

State Energy Office North Carolina Reid Conway, PEM



North Carolina's Public Building Energy Efficiency Program (Utility Savings Initiative)

- Program Purpose:
 - Assist all public sectors in managing utility consumption and costs
- Program Serves:
 - 14 State Agencies
 - 21 UNC Institutions
 - 58 Community Colleges
 - 115 K-12 Public School systems
 - 100 Counties
 - 548 Municipalities
 - Others as time permits



- Includes
 - Everyone: faculty, staff, students, maintenance, financial, etc.
- Comprehensive program that focuses on
 - Utility accounting
 - Operations and maintenance
 - Facility assessments and audits
 - Identification of possible projects
 - Awareness, Education, outreach, and training
- Provides on-site assistance
- Provides oversite of Performance Contracting



What makes NC so different?

- LGC Local Government Commission
- **Statutes** GS143-64.17
- Template Documents
- Guidelines for Measurement and Verification
- Pre-Qualified ESCOs
- 3rd Party Reviews of Annual Reports

How we look at ESPC



NC allows **no** Escalation of Utility Rates unless the ESCO is assuming responsibility for the rate (Yes, the ESCO must guarantee the rate as well)

- NC allows for <u>no</u> baseline adjustments where additional capital is required by the owner to be included into the project as capital.
 - These adjustments become capital contributions to the project allowing an increase in the total cost and not covered by actual guaranteed savings.
- NC has created a M and V Guideline Manual for the ESCOs to follow showing minimum M and V requirements for each ECM
- By statute, ALL State ESPCs must have a 3rd Party perform annual M and V review of the annual ESCO reconciliation report
- SEO continues to set up all ESCO meetings to go over issues and changes to the program documents



So in NC we look at simply

MEASURED BASELINE UTILITY DOLLARS
MINUS
MEASURED CURRENT UTILITY DOLLARS
EQUALS
ENERGY DOLLAR REDUCTIONS (SAVINGS)

§ 143-64.17. Definitions

"Energy savings" means a **measured reduction** in fuel costs, energy costs, water costs, storm water fees, other utility costs, or operating costs, including environmental discharge fees, water and sewer maintenance fees, and increased meter accuracy, created from the implementation of one or more energy conservation measures **when compared with an established baseline of previous costs**, including captured lost revenues, developed by the governmental unit.



ESPC Reporting is not working in NC State Government

- State Statutes are not being followed
- Required 3rd party reviews are not being made per the contract and by statute
- State Agencies and the UNC System are not sending in proper documentation of annual reconciliation reports as required by statue
- There is no penalty for lack of reporting
- SEO does not have authority correct issues with reporting

Last year NC was able to only verify 54% of the \$295 million dollars worth of state projects.



We classified all issues into these four categories:

- 1. No 3rd Party Review performed (Qualified Reviewer) 6 Projects
- 2. 3rd Party Reviewer (Qualified Reviewer) disagrees with ESCO's (Qualified Provider's) guaranteed savings Measurement & Verification Report. Under discussion by parties. 3 Projects
- 3. Waiting on documents from State governmental unit. 3 Projects
- 4. Expected savings have been realized based on independent review and verification.7 Projects



UNC System Lighting Only Project 15 of 21 Affiliates

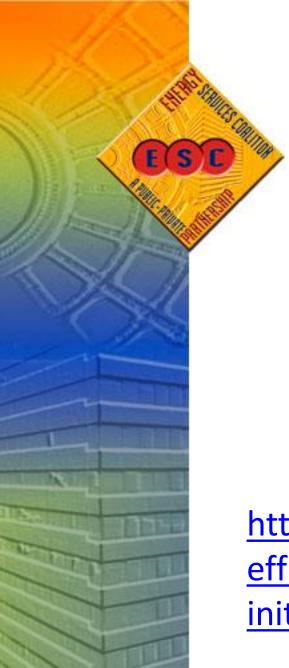
Total Project \$29,208,802

Year 3 of 7 Guaranteed Savings \$4,085,465

ESCO Reported Savings \$4,214,229

Shortfall at 8 (-\$68,677)

ESCO escalated electricity by **2% per year**. Electricity performance year three at 13 campuses increased from **.5 to 12.5 %. 2 Campuses** went down in electricity costs. Only 6 of the 15 campuses experienced a KW rate increase during the year three performance period.



Thank you all very much

Reid Conway, PEM 828-556-9250 reid.conway@ncdenr.gov

https://deq.nc.gov/conservation/energyefficiency-resources/utility-savingsinitiative/performance-contracting