

Energy Program Updates

Presented by

**Virginia Energy
Management
Program (VEMP)**



FORUM 2009
Mapping Strategies in Uncertain Times



VEMP Programs

- Support Performance Contracting
- Support Demand Response
- Procure aggregated natural gas and non-transportation fuels for Commonwealth agencies
- Electric Utility and Natural Gas Distribution Contracts
- Develop and implement training program for state facility personnel
- Renewable Energy Credits Program
- Energy Assurance Planning



Performance Contracting

- Performance Contracting is a tool allowing state agencies and other public bodies to have work performed in their facilities with NO up front cost. Projects are paid for by the savings generated from projects.
- During term of the contract budgets use dollars that would have gone to energy cost to pay for work. Agencies have the benefit of improved facilities.

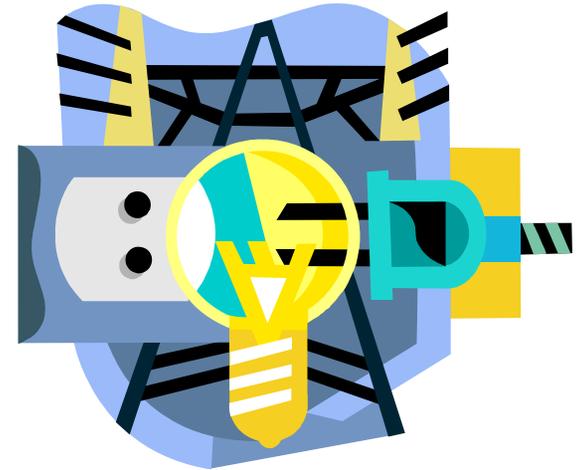


Performance Contracting

- Energy Performance Contracting
 - Companies are pre-qualified
 - Contact 4 or more from the pre-qualified pool
 - They meet with you
 - They perform a “back of the envelope” audit
 - You interview and discuss the audits
 - You select and begin negotiations for the energy contract

Performance Contracting

- Chiller and cooling tower replacements
- Co-generation plants
- New heating plants
- Replacing meters
- Re-lamping
- Window and envelope treatments
- Water fixture replacements
- Maintenance operations training
- Building automation





Performance Contracting

- Consider your financing options
 - State agency – MELP from Treasury
 - Public bodies – municipal bonds
 - Other options available
 - Lease purchase
 - Third party financing
 - Outright purchase
 - Lease



Performance Contracting

- Define your needs
 - Where is your greatest need?
 - Old chiller that is inefficient
 - Steam line leaks
 - High electrical costs
 - High water consumption



Performance Contracting

- After you have defined your need and given consideration to how you would like to finance your project
- Select the contractors to perform the “Back of the Envelope Audit”
- There are no rules on how you select the 4 or more contractors
- Go to the pre-qualified list and read their qualifications and select



Performance Contracting

- Set up a walk through for the contractors you selected, include all of them at the same time
- Public bodies need to provide the contractors certain information
 - Facility data
 - Utility data
 - Maintenance history



Performance Contracting

- Set a deadline for the “Back of the Envelope”, remember the more time we allow, the better the information, 3-4 weeks
- When you receive the “Back of the Envelope Audits”, review them and set up your interviews



Performance Contracting

- Select your energy contractor
- After this selection is made, set up a kick off meeting to begin the “Technical Energy and Water Savings Audit”
- The cost of the technical audit can be rolled into your energy contract



Performance Contracting

- Allow time for your technical audit
- Once the technical audit is complete, make sure everyone is in agreement with the potential savings and approach to the project
- If everything is in agreement, proceed with the energy contract

Performance Contracting



- Addresses the financing
 - Methods and savings
 - Type of financing
 - Owner obligations
- Addresses the construction schedule
- Addresses the bidding process
- Addresses the maintenance
- Addresses measuring the savings

Performance Contracting



The energy contract is just like a construction contract, it has design, it has specifications, it has bidding, it has construction and installation and it must comply with building codes.



Performance Contracting

- Contract and other details at - <http://www.dgs.virginia.gov/DivisionofEngineeringandBuildings/DirectorsOffice/DEBContracts/EnergyPerformanceContracting/tabid/393/Default.aspx>



DEMAND RESPONSE

- A program that makes payments directly to state agencies or localities for reducing electrical usage in periods of high electrical demand.



DEMAND RESPONSE

- Setup electrical accounts in the program
- Reduce load when requested
- Utility pays PJM, PJM pays Energy Connect, and Energy Connect pays agency or locality.
- 85% of payment goes to agency or locality
15% to vendor



DEMAND RESPONSE

- Contract -
<http://dps.dgs.virginia.gov/DPS/Download/E194-19605-08.pdf>
- Energy Connect is the vendor –
for additional information -
<http://www.mme.state.va.us/DE/StateAgencyProgs/statecontractmeetings.shtml>



AGGREGATED PROCUREMENT

- Presently the Department of Purchase and Supply puts statewide energy contracts in place for natural gas and non-transportation fuels (heating oil, oil used to power generators, and oil for other off road uses)
- Each agency issues their own purchase order using the statewide contract.



AGGREGATED PROCUREMENT

- Aggregated procurement will allow the Commonwealth to leverage the purchasing power of all agencies.
- Get lower prices by issuing larger volume orders than any single agency can purchase.
- Have personnel who have energy purchasing as their only job.
- Set a fixed price for natural gas and non-transportation fuels giving budget certainty



AGGREGATED PROCUREMENT

- VEMP will develop an Energy Risk Management Plan for Commonwealth facilities.
- Will include an Energy Procurement Plan
- Will allow planning for future changes in Commonwealth energy purchasing such as Green Power, Carbon Credit Trading, Cap and Tax, or Cap and Trade.



AGGREGATED PROCUREMENT

- RFP has been issued and responses received for a 10 year natural gas contract.
- Goal is to have fixed cost that agencies will issue purchase orders against.
- Information on the program will be send out to Energy Managers , to Procurement, to Finance, and to Administration giving details.



Electric Utility and Natural Gas Distribution Contracts

- Natural Gas Distribution Contract in place with Columbia will be using this as template for other LDC's
- Working with Dominion Power and Appalachian on revised contracts – no timeline on when new contract will be in place



TRAINING PROGRAM

- Training program has been cut because of budget constraints
- We are aware of the benefits of this program and will try to have funding available in the future



Renewable Energy Credits Program

- Using Maryland model and will handle program internally rather than contracting out
- Checks sent directly to agencies
- We will charge fee for program administration
- Initial focus on solar



Energy Assurance Planning

- Have federal funding to develop plan
- Working with DPS to issue RFP and select vendor



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