

Appalachian Energy Summit

APPALACHIAN STATE UNIVERSITY

The University of North Carolina Energy Leadership Challenge

Breakout Session Notes

Creating and Managing an Energy Savings Performance Contract

Discussion Leaders: Mike O'Connor, Appalachian State Physical Plant Director
Jorge Quintal, UNC Greensboro Associate Vice Chancellor of Facilities

Please provide notes that are clear, concise, high level, and actionable. These notes will be initially forwarded to discussion leaders for final editing before publishing to all participants with the objective of providing them with good ideas and helpful contacts.

Best Practices

Mike O'Connor: Have clear goals for your project, fully understand your current energy profile, understand the approval process and schedule

Certain steps are sequential and necessary to do in order

Process is very bureaucratic; State Energy Office (SEO) is there to help you

Identify a Champion Early: In a larger institution, you need someone enthusiastic and who has the ability to communicate effectively through the process

Chris Martin Jr: spend time educating champions If they don't completely understand the contract

People must understand that this is a long term commitment that takes care of deferred maintenance costs

Chris Halpin: repurposing savings is important

RFP Phase

Develop clear Energy Services Company (ESCO) selection criteria: It becomes a "Beauty Contest"

Selection committee: get a group that is defensible, transparent, someone from purchasing, financing/budget directing, operations, attorney, IT professional, etc.

Account for unexpected

IGA and ESA phase

Get State Construction Office to understand the process; scope, goals, potential code issues* and buy in early

Take time to develop the project but with pencils down *stop changing details, stick with your scope once it is established.

Understand baseline assumptions: savings are fabricated unless these are understood

Get the best third party you can afford to have experts, get them on early to have the right baseline assumptions

Understand cash flows: Unknown future fees will come out of your savings; financing of original package: engineers to inspect annually, etc. *Difference between excess cash flow and projected cost

When deciding on a third party, decide based on familiarity with legal aspects; determine what your weaknesses are and make sure they have those bases covered.

Installation Phase

Strong project manager on staff

Site supervision

Weekly construction meetings

Over-communicate with customers and staff!

Stick to the schedule: Time is money

Existing code deficiencies

Build in contingency plans (back end loaded ESMs that can be eliminated) in case you hit unforeseen conditions)

Performance Phase

Long term relationship: assign one person to manage

Establish periodic meetings with ESCO: talk about warranty, changes in hours, renovations, etc

Understand ESCO maintenance and training reqs

Understand owner's maintenance reqs

Engage third party auditor with ESCO prior to submission of the first savings report

How do you know when everyone is changing details? Make sure to ask!

Have a standard, agreeable format to evaluate savings with third party

In house vs ESCO

University has all risk and all savings

Post Installation M & V Report

Estimate project costs: do a feasibility study, use utility savings

Financing up front IGA development costs

Staff availability and work load, experience

Opportunities

Engage students with proposals, design work, data analysis

Challenges

Chris Martin Jr: spend time educating champions If they don't completely understand the contract

SEO says "debt from the project doesn't affect university", but it really does. Debt limit is a factor!

Halpin: ESCO should go in early to the construction office to get an early buy in, it can delay your project greatly otherwise

Possibilities for Collaboration

Ran out of time!