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INVESTING IN GEORGIA'S
ENERGY, LAND & WATER RESOURCES



Guaranteed Energy Savings Performance Contracting

David Godfrey, State Utilities Program Manager
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The GEFA Division of Energy Resources promotes energy efficiency, renewable energy and energy assistance programs that improve environmental quality, strengthen quality of life and stimulate sustainable economic development in Georgia.

The division achieves these goals by administering proven programs, providing critical energy information resources and promoting cost effective energy solutions for public and private entities.

The division's programs include:

- State Energy Program
- Weatherization
- State Utilities Program
- Governor's Energy Challenge



- **Background**
 - Definition: Performance Contracting
 - Multi-year Lease Task Force: Fall 2007
- **Potential Benefits**
 - Energy Cost Avoidance
 - Capital Improvements
 - Job Creation
- **State Legislative Actions**
 - SB 194 Amendments:
June 2010
 - Constitutional Amendment:
Nov. 2010
- **Program Implementation**
 - State Advisory Committee
 - Industry Advisory Group



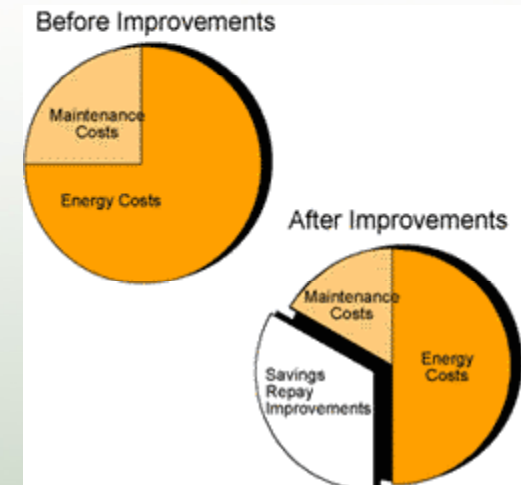
You enter into an agreement with a private energy service company (ESCO).

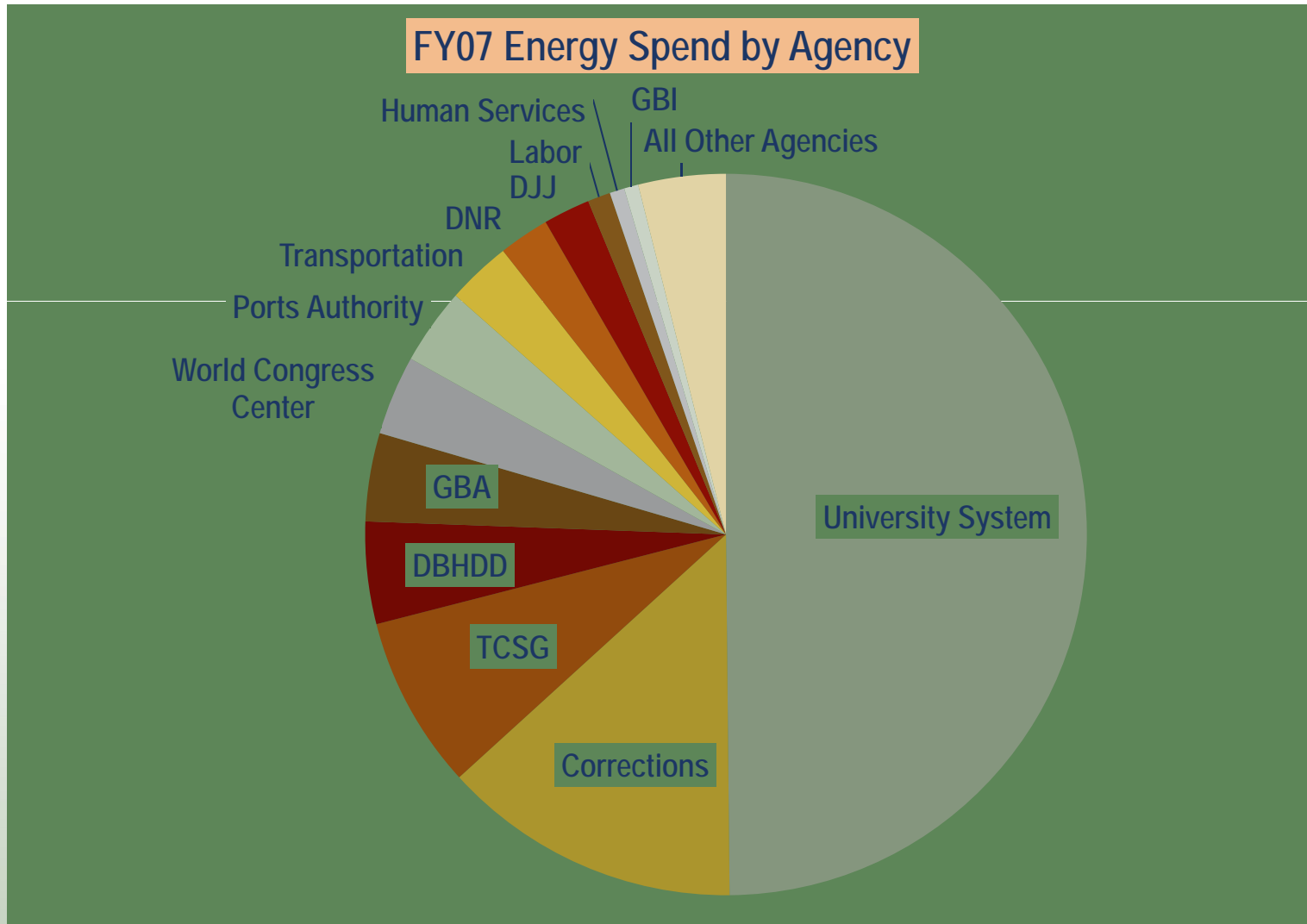
The ESCO will identify and evaluate energy-saving opportunities and then recommend a package of improvements to be paid for through savings.

The ESCO will guarantee that savings meet or exceed annual payments to cover all project costs—usually over a contract term of seven to 10 years.

If savings don't materialize, the ESCO pays the difference, not you.

To ensure savings, the ESCO offers staff training and long-term maintenance services.





- State Legislative Actions

- SB 194 Amendments:
June 2010
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Amendment:
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- Assemble list of pre-qualified energy service providers
- Public list of energy saving contracts
- Promulgate rules and regulations:
(future GEFA Board action on procurement, evaluation processes, M&V, legal requirements, etc.)
- Assess fees to administer program
- Tech assistance to agencies
- Create model documents
- Contract review and approval



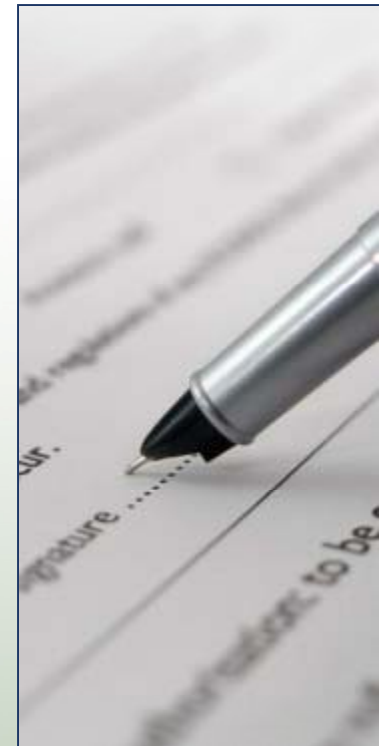
Steps to Starting a Georgia Program:

- Contract Value
- Documents Preparation
- Pre-qualification Process
- Agency/ESCO Training
- First RFP: FY-12



Document Preparation

- RFQ—posted 8/12/11 on Ga. Procurement Registry
- Guaranteed Energy Savings Performance Contract *
- Request for Proposals *
- Investment Grade Audit Contract *
- Manual w/ Rules and Regs
- *Documents to be provided to PreQual List



Pre-qualification Process:



- RFQ posted 8-12-11 on Georgia Procurement Registry (see link below)
- Deadline for written questions to GEFA: 8-26-11
- Responses to written questions: 9-8-11
- SOQ Submission Deadline: 9-23-11
- 17 Proposals Submitted for Review
- Publication of Pre-Qual List: ~12 weeks



ENERGY STAR® CASH FLOW OPPORTUNITY

Total Square Feet	Total Energy Cost (\$) - All Fuel Types	\$/SF	Weighted Savings Target (%)	Total Potential Annual Savings (\$)
140,000,000	\$200,000,000	\$1.43	15.00%	\$30,000,000

Redirecting funds from the existing utility budget by the "Savings Target" number, will free up about **\$30,000,000** per year, which then can be used to finance the energy efficiency projects.

Our estimates indicate that, by using 90% of estimated savings and assuming financing costs of 3.5% (interest) over 10 years, the energy dollars saved can pay for:

\$227,535,000	that is	\$1.63/SF
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worth of equipment, with a simple payback of 7 years and 7 month(s). Note that these funds are from existing operating (utility) budgets and not from the capital budget.



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