



Infrastructure Financing: "New Requirements for Energy Efficiency"

Welcome Participants!



Washington State
Public Works Board



Panelists

- David Dunn.....Dept. of Ecology
- Steve Dunk.....Public Works Board
- Douglas Kilpatrick.....Dept. of Enterprise Services
- Karen Klocke.....Dept. of Health

Presentation Overview

- Legislation requiring the Investment Grade Efficiency Audit (IGEA)
- What does this mean to your project?
- How to comply with the requirement
- IGEA explained further
- Question & answer session
- Contact information

Legislative Language

“For projects involving repair, replacement, or improvement of a wastewater treatment plant or other public works facility for which an investment grade audit is obtainable, the public works board must require as a contract condition that the project sponsor undertake an investment grade audit.”

ESHB 1497 Section 1021

Funding Agencies that Need to Comply with this Legislative Language:

- Department of Ecology (SRF/Centennial Grant)
- Department of Health (DWSRF)
- Public Works Trust Fund

History of the Investment Grade Efficiency Audit (IGEA)

- The IGEA requirement became effective July 1, 2011
- The Public Works Board & the Department of Ecology have already worked with loan recipients and the IGEA requirement for the FY 2012 applications.
- This will be the first application cycle for the Department of Health to require the IGEA

What does this mean to your
infrastructure project?

If your project involves motors, pumps, blowers, electrical or heating/air conditioning you will need to provide documentation that an energy review has been completed.



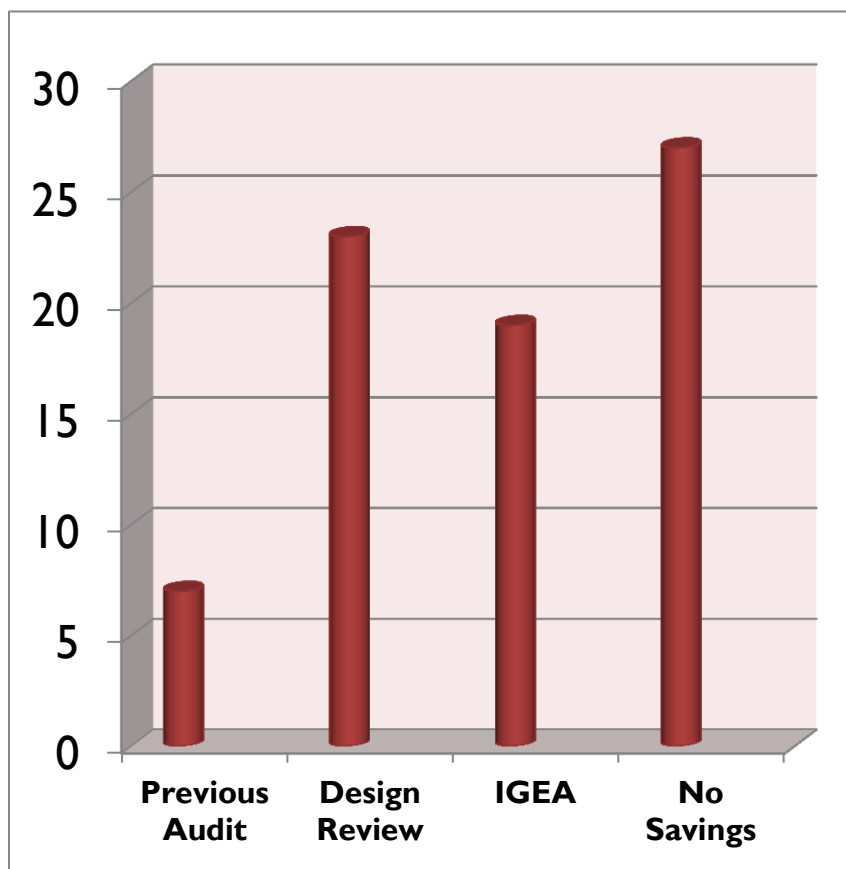
Is a Formal Investment Grade Audit the only way to complete the legislative requirement?



Four Methods to Meet the Requirement

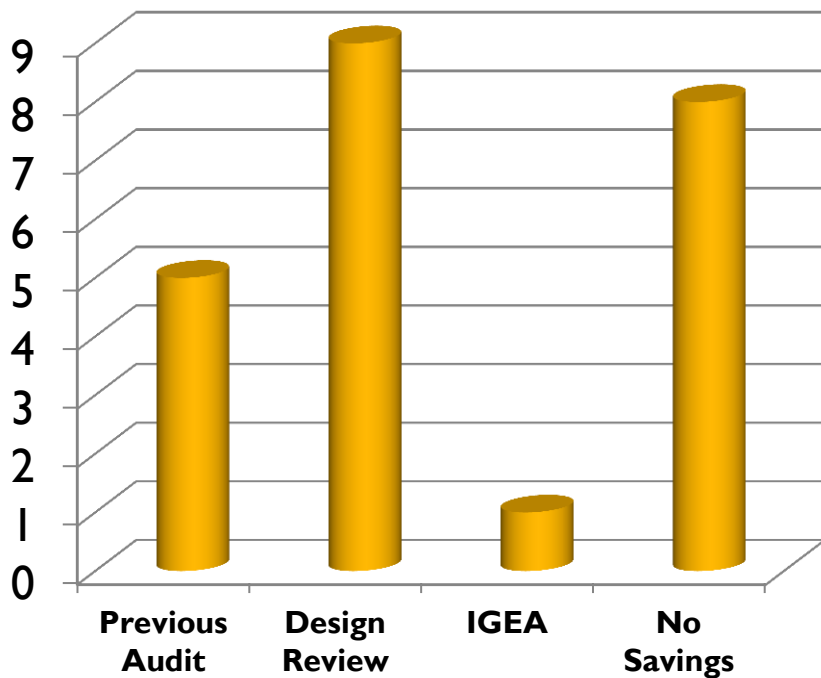
- 1) Documentation that you have met the IGEA requirements in the past
- 2) A third party design review of your project
- 3) Demonstrating there are no “obtainable” energy savings
- 4) Complete a preliminary energy audit and/or an Investment Grade Efficiency Audit (IGEA) on your existing system

Seventy-Six FY 2012 PWTF Projects



- 63% of the projects completed some form of energy review
- 37% of projects had no “obtainable” energy savings

Twenty-five FY 2012 DOE Loans



- 65% of DOE loans went through some form of energy review
- 35% were found to have no “obtainable” energy savings

1. Documentation that you have met the IGEA requirements in the past

- An audit showing potential energy savings
- A design review
- Documentation must be less than 3 years old



2. Third Party Design Review

- New projects and major retrofits may not fit into a traditional energy audit framework.
- The design review will focus on the energy intensive processes: Motors, pumps, blowers...
- A design firm can sub-out to a qualified third party for “peer review” on the energy components
- Design review can also be conducted by your power provider. (This includes *PUD's w/ their own energy experts*)

3. No “Obtainable” Energy Savings

- Projects receiving funding with no energy use i.e. “pipes and pavement”
- Minimal energy use (maintenance lighting)
- A preliminary audit that concludes that energy savings are not obtainable.



4. Investment Grade Efficiency Audit

- An IGEA will identify cost effective energy strategies to **save power and money** for your system
- The audit can be prepared by your power provider or an Energy Services Company (ESCO)
- The IGEA can evaluate the entire facility or be specific to your funded project
- Starts with a preliminary audit to determine if an investment grade audit is “obtainable”

The IGEA Process

- Contracting with an Energy Service Company (ESCO) through the Department of Enterprise Services (DES)
- vs.
- Contracting directly with an ESCO or power provider

Public Sector Performance Based Contracting:

RCW 39.35A.050

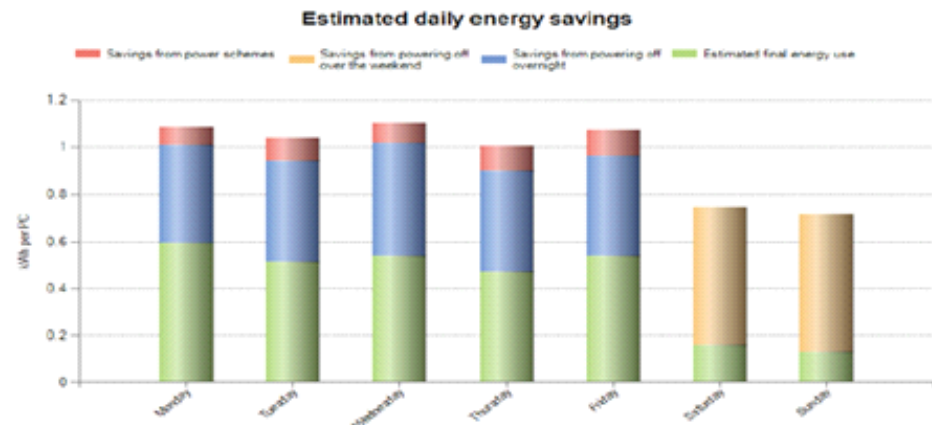
The state department of ~~general administration~~ enterprise services shall maintain a registry of energy service contractors and provide assistance in identifying available performance-based contracting services.

Definition of Performance Based Contracting Per the RCW

- **RCW 39.35C.010**
"Performance-based contracting" means contracts for which payment is conditional on achieving contractually specified energy savings.

What is Performance Based Contracting?

- A method of identifying, constructing and financing energy and utility efficiency projects.
- Uses energy and utility dollars saved to pay for the project costs.



Benefits of Energy Performance Contracting through DES:

- Low bid acceptance is not required.
- Owner involved with contractor selection.
- Owner involved with equipment selection.
- **GUARANTEED:**
 - ✓ Maximum project cost
 - ✓ Energy savings
 - ✓ Equipment performance

How do I start with Performance Based Contracting with DES?

- Sign an Interagency Agreement with DES
- Choose an ESCO from the DES registry
- DES will contract with the ESCO on your behalf
- DES will participate as a technical resource and process management partner

14 ESCO's on DES Registry

Find them on the DES website at:

<http://www.ga.wa.gov/EAS/epc/municipal.htm>



What will the ESCO do?

- Meet to establish audit criteria
- Review existing energy utility data
- Provide guidance on the potential to find cost-effective system modifications
- Provide a fixed audit price to analyze selected systems or facilities
- Deliver an Energy Services Proposal

What's an Energy Services Proposal?

“A package of measures that yield a cost-effective energy investment”

An ESP includes:

- Guaranteed Maximum Project Cost
- Guaranteed Energy Savings
- Guaranteed Equipment Performance.
- Cash flow analysis

Contracting directly with an ESCO

Performance based contracting requirements as found in RCW 39.35A.030 including:

- Advertise to hire an ESCO (RFP)
- State scope and nature of equipment and services required
- Select based on the best proposal
- Negotiate terms with ESCO selected
- Manage the contract and project

We wish you great success and lots of energy savings on your project!



Questions and Answers



Contacts

Doug Kilpatrick, PE
Department of Enterprise Services
Energy Program
360-407-9380
douglas.kilpatrick@des.wa.gov

David Dunn P.E.
Washington State Department of Ecology
Water Quality - Financial Management
360-407-6503
david.dunn@ecy.wa.gov

Karen Klocke
Department of Health
Drinking Water Program
360-236-3116
karen.klocke@doh.wa.gov

Stephen Dunk
Public Works Board
Public Works Trust Fund
360-725-3157
stephen.dunk@commerce.wa.gov