



Bonnie Rouse
State Buildings Program Manager

Montana State Energy Office

brouse@mt.gov

(406) 444-6439

**Montana Association of
School Business Officials**

Sept. 15-16, 2016

Facilities Planning & Financing



David LeMieux

EPC Program Manager

Montana State Energy Office

dlemieux2@mt.gov

(406) 444-6574

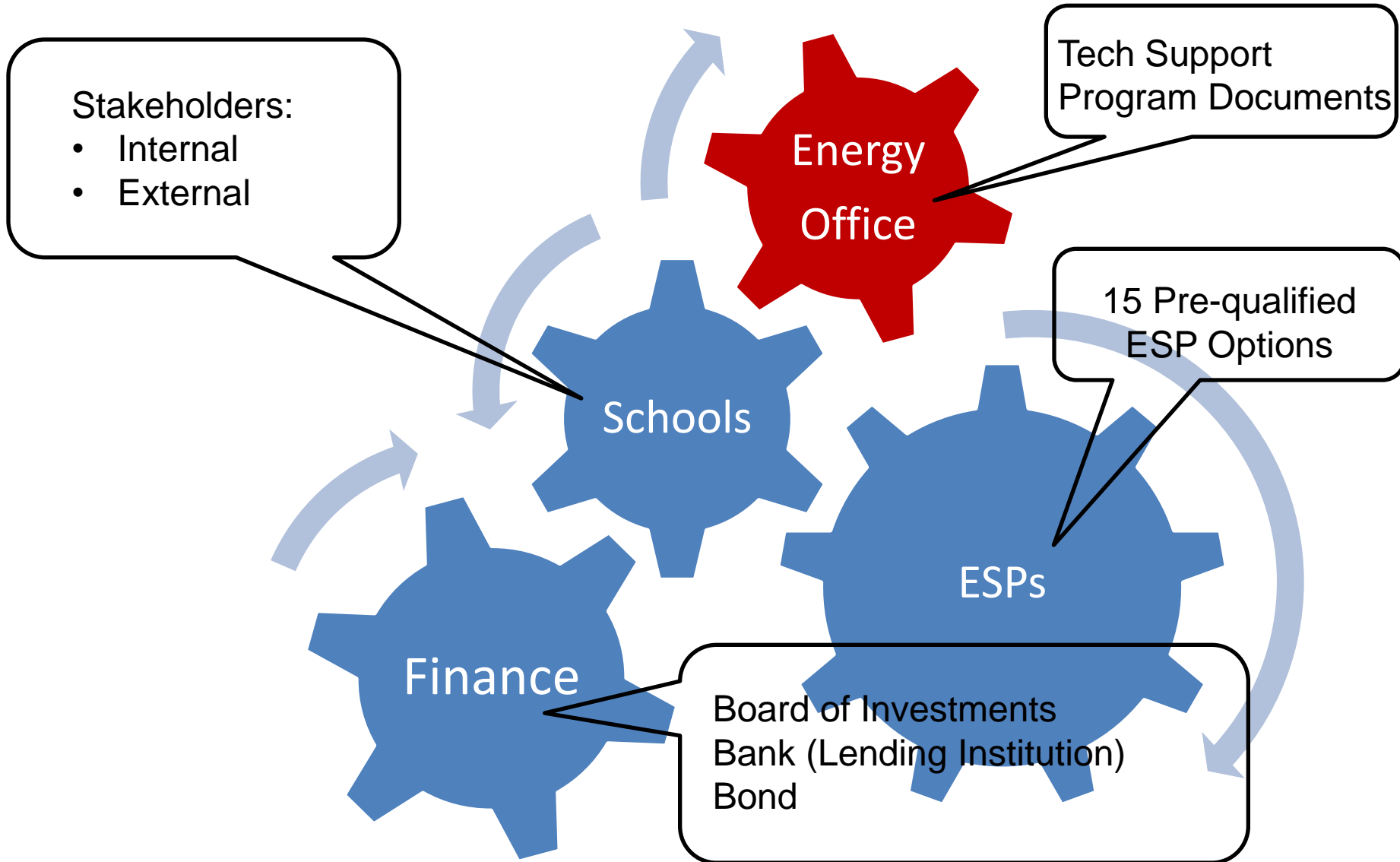
Today's Presentation

- 1. Who are the Stakeholders?**
- 2. What is EPC?**
- 3. When to use EPC?**
- 4. How to use EPC?**
 - MT EPC Program**

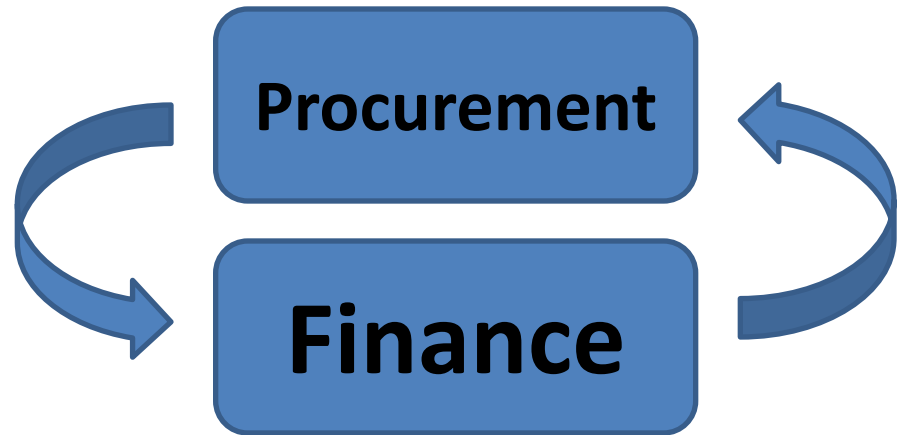
Stakeholders



Stakeholders

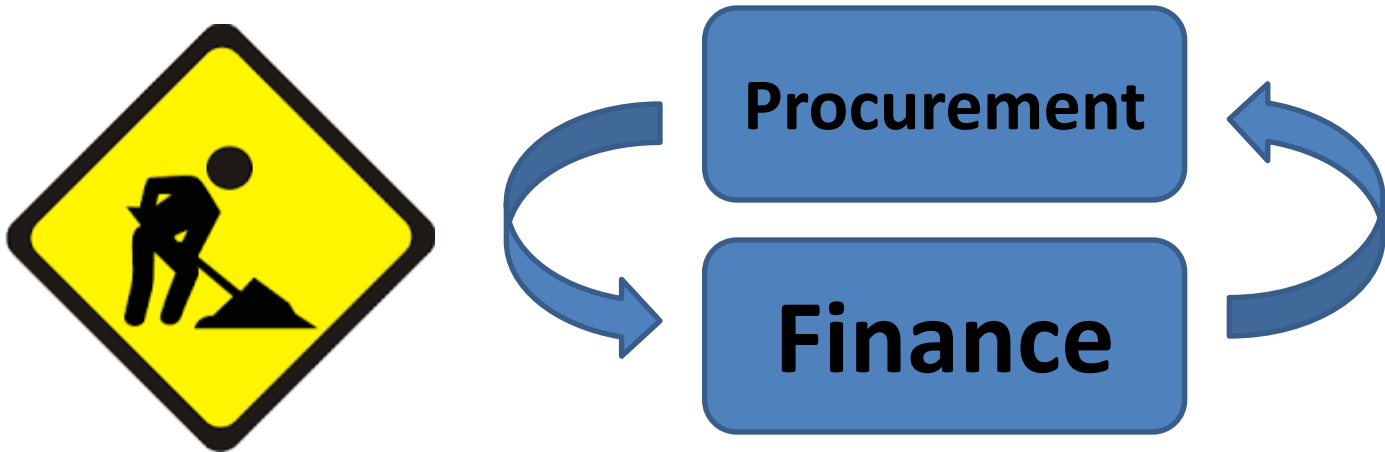


What is EPC?



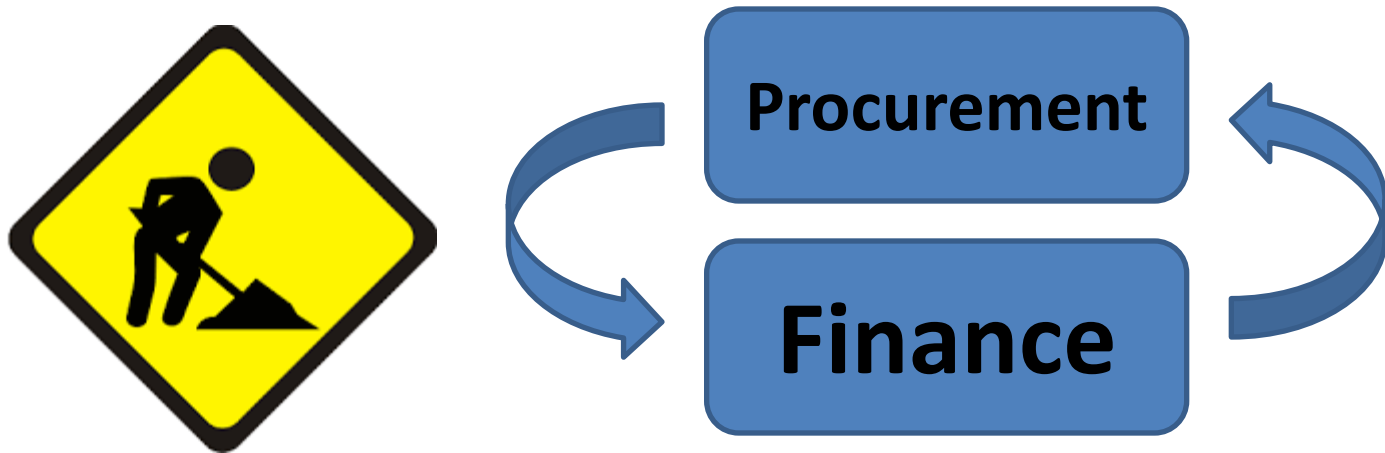
What is EPC?

EPC is a services procurement method that uses guaranteed cost savings to pay for project financing.



What is EPC?

EPC is a services procurement method that uses guaranteed cost savings to pay for project financing.



*** Project Type determines Procurement Method ***

Type of Work:

- 1. Cost Savings Project**
2. Deferred Maintenance Project
3. ...or Mixed

Financing Options:

1. EPC
2. Bond, Loan, Cash

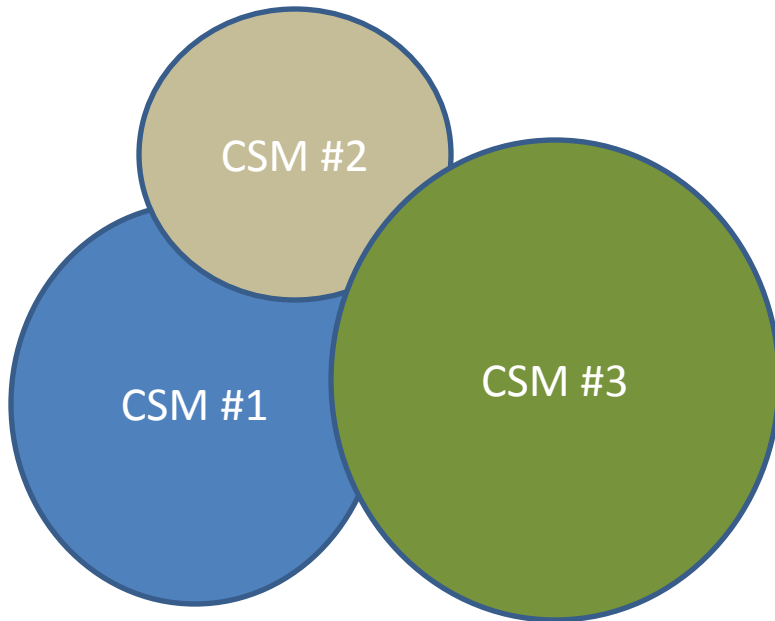
Procure Options:

- **EPC**
- Design Build
- Design Bid Build
- Combinations

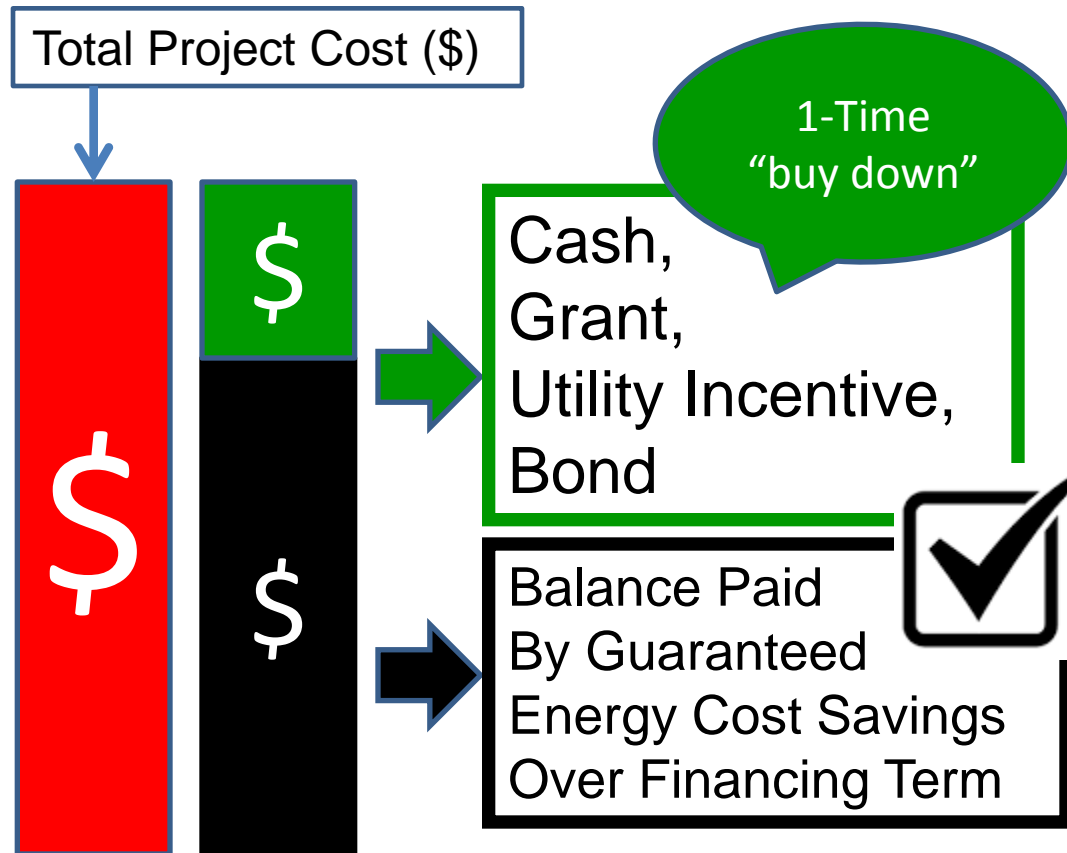
EPC Project



Guaranteed Cost Savings* \geq 75% Total Project Cost



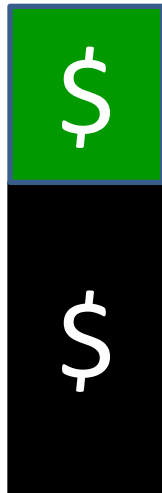
Aggregate Cost Savings Measures



EPC Financing



Pre-project Annual Costs (\$)



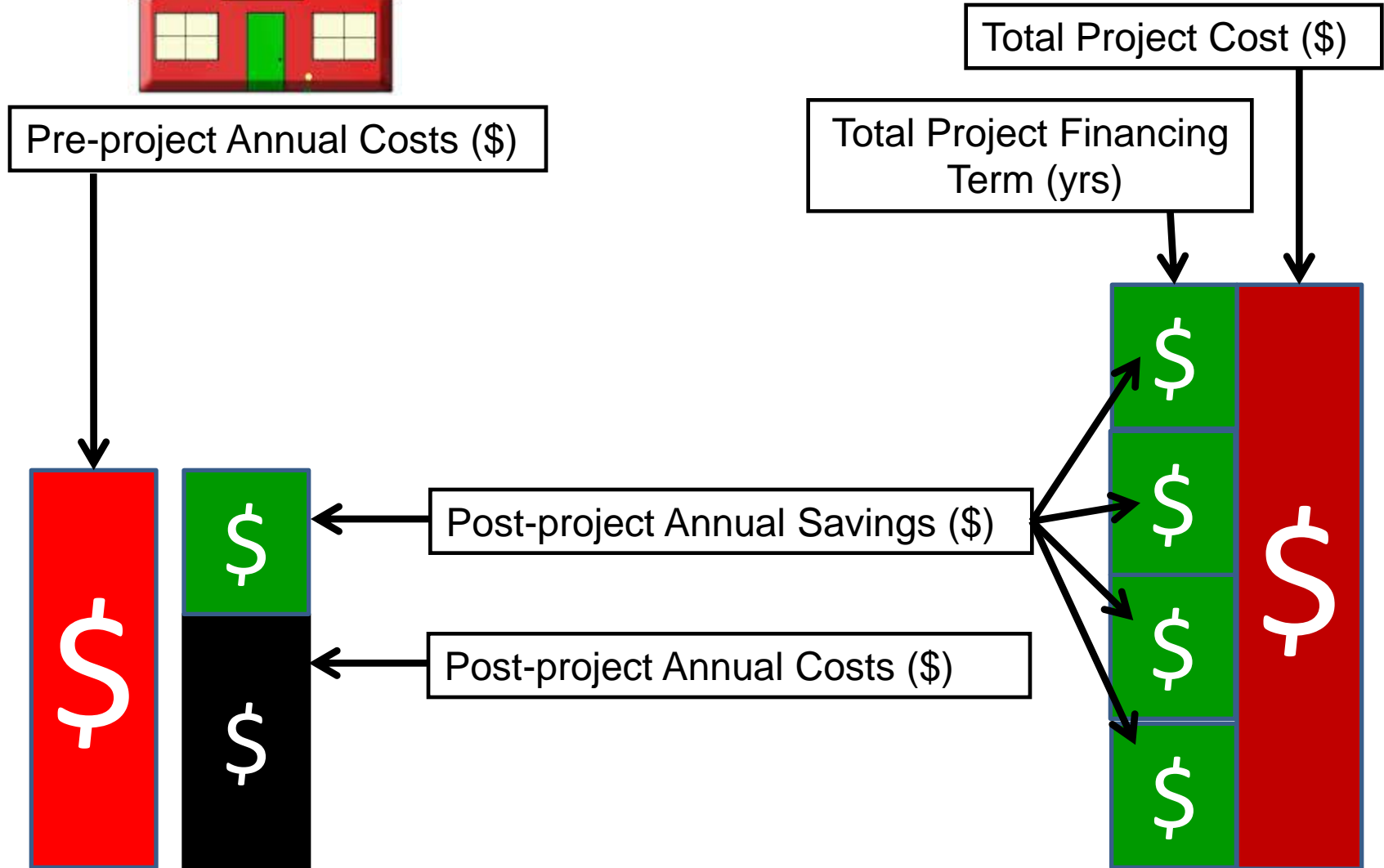
Post-project Annual Savings (\$)



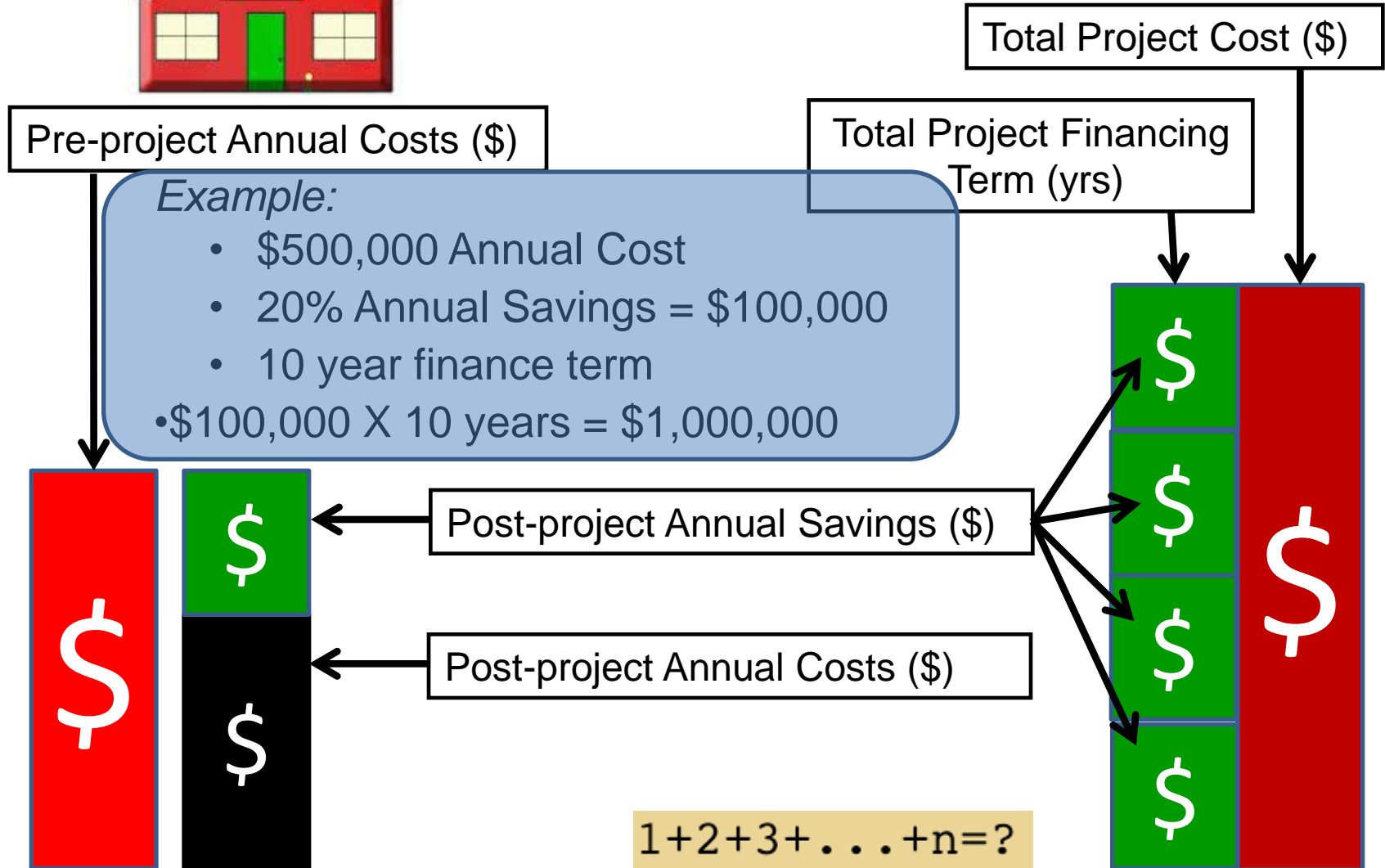
Post-project Annual Costs (\$)



EPC Financing



EPC Financing

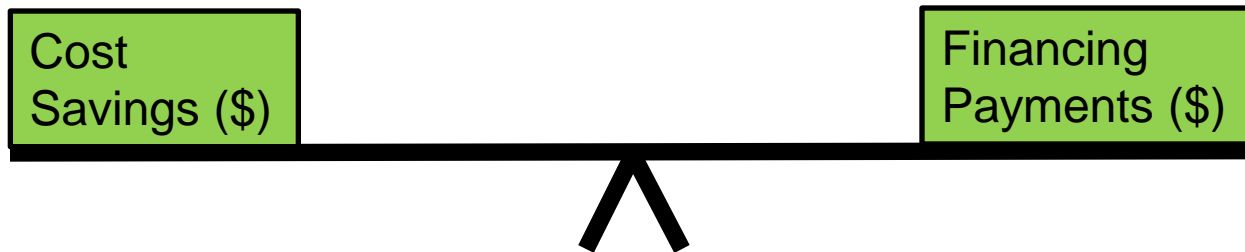


Simplified Financing Example

1. EPC Benefits:

- Cost Savings Pays for Financing
- New Equipment
- High Savings at End of Project

2. EPC Risks:



When to use EPC?



When to use EPC?

*** Cost Savings Project ***

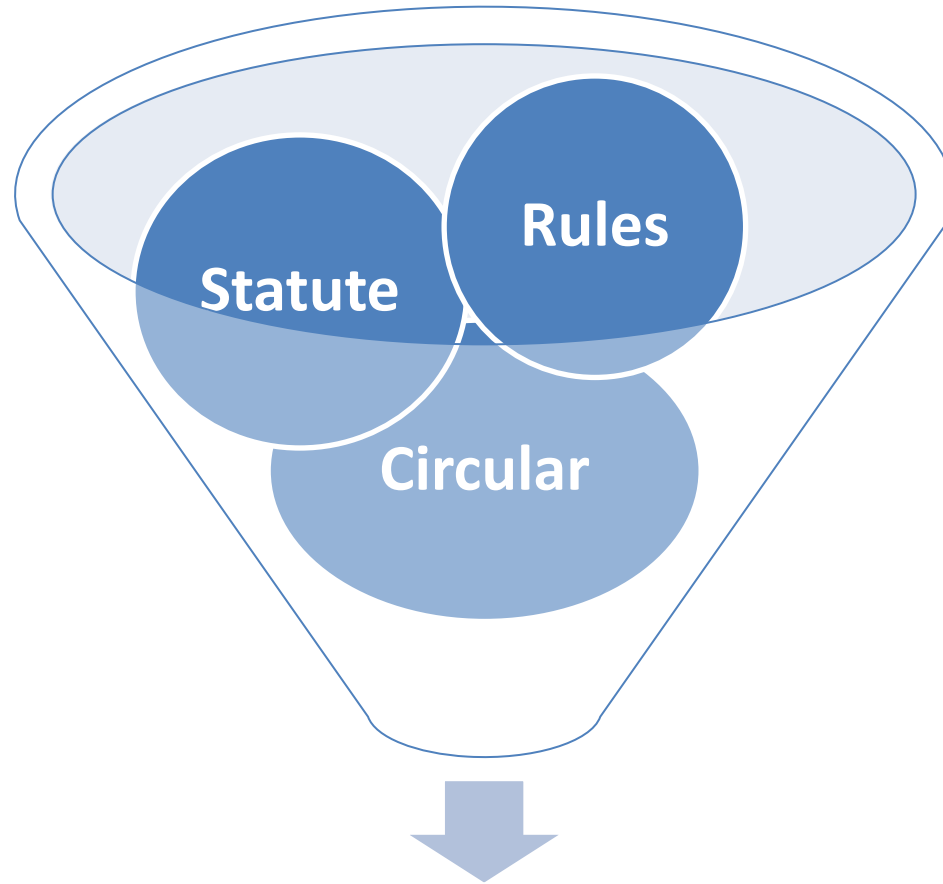
- 1. Commodities:**
 - **Electricity**
 - **Natural Gas**
 - **Water**

- 2. Operating Costs:**
 - **Materials**
 - **Labor**

EPC Program



How to use EPC?



Virtual Technical Assistant

Virtual Technical Assistant #1

- **Introduction**
- **What is EPC?**
 - Types of Projects
 - Financing
 - Introduces Stakeholders
 - ESPs
 - State Energy Office
 - Legal
 - Stakeholders (Internal and External)



Virtual Technical Assistant #2

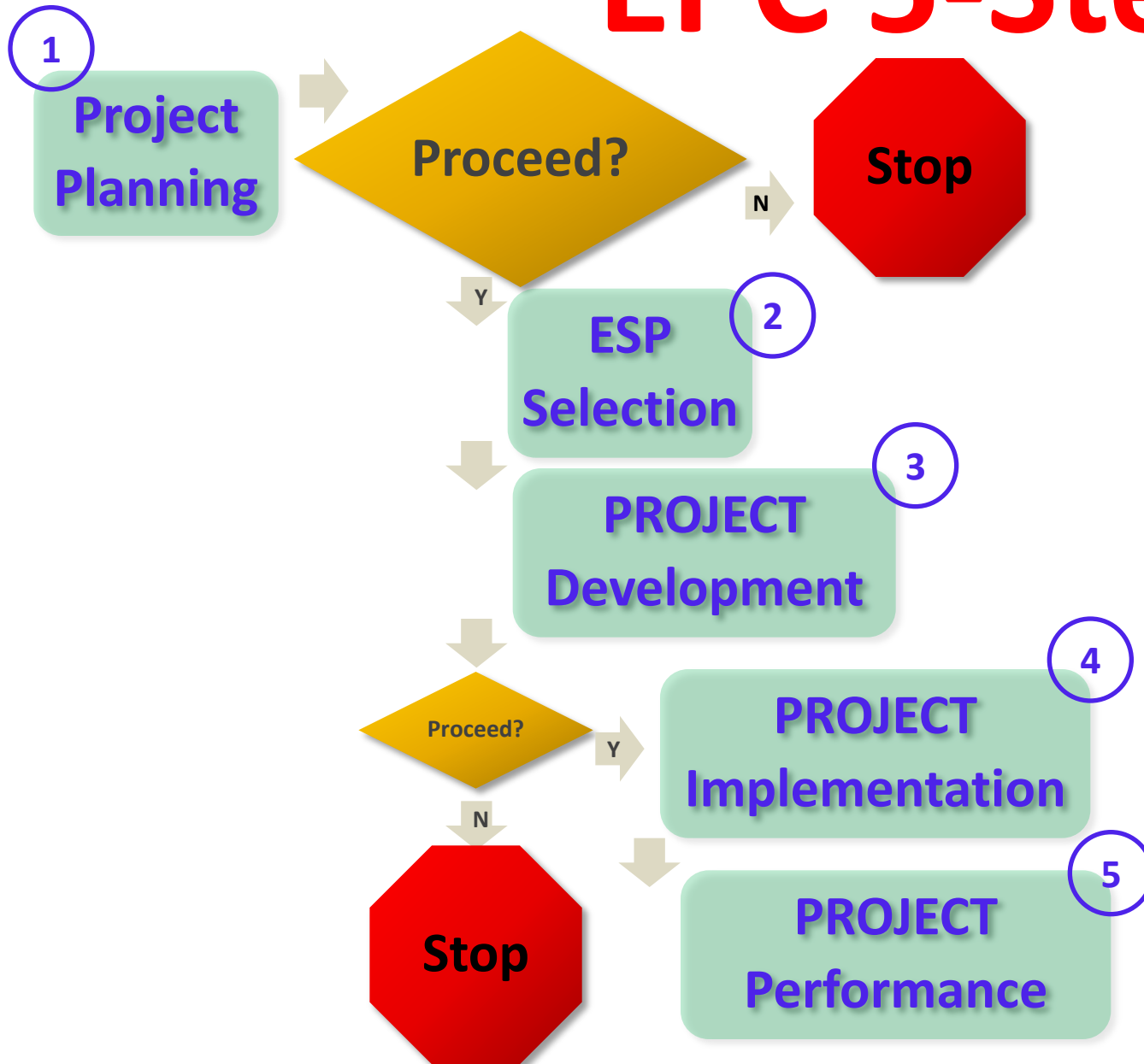
- **Is EPC for me?**
 - EPC Pros and Cons
 - Procurement Decision Tree
- **Goals of the Virtual Assistant**
 - Program Documents
 - Structure EPC into 5-Step Process

Virtual Technical Assistant #3

Virtual Assistant (5-Steps)

- 1. Project Planning**
- 2. ESP Selection Process**
- 3. Project Development (IGA)**
- 4. Project Implementation (EPC)**
- 5. Project Performance (M&V)**

EPC 5-Steps

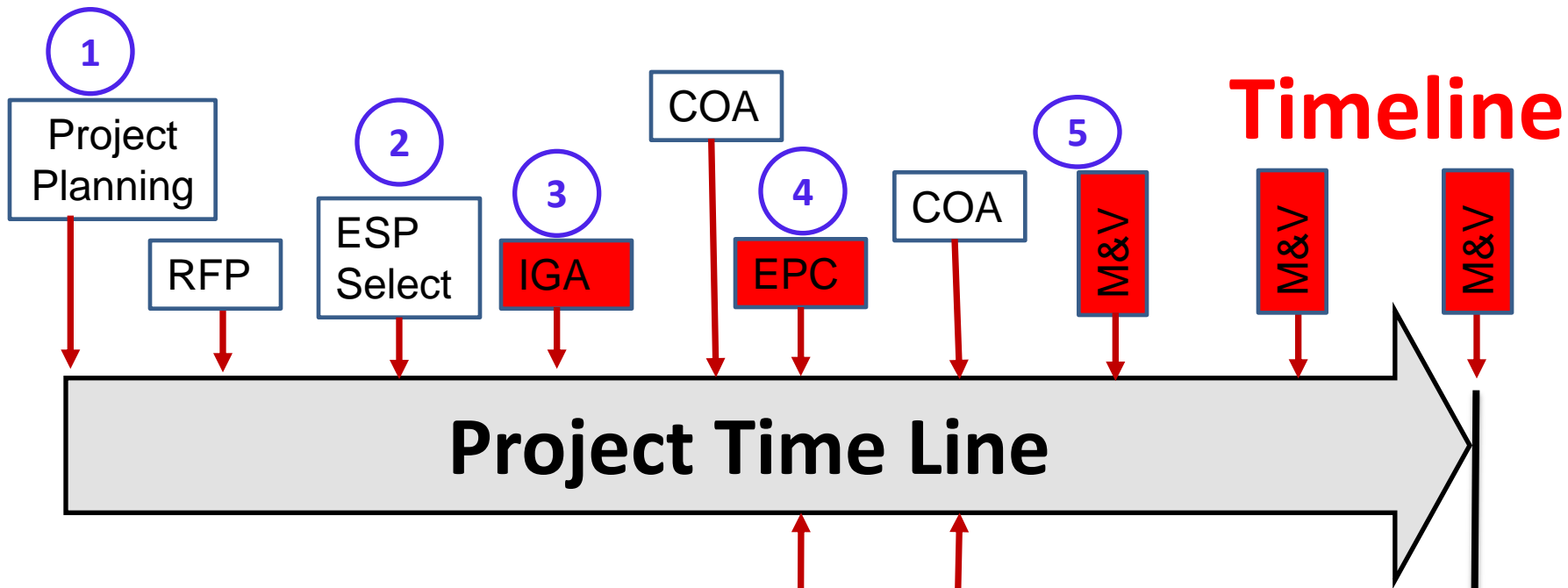


EPC 5-Steps



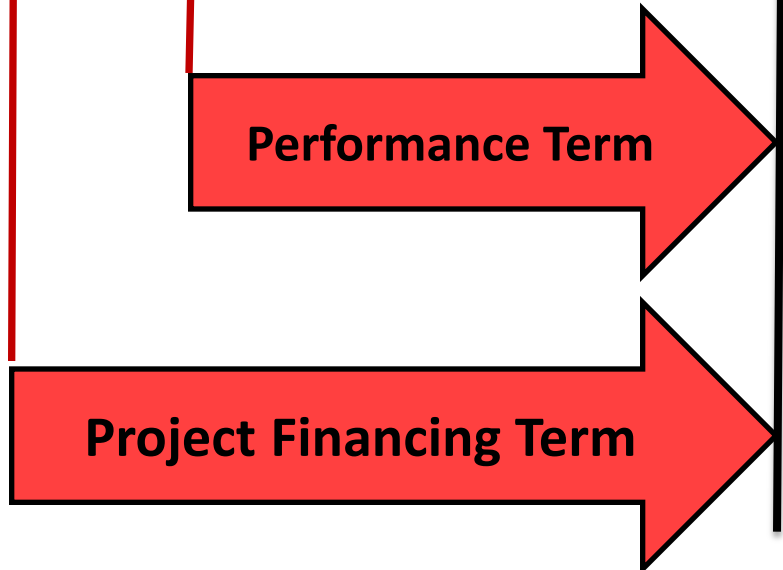
EPC 5-Steps





Project Financing:

- A) Finance IGA & EPC Separately
- B) Finance IGA & EPC Together



EPC Program Documents



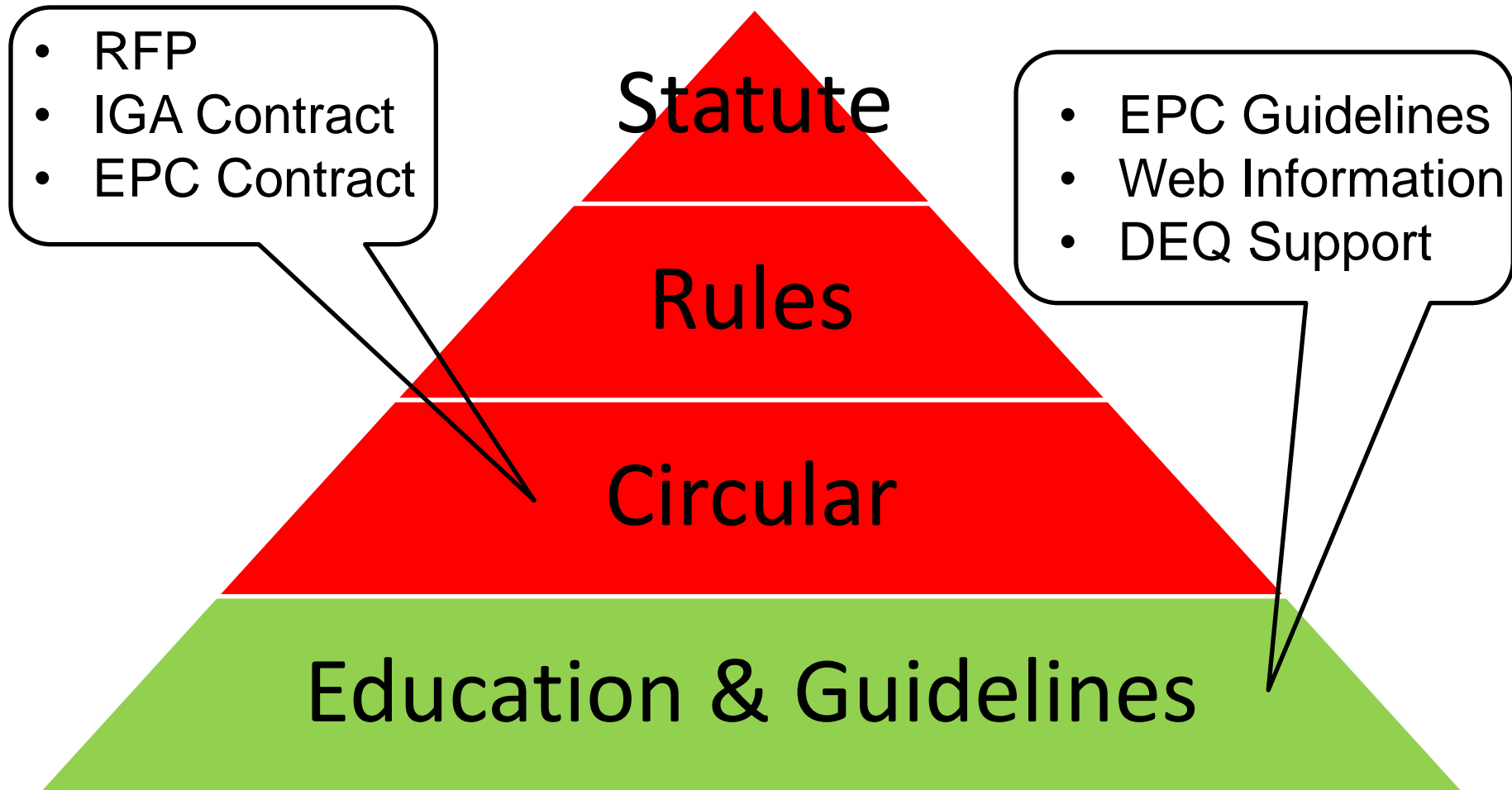
Statute

Rules

Circular

Education & Guidelines

EPC Program Documents



Next Steps...

1. Adopt Program Rules & Documents
2. Complete Web Site
3. Outreach / Education
4. Program Management

Resources



Energy Office Website



Education Request



Technical Support Request

David LeMieux 444-6574
dlemieux2@mt.gov

Bonnie Rouse 444-6439
brouse@mt.gov



Bonnie Rouse
State Buildings Program Manager

Montana State Energy Office

brouse@mt.gov

(406) 444-6439

**Montana Association of
School Business Officials**

Sept. 15-16, 2016

Facilities Planning & Financing



David LeMieux

EPC Program Manager

Montana State Energy Office

dlemieux2@mt.gov

(406) 444-6574

David LeMieux

EPC Program Manager

Montana State Energy Office

dlemieux2@mt.gov

(406) 444-6574



New Statute

SB0249: ENERGY PERFORMANCE CONTRACTING

- Governor signed bill: April 28, 2015
- Takes effect: October 1, 2015
- The act revises previous statute by
 - amending sections 90-4-1101, 1102, 1103, 1109
 - repealing sections 90-4-1104, 1105, 1106, 1107, 1108

EPC Defined

SB0249 94-1102, Section 9

EPC is a contract for evaluation, recommendation and implementation of:

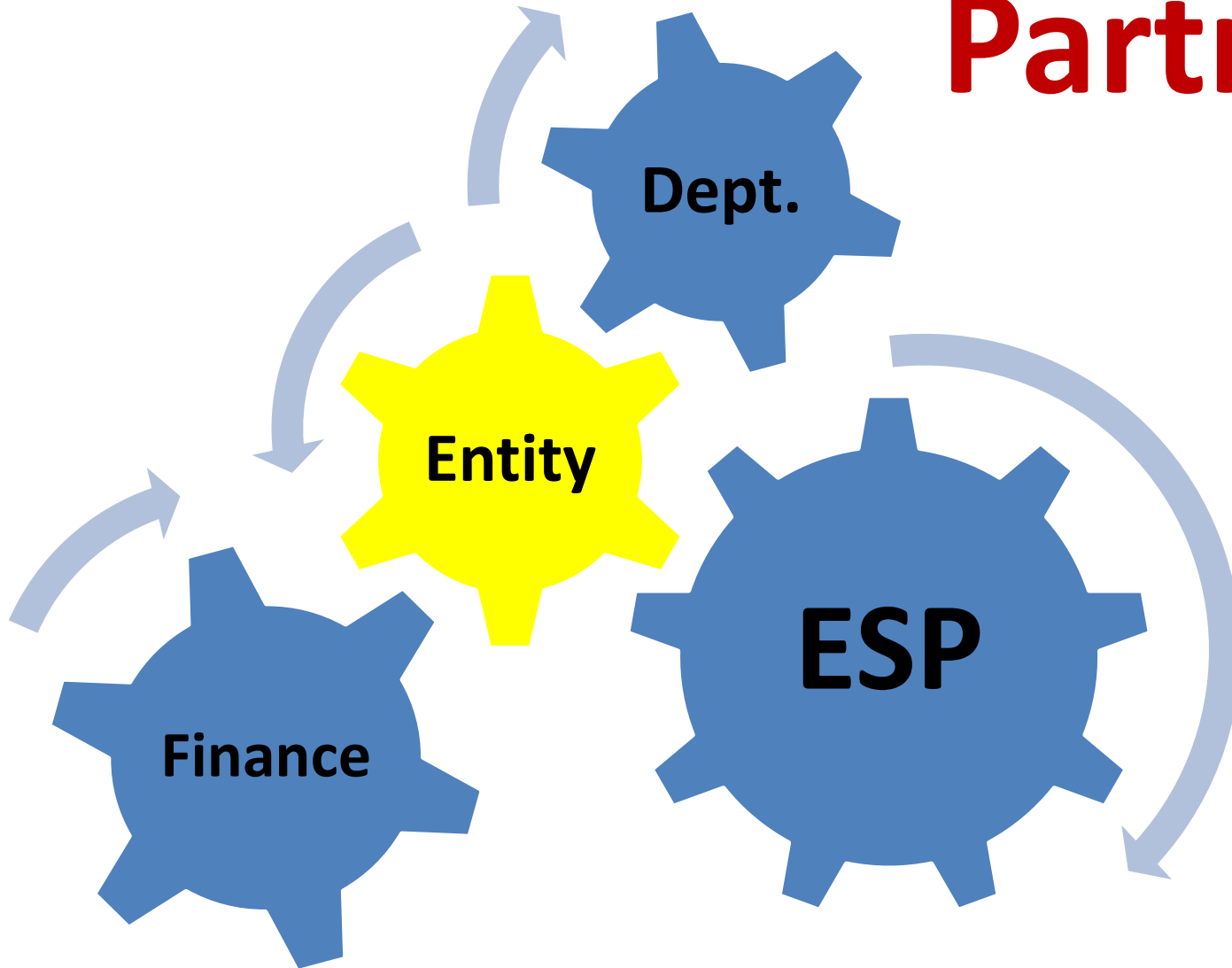
- Cost-saving measures,
- Evaluation of cost-effectiveness, and
- Guaranteed cost savings

Cost-saving measure relates to reducing:

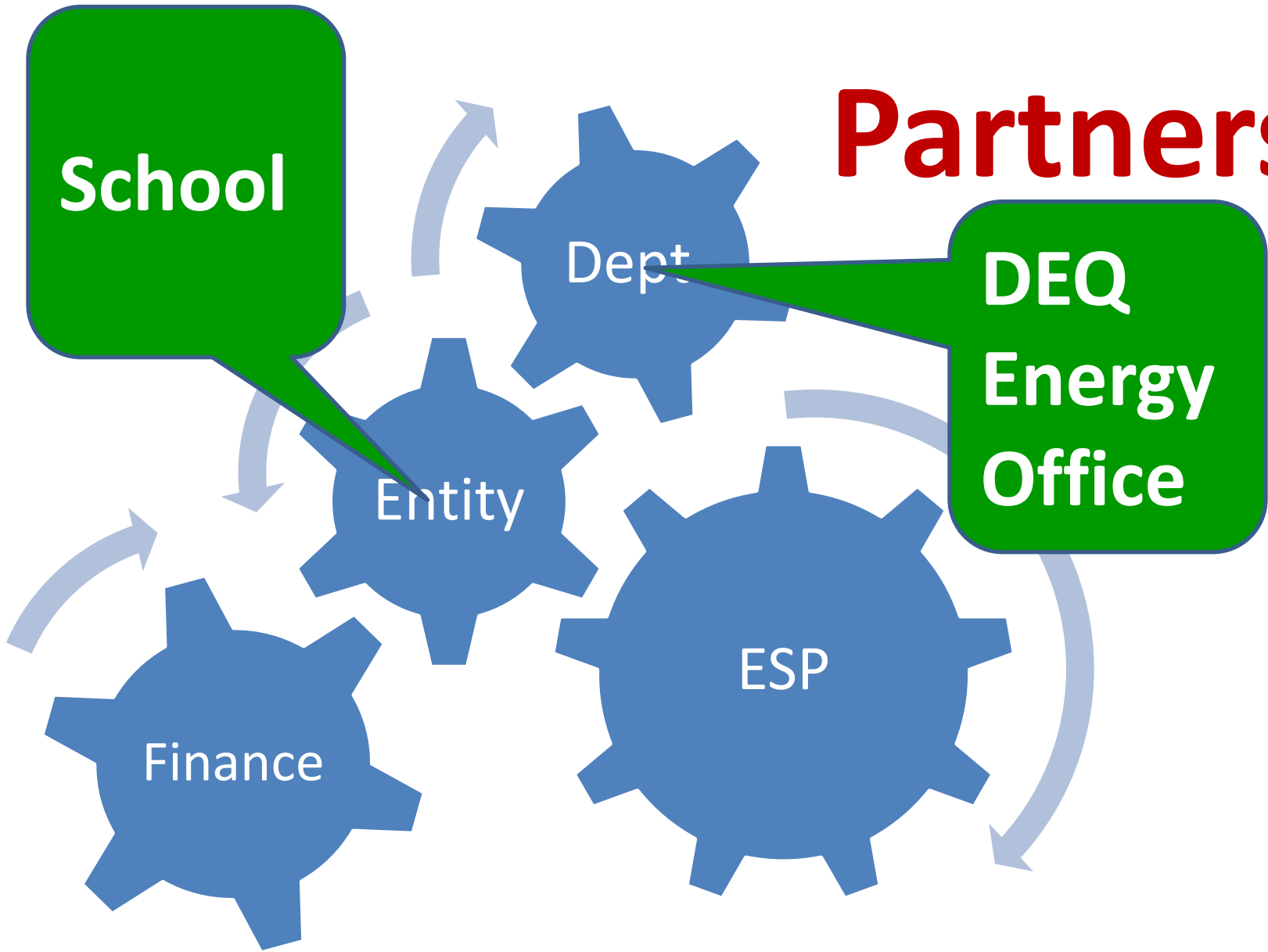
- Energy or water consumption,
- Operation and maintenance costs; or
- Utility and commodity costs.

EPC Objective: Reduce Costs for Energy or Water

Partners



Partners



Partners

-
- 1. Board of Investments
 - 2. Bank (Lending Institution)
 - 3. Bond

- 1. Ameresco
- 2. Appollo
- 3. Chevron Energy Solns.
- 4. Eaton Energy Solns.
- 5. Ennovate Corp.
- 6. Honeywell Int'l.
- 7. Iconergy
- 8. Johnson Controls
- 9. McKinstry
- 10. Noresco
- 11. OpTerra Energy Serv.
- 12. Schneider Electric
- 13. Siemens Industry
- 14. Temp Right Services

Montana's Program History

1. Prior to 2015:

- Prequalified ESPs via RFP process**
- Provide Technical Support**

2. Enabling Legislation 2015

3. Problems:

- No Project Monitoring**
- No ESP Regulation / Customer Protection**
- Customer Satisfaction (+ -)**