Introduction to the Federal Performance Contracting Coalition (FPCC) and the Business Council for Sustainable Energy (BCSE)

The FPCC is a group of Energy Service Companies (ESCOs) advocating for increased federal use of Energy Savings Performance Contracts (ESPCs.) To that aim, the FPCC’s activities focus primarily on barrier removal and ensuring “more, faster, bigger and better” ESPC projects in the Federal ESPC marketplace. The FPCC is the primary organization representing the ESPC industry, and its members represent over 90% of Federal ESPCs.

The BCSE is a coalition of companies and trade associations representing the energy efficiency, natural gas and renewable energy sectors in the United States. Members include companies on the cutting edge of efficient, economic and environmentally sound fuels and technologies, such as natural gas, wind, solar, geothermal and hydropower, combined heat and power, insulation and fuel cells. The Council’s membership also includes power developers, equipment manufacturers, independent generators, green power marketers, retailers, gas and electric utilities.

Background

We note that the legislative text of Section 40541 of the Infrastructure Investment and Jobs Act is fairly detailed, providing much of the basis for any RFP for the Energy Improvement and Public School Facilities funding. As is detailed in the statute, we agree that the funding should focus on schools with low-income populations, and priority should be given to projects that leverage private sector investment through performance contracting. This will allow the funding to go further and ensure that at least $2.5 billion is invested in these schools instead of just the $500 million provided through the IIJA. In this way, the funding will also substantially increase the energy efficiency investment since performance contracts bring private sector dollars that are recouped by energy and water savings that result from the overall project.

General Comments

We recommend the following four grant program implementation principles:

1. **Application Process:** It should be structured to improve the health, efficiency, and resiliency of public school facilities while demonstrating the positive impact of federal
funding and engagement, particularly in low wealth districts and high need schools. We propose a focus on improvements in school facilities themselves as other sources of funding have been made available to support electric vehicles and related infrastructure.

II. Funding Guidelines: The Department of Energy (DOE) should prioritize projects which will improve the health, energy efficiency, and resiliency of public school facilities. Funding guidelines should also prioritize use of mechanical equipment that results in the greatest emissions reductions.

III. Replicable Models: The grant program should facilitate replication of models of successful public school efficiency retrofits. These models should include best practices for needs assessment, partnering, leveraging federal grants with private investment, accessing all available funding from other grants programs and utility rebates, effective operations and maintenance, and cost-effective monitoring and verification (M&V) of project retrofits.

IV. Trained Workforce: The grant program should prioritize the use of a trained workforce in the construction of all projects and should encourage LEAs to work with local workforce training programs to ensure an adequate supply of workers to complete the projects.

Capacity Development

We suggest that DOE rely substantially on existing tools and processes to facilitate the school improvements envisioned in this program. There is simply not enough money in this program for DOE to facilitate needs assessment, energy audits, contracting, financing, project management, and maintenance and operation with the limited funds and actually implement improvements. We, therefore, suggest that DOE develop a short online letter of interest for LEAs, invite eligible LEAs to propose a project scope, and encourage them to select an “eligible Entity” early in the application process by creating a list of vetted partners (e.g., DOE Qualified List of Energy Service Companies). We further suggest resources from DOE for the annual life of contract oversight for projects implemented.

In response specifically to question 3b, Energy Service Companies are providing effective technical, financial, and operations and maintenance assistance to LEAs and their partners. Additionally, the statute itself seems to contemplate these private sector entities, through performance contracting, to implement improvements for the LEAs under this section.

Needs Assessment

1) Scope of needs assessment
   a. This needs to be a relatively rapid and straightforward process, so we suggest focusing on only the highest-need schools in various categories. The goal should be to work with school facility groups to quickly define a limited but geographically distributed set of eligible LEA applicants based on community and/or school financial means and level of need. The comments of the National Association of Energy Service Companies (NAESCO) outline a process for identifying these target schools that DOE should consider.
   b. Unfortunately, many target LEAs are not capable of conducting this assessment themselves and should be encouraged to rely heavily on partnerships and state energy offices.
c. We suggest a two-step process to avoid LEAs that are unlikely to be successful and avoid the costs and risks associated with a detailed audit. DOE should issue conditional awards based on Step 1)a. above, including one-fifth of the funding. This would be issued if the short online document in Step 1)a. above was selected, and the LEA confirmed engagement with a partner. A second step in the process would be to work with the partner to develop project details, at which time the balance of the award plus the leveraged funding would come into the project.

Criteria and Metrics

1) We suggest that DOE select a methodology to eliminate LEAs using their own criteria and confusing evaluation metrics. Make it as simple as possible for LEAs.

2) Fiscal Capacity: DOE should develop a simple form for LEAs to document their fiscal capacity or use published state assessments.

3) Maintenance Capabilities: Many eligible LEAs will not necessarily have a good facility maintenance record. We suggest that DOE make long-term maintenance contracts a part of each project and include ongoing performance validation and reporting.

4) Leveraging: We again urge LEAs to work with partners very early in the process.

5) We urge the Department not to reinvent the wheel for this requirement. DOE could require the use of the DOE-developed e Project Express at a minimum for simple projects. For more complex projects, e Project Express should be supplemented by the development and implementation of a full M&V plan using the appropriate IPMVP protocols. As with the Maintenance criterion described above, LEAs should be required to include the cost of M&V for the Expected Useful Life of the project measures into the project costs.

Workforce

All projects should use local contractors who have strong labor standards to build support for the program in the communities where the chosen LEAs are located. Funding guidelines should prioritize projects in which “Eligible Entities” use a trained workforce and where projects include a workforce training component.

Leveraging Funds

We note that the statute clearly directs DOE to give priority to an LEA project that leverages private sector investment through energy-related performance contracting. We encourage DOE to use this model to the greatest extent possible while considering other funding avenues that might be available. Using such additional funds in concert with performance contracting will achieve maximum impact, ensure expertise, ensure measured and verified results, and ensure ongoing operations and maintenance. ESCOs can facilitate the aggregation of a variety of funding options, such as those noted in category 5 of the RFI.

1 and 2. Factors affecting private sector investment: Most ESCO projects are financed by a competitive financing industry that bases its lending decisions on the creditworthiness of the customer. Small LEAs that are not rated are difficult to finance; however, incremental dollars such as those made available via the School Facilities funding at DOE can help attract capital to projects that otherwise might not be creditworthy. We suggest that each award be in the $300,000-$500,000 range with leverage varying amongst need, school size, location, etc., but achieving a leverage of at least $4 to every $1 from this program.
3. **Other Resources:** We recommend that DOE survey the state energy offices and state departments of education to determine the status of potential resources in each state and make this information available to LEAs. Second, dedicate some funding from the program for a technical assistance service, such as making an owner’s representative available to LEAs.

6. **Other Models:** We encourage DOE to assist the Department of Education in producing unambiguous how-to manuals describing for LEAs how to integrate ESSER funds into performance contracts. This vast funding in ESSER has not found its way to addressing facility needs in any meaningful way. This would allow the money to go much, much further.

Another useful model is the successful federal Assisting Federal Facilities with Energy Conservation Technologies (AFFECT) program, which has leveraged small amounts of appropriations more than 20:1 with private investment. Competition in the AFFECT program is based on proposals to implement agency-wide programs, not individual facility projects, and so would probably be helpful only for the large LEAs that offered a “target-rich environment” of multiple schools. Please see *Federal Agency Call (FAC) Number: DE-FOA-0002472, CFDA Number: 81.117*, the 2021 AFFECT program announcement.