



# GUARANTEED ENERGY SAVINGS PROGRAM



## What is the Guaranteed Energy Savings Program?

**Guaranteed Energy Savings Program, or GESP**, a performance-based procurement and financing mechanism that leverages energy and operational savings achieved through the installation of energy efficient and renewable energy equipment and implementation of operational best practices, to finance the cost of the building retrofit and renewal project, with no net cost increase to the public entity.

The goals of GESP are to promote awareness and implementation of energy efficient and renewable energy measures in public facilities by state and local governments, school districts, and institutions of higher learning that result in millions of dollars in annual energy savings while creating jobs, reducing energy consumption, improving facility infrastructure and reducing carbon emissions.

## What are Possible Projects?

- **Architectural & Structural:** roofing, doors, insulation, weather-stripping, window treatment
- **Electrical:** lighting retrofits, emergency power, power and distribution, networks, life safety systems
- **Mechanical:** HVAC systems, plumbing and drainage, energy management and building controls
- **Property & Site:** underground utilities, lighting improvements, swimming pools, ice arenas
- **Renewable Energy:** solar photovoltaic (PV), solar thermal, wind, biomass, hydroelectric
- **Water & Waste:** purification systems, sewage facilities, landfill gas capturing, waste utilization

## What are the Benefits?

- No net cost increase to the public entity (taxpayers)—budget neutral
- No up-front costs for retrofit and or renewal project
- Known future energy costs
- Single point of accountability—the Energy Services Company (ESCO)
- Transfers *risk* of both construction and long-term savings to ESCO through performance *guarantee*
- Utilizes best value procurement practices
- Annual energy savings are monitored and verified by the ESCO

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# Project Development Process

- **Public entity works with the Department of Commerce, Division of Energy Resources**
- **Opportunity Assessment Phase:** The public entity works with DER to review their facility needs, issues and goals
- **Investigation Phase:** The public entity advertises a Site-specific Request for Proposal (SSRFP) to pre-qualified (Energy Service Companies (ESCOs) to provide energy savings performance contracting services. A contract is signed between an ESCO and the public entity
- **Implementation Phase:** During this phase, the ESCO will obtain quotes for project financing and the public entity will amend the Work Order Contract to include the agreed upon ECMs and associated guaranteed maximum price and annual guaranteed savings
- **Performance Phase:** During this phase, the ESCO follows the Savings Measurement & Verification (M&V) Plan developed in the investigation phase to quantify the energy savings achieved, and annually presents the findings in a report to the public entity and DER

## How it Works

- An Energy Performance Contract (EPC) is established between the public entity and the Energy Services Company (ESCO).
- The cost-savings generated during the term of the guaranteed energy savings agreement, will meet or exceed the annual payments due under the finance agreement.
- In the event the "guaranteed" savings are not achieved during any year of the agreement, the ESCO is required to reimburse the public entity for the guarantee shortfall. (The ESCO assumes the construction and on-going performance risk of the project).

## Energy Service Companies (ESCOs)

Eleven energy service companies (ESCOs) are prequalified to provide energy savings performance contracting services to public institutions:

- AMERESCO, Inc.
- Chevron U.S.A. Inc.
- Consolidated Edison Solutions, Inc.
- Control Technology & Solutions LLC
- Harris Mechanical Contracting Company
- Honeywell
- Johnson Controls, Inc.
- McKinstry Essention, Inc.
- Noresco, LLC
- Siemens Industry, Inc.
- Trane U.S. Inc.

