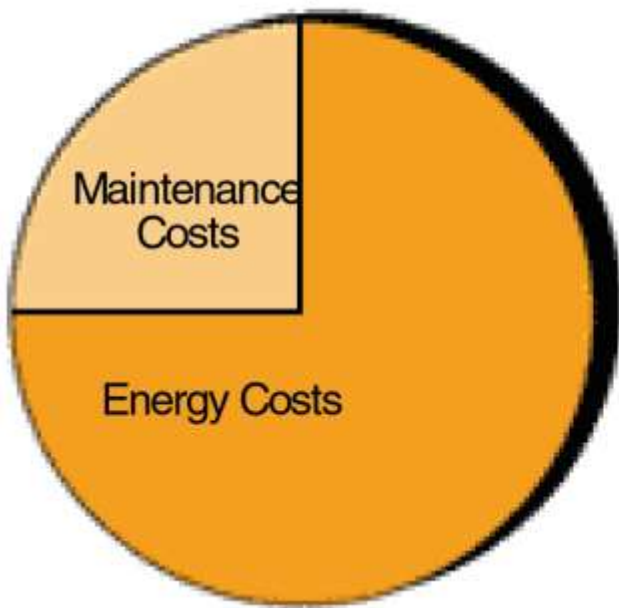
- Converts money spent on wasted energy into capital improvements in public facilities
- Turnkey service
 - Audit + engineering + construction + financing + commissioning + O&M + long-term M&V
- Delivers all EE, RE and DG/CHP technologies
- Third-party financing
 - Competitive market delivers low rates
 - Currently $\leq 4\%$



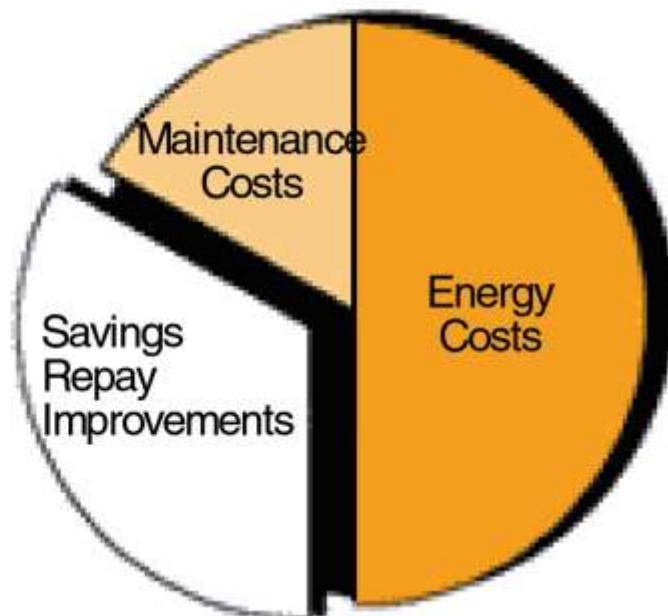


How Does ESPC Work?

Before Improvements



After Improvements



Typical ESPC Measures

- Lighting
- Heating Ventilation & Air Conditioning (HVAC)
- Energy Management Systems
- Motors and Variable Speed Drives
- Building Envelope Measures
- Water Conservation Measures

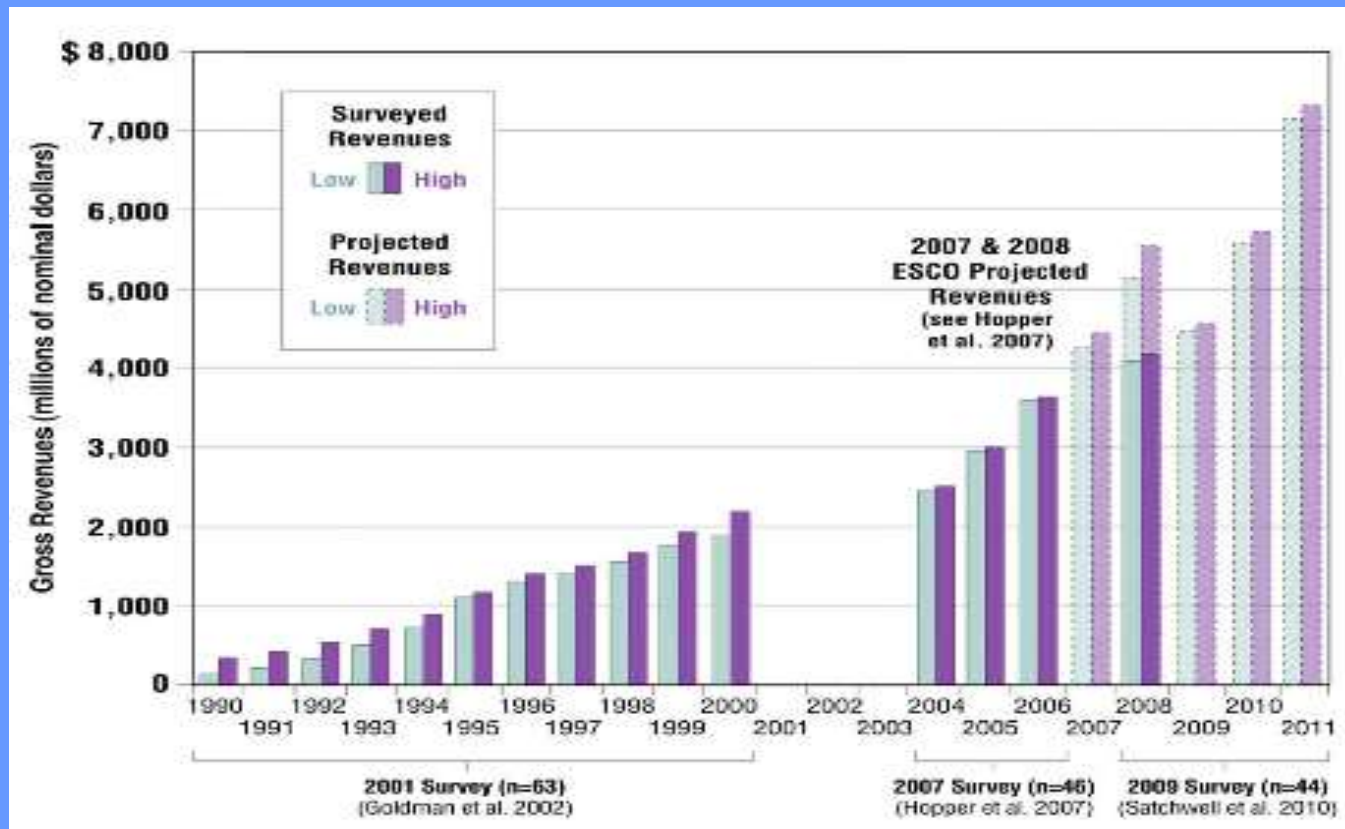


Advanced ESPC Measures

- + Renewables – solar, wind and biomass
- + Distributed Generation or CHP
- + Demand Response
- + Water metering
- + Street and traffic lighting
- + Building sustainability



ESCO Industry Ready to Work



Where is ESPC Available?

- Every state and local government wastes large amounts of energy
- Every state has engineers and construction trades ready to work
- Every state has a competitive private finance industry with the required capital



Example – Georgia ESPC Potential



[HELP](#) [SAMPLE VALUES](#)

INVESTMENT OPPORTUNITY

Potential Annual Savings = Cash Flow Opportunity

Enter Category Name Here

	All Facilities	Totals
Annual energy costs	\$220,000,000	\$220,000,000
Potential annual savings	\$55,000,000	\$55,000,000

What Can \$55,000,000 of Annual Savings Buy?

Reset

Assuming an interest rate of	4.75	%	
Assuming a term of	15	Year(s)	
Savings used to pay energy/retrofit investments	90.0	%	
Additional funds such as rebates, etc. (if available)	\$0		
Taken from operating funds, these savings could finance energy/retrofit projects equal to	\$530,320,200		without increasing today's capital and operating budgets.
Project Cost	\$274,802,300		
Additional Funding Required	No additional funds required		
Contribution that your operating budget can make towards energy improvements	\$3.928	/SF	
Simple Payback	9	Year(s)	
	8	Month(s)	

Consider blending short- and long-term projects to maximize use of the savings.

[Important Notice](#)



Public Supports ESPC

- Washington -- \$500M program bond issue
 - EE in schools
 - Long history of EE programs
 - Voted down by substantial margin
- Georgia -- \$500M ESPC program
 - EE in state buildings
 - Modest history of EE programs
 - Approved by substantial margin

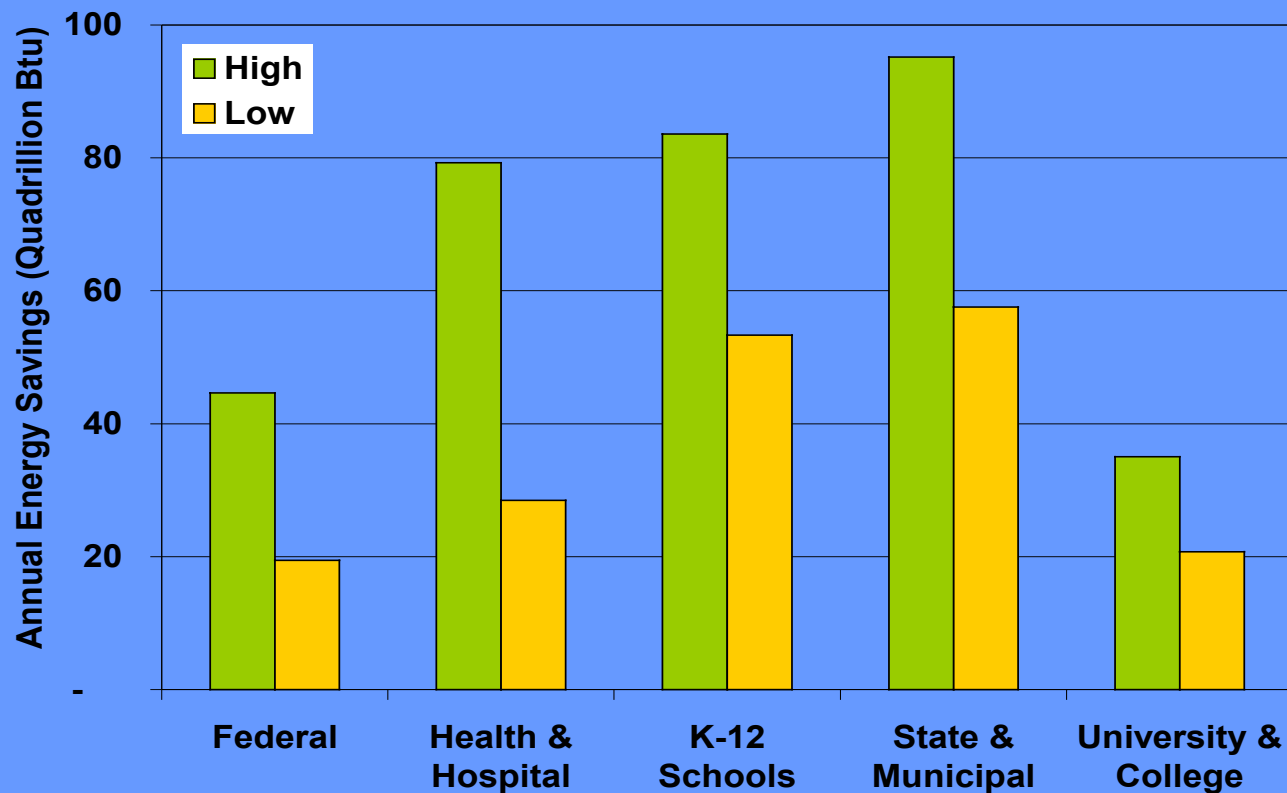


Questions?

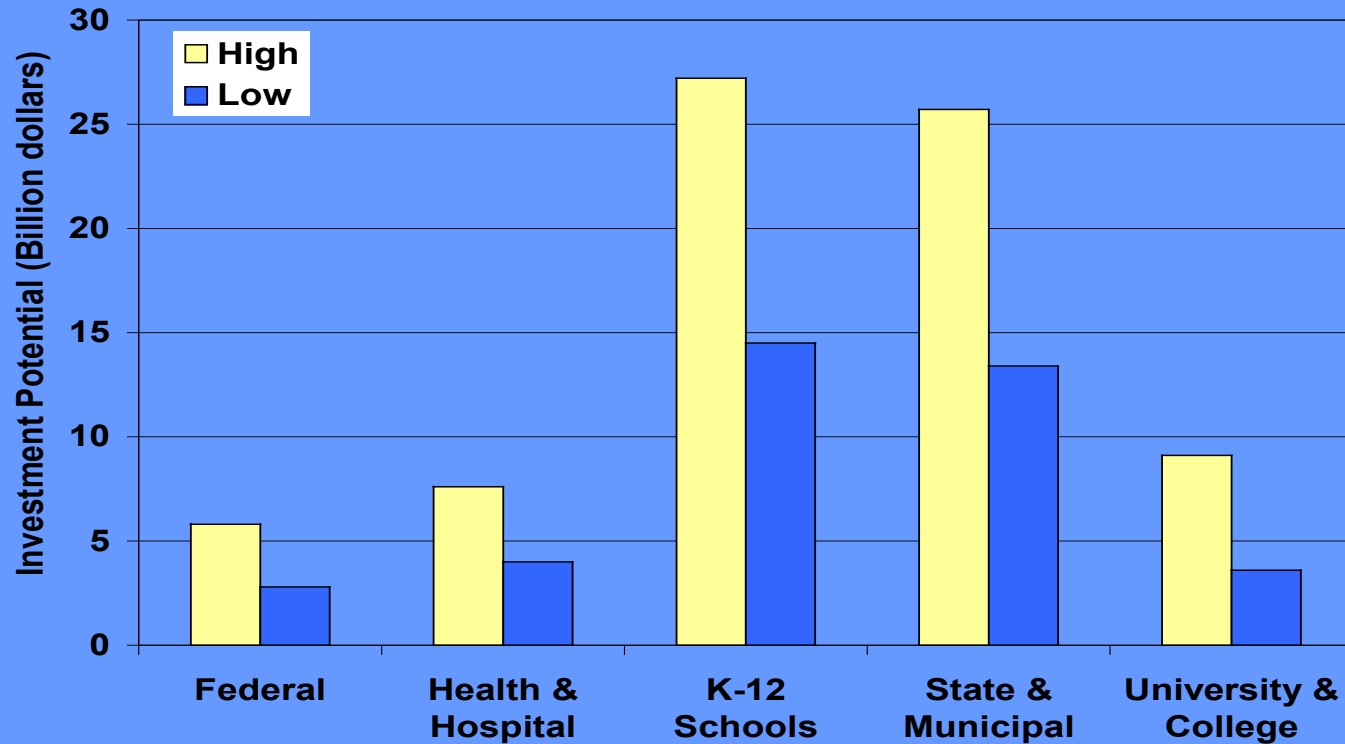
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Public Buildings Available Energy Savings



Public Buildings EE Investment Needs



Resources Available

- NASEO Regional Coordinators
- US DOE funds technical assistance for state and local ESPC programs
- Program management processes and documents available on ESC website

<http://www.energyservicescoalition.org/espc/tools/index.html>

