

# Energy Performance Contracting

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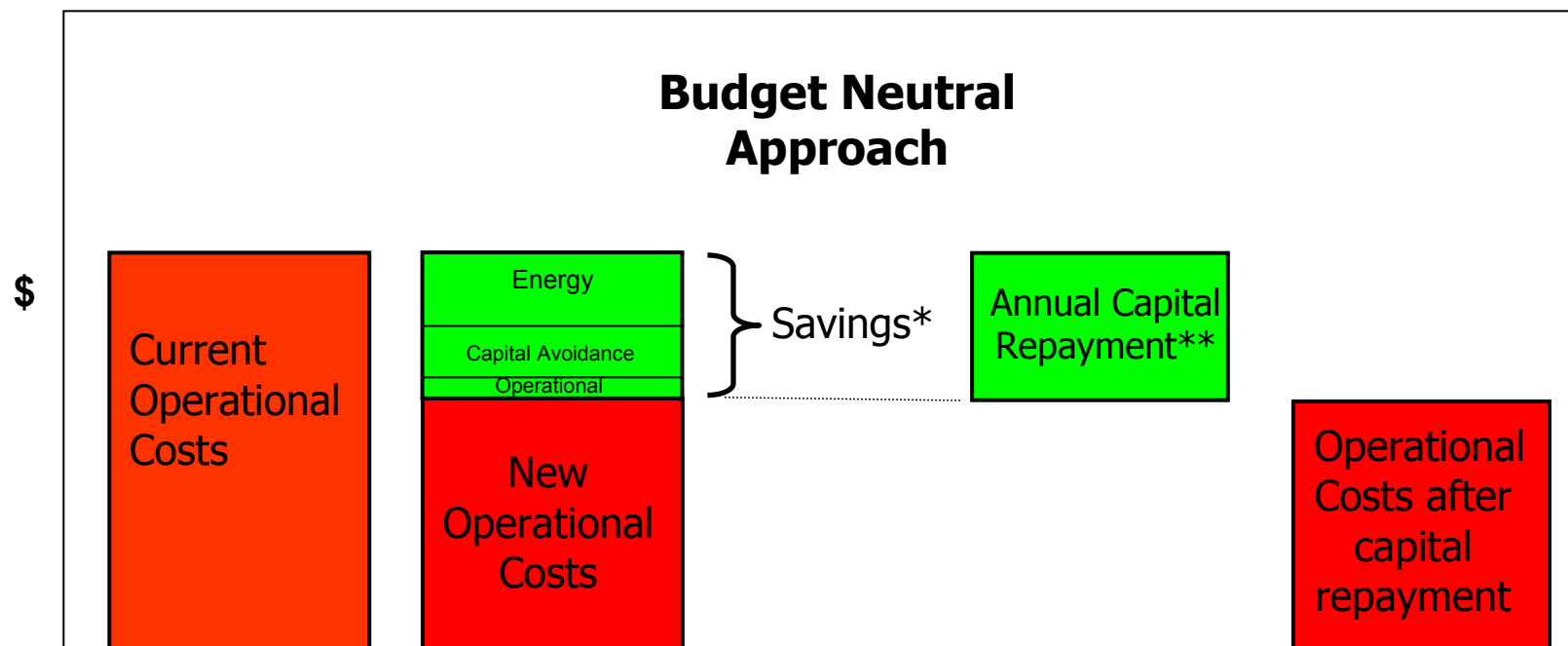
A partnership between a facility owner and an Energy Service Company to:

- Identify energy, resource, and cost saving opportunities
- Implement large energy efficiency and infrastructure improvement projects
- Shift risk and guarantee performance

A mechanism for procuring and implementing capital improvements today that are self-funded over time through guaranteed operational savings

# How Does It Work?

Performance Contracting uses operational savings and avoided capital expenditures to fund repayment of capital for building/infrastructure improvements.



\*Excess savings are retained by the owner. Shortfall in energy savings made up by Johnson Controls

\*\* Performance Guarantee ensures that savings will at least be sufficient to repay capital for term.

# Project Savings & Costs

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## Savings (credits) to project:

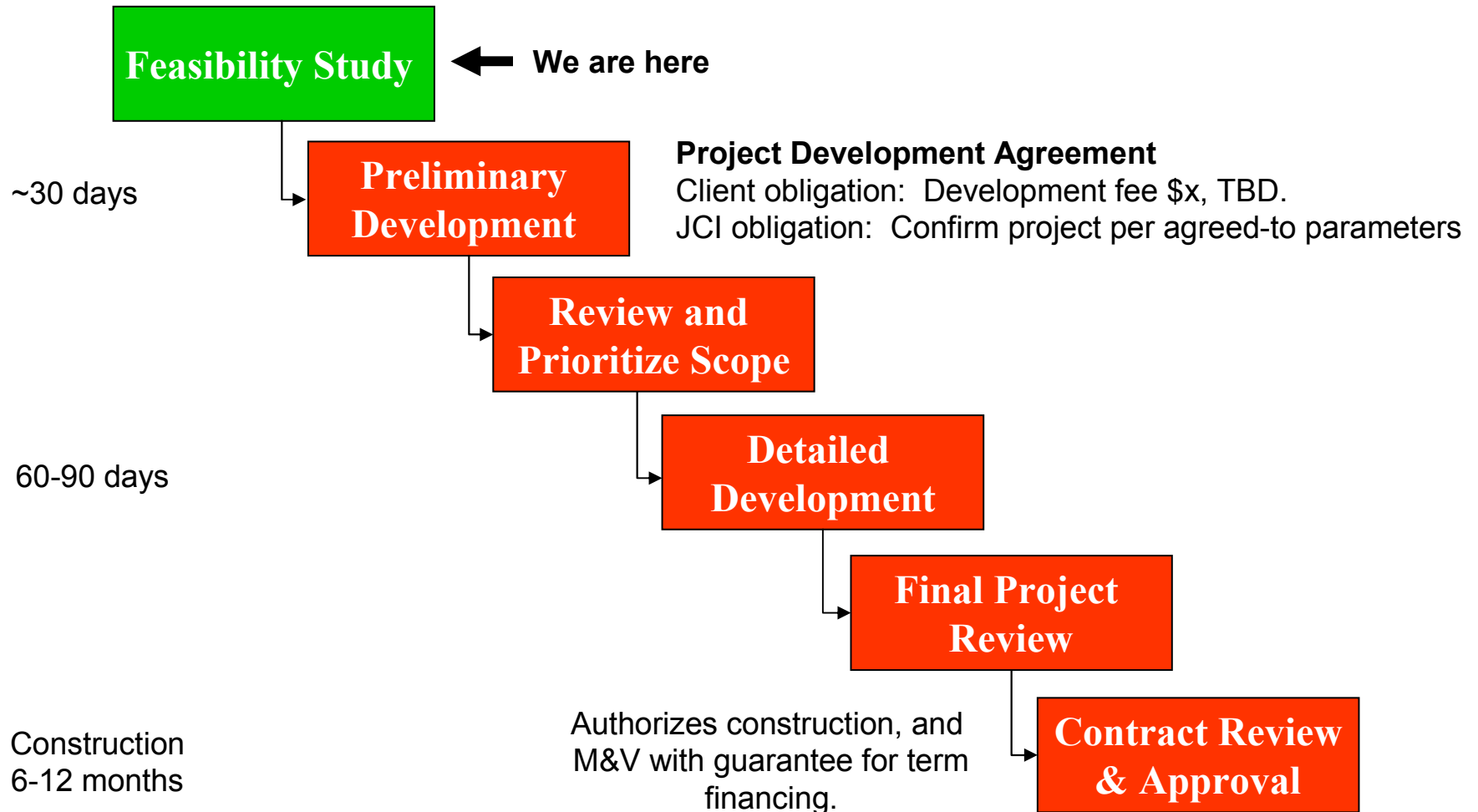
- Electric, gas, other fuel cost savings
- Avoided operating & maintenance costs
- Avoided capital expenditures
- Rebates & grants

## Costs (debits) to project:

- Debt repayment
- Measurement & Verification (Savings Guar.)
- Service Agreement on new systems? (optional)

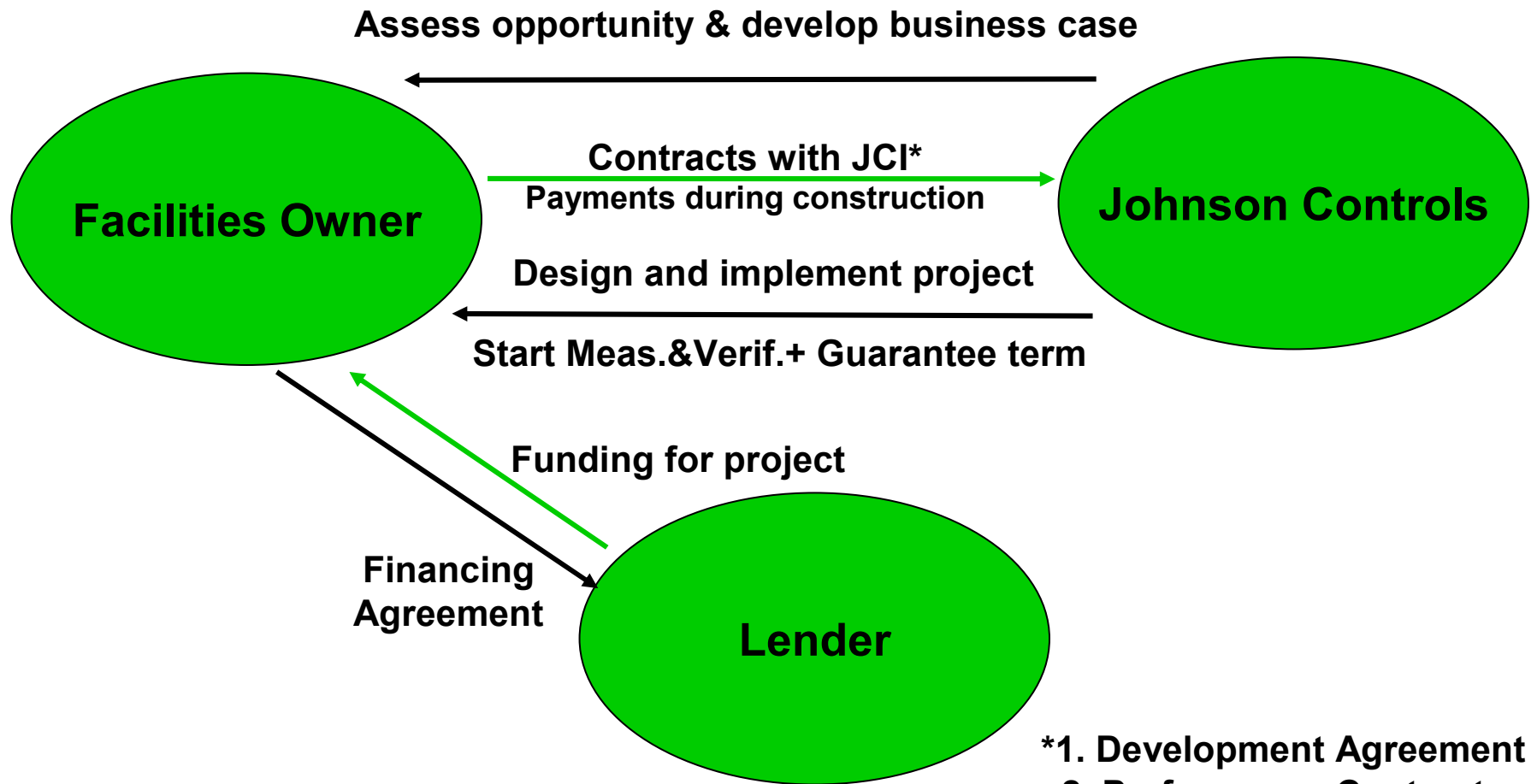
# PC Program Development Steps

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# Key Contractual Relationships

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\*1. Development Agreement  
2. Performance Contract

# Benefits of Performance Contracting

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What facility owners say they like:

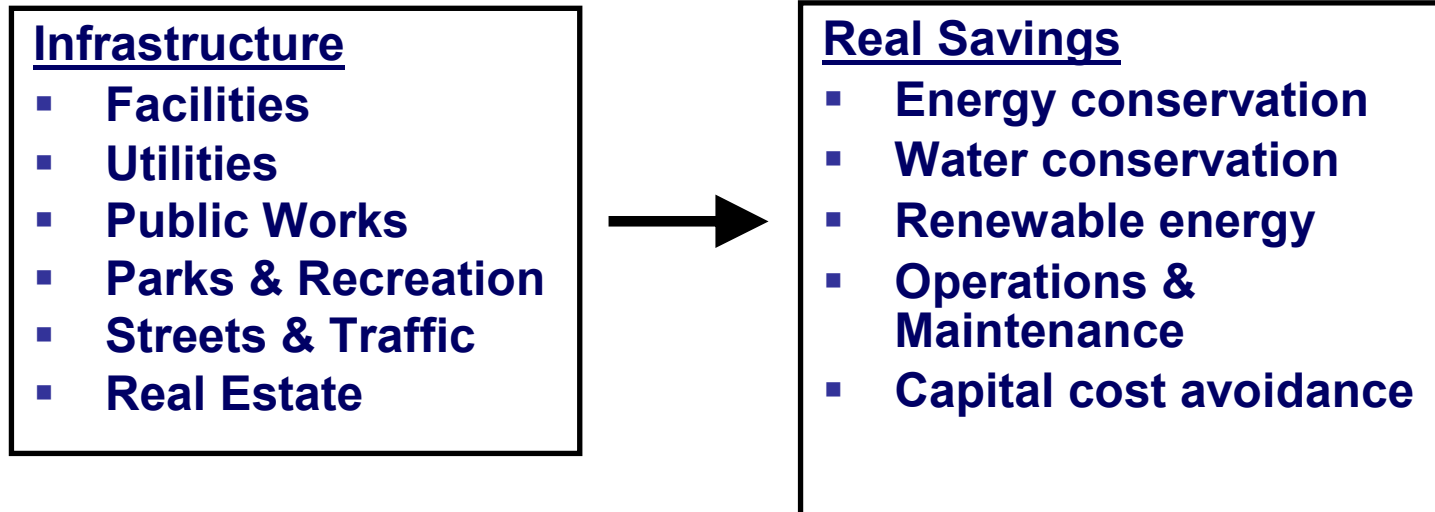
- Holistic implementation (everything at once)
- Improvements without sacrificing services
- Real, verifiable cost savings
- Access to expertise...extension of their staff
- Single point of responsibility
- Project cost and savings certainty

# Performance Contracting in Col.

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## *Colorado Revised Statute 29.12.5 allows customers to:*

1. Select a firm to study, design and implement improvements and associated operational savings across the infrastructure
2. Utilize operational savings streams to pay for capital improvements up front
3. Use a mutually agreed upon guaranteed performance management program to ensure savings are real and are available to pay for financing over time



# City of Lafayette (awaiting final approval)

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- Self-funded energy performance contract to support
    - City council goals on energy efficiency
    - Utility cost reduction goal
    - Need for infrastructure improvements
  - City infrastructure
    - 20,000 citizens
    - 140,000 square feet of facilities
    - Traffic lights
    - Water & wastewater plants and systems
  - Scope
    - Energy efficient lighting systems
    - Infiltration improvements that add insulation and sealants
    - Building automation and energy management control systems
    - Premium efficiency HVAC equipment upgrades
    - Solar technologies (both electric and thermal) at Rec.Center
    - Methane gas to heating generation (biogas) at WWT plant
    - High efficiency traffic lights throughout the City
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