

# NAESCO Federal Market Workshop

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# Implementation Issues

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- Policy Objectives
- Tools
- Potential Benefits
- Challenges
- Options for Success

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- Policy Objectives
    - Rapid Job Creation
    - Energy Savings (Green Jobs)
    - Transparency & Accountability
  - Tools
  - Potential Benefits
  - Challenges
  - Options for Success

# Policy Objectives

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“We’ll also lead a revolution in energy efficiency, modernizing more than 75 percent of federal buildings... This will not only create jobs, it will cut the federal energy bill by a third and save taxpayers \$2 billion each year.”

President Obama,  
February 4, 2009 while visiting the Department of Energy

- Will Recovery funds alone create \$2 billion in energy savings at federal buildings?
- How will OMB, Congress and the public know how much has been saved by each agency?

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- Policy Objectives
  - Tools
    - Job / Green Jobs
      - Stimulus Funds (GSA/DOD)
      - Additional appropriations
      - UESC / ESPC
    - Transparency & Accountability
      - ESPC (project results guaranteed, verified, documented)
      - EO 13423 / EISA Sec. 432 (Agency results documented)
  - Potential Benefits
  - Challenges
  - Options for Success

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- Policy Objectives
  - Tools
  - **Potential Benefits**
    - Leveraging allows the government to double or triple its benefits
      - More jobs
      - More Energy (taxpayer) costs avoided
      - More investment in green technologies
    - Accountability
      - ESPC provides guaranteed savings – appropriations do not
      - Sec. 432 requires equal M&V
  - Challenges
  - Options for Success

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- Policy Objectives
  - Tools
  - Potential Benefits
  - **Challenges**
    - Need for Speed
    - Leveraging is not for everybody
    - Sec. 432 not fully implemented
  - Options for Success

# Challenges

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- Need For Speed
- Agencies and facilities will go with what they know
  - Projects that are in the pipeline are first
  - Will site managers have time to look for additional opportunities or synergistic projects?
- Combining Stimulus funds with leveraged financing
  - Past practices vary among agencies
  - Many view spending stimulus dollars quickly as a major challenge – will they be willing attempt to increase project size through leveraging?
- EISA Sec. 432 is not fully implemented
  - Audits are just gearing up – will many be ready in time for Stimulus?
  - Database for on-line reporting is not operational – best tool for accountability and transparency is not in place

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- Policy Objectives
  - Tools
  - Potential Benefits
  - Challenges
  - **Options for Success**
    - Use stimulus funds to accelerate audits and to buy down cost of projects
    - Rely on ESPC
    - Report progress on Sec. 432 web-based database

# Options for Success

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- Use stimulus funds to accelerate audits and to buy down cost of projects (More jobs)
  - More Sec. 432 audits will provide more complete projects
  - EISA specifically approved the mixing of funds
  - Larger project means more jobs/energy savings
  - Facilities that fail to do comprehensive projects will become very unattractive for future retrofit work – just doing the low-hanging fruit means future projects will have unattractive pay-back profiles
- Rely on Leveraging (More Jobs, More Energy Savings)
  - Using ESPC and UESC, Government can double or triple the job creation potential of the Recovery money
- ESPC (Accountability)
  - ESPC guarantee enables accountability better than any other tool available to the government
  - ESPC can enable government sites to accomplish audits, engineering, construction, O&M, and M&V with transparent and verified results
- Report progress on Sec. 432 web-based database (Accountability, Transparency)
  - DOE should use a small portion of the funds to finalize the web-based tracking system
  - System will allow each agency to show its total jobs/energy savings from Stimulus funds
  - Sec. 432 is a better fit with ambitious goals of Stimulus legislation than the 3% per year approach

# Job Profile of Typical Energy Efficiency Project

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Audit &  
Development  
Months 0-10

- 8% of total project cost incurred

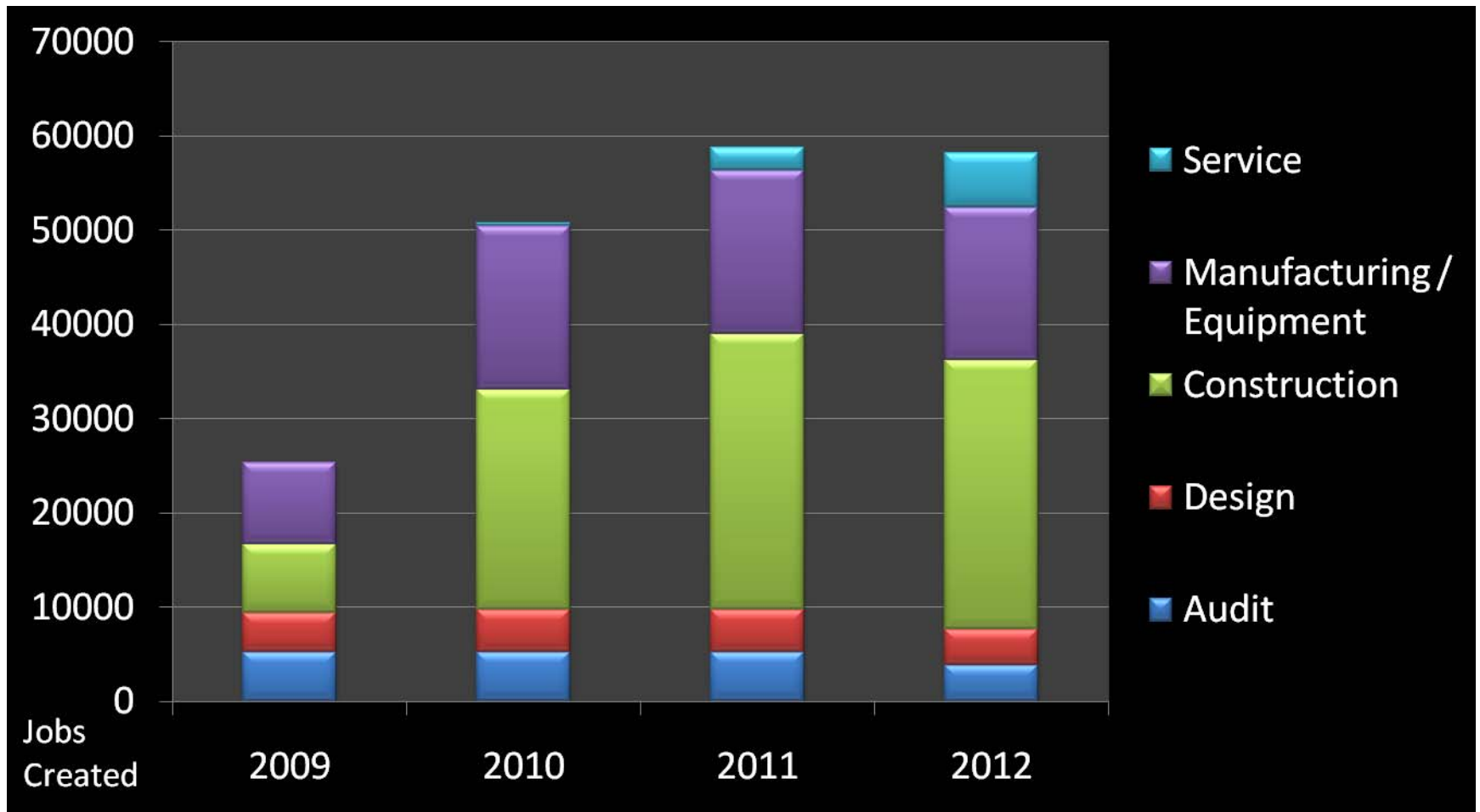
Implementation  
Months 11-31

- Design/engineering 7% (months 10-13)
- Manufacturing 40% (months 11-18)
- Construction 45% (months 11-31)

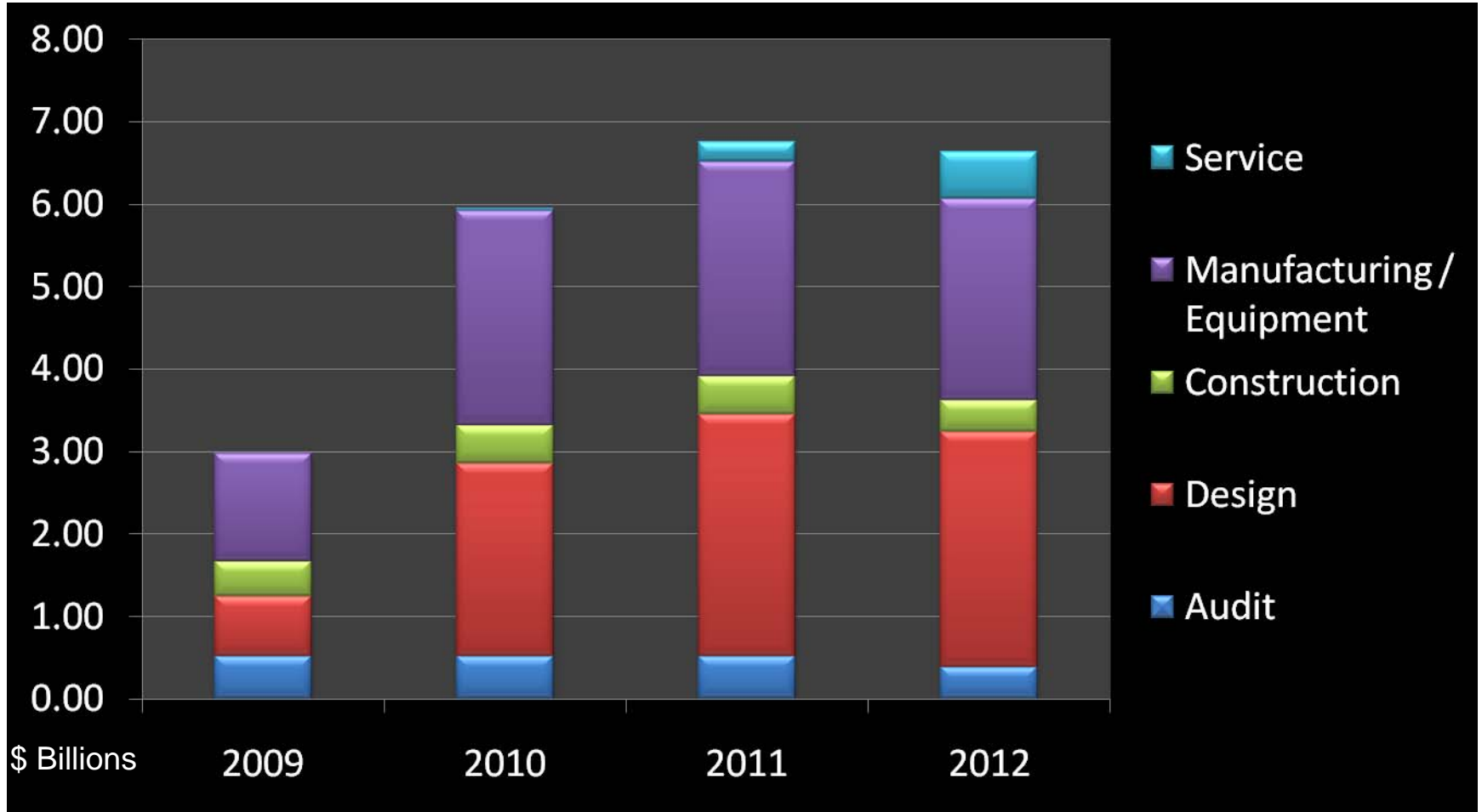
Service Phase  
Months 31-249

- Operations
- Maintenance
- Repair
- 4% of implementation costs per year for duration of contract

# Job Creation By Year



# \$6 Billion Stimulus Drives \$26 Billion Invested





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