



**2013 Public Buildings
Enhanced Energy Efficiency Program
(PBEEEP)
REPORT**

**Local Government Public Buildings
Enhanced Energy Efficiency Program Report**

**Submitted Pursuant to:
Minnesota Statutes § 216C.43, subd. 12**

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January 15, 2014

Introduction

The following is an annual report on projects implemented under the energy efficiency improvement financing program for local governments as required by Minn. Statute § 216C.43, subd. 12. The energy efficiency improvement financing program for local governments is called the Public Buildings Enhanced Energy Efficiency Program (PBEEEP).

The Department of Commerce (Commerce) initially contracted with the Center for Energy and Environment (CEE) to develop and administer the local government PBEEEP, which ended on April 30, 2012, when all program materials were provided to Commerce. The decision to reinstate its responsibilities for the implementation and administration of local government PBEEEP was made due to the April 8, 2011, Executive Order 11-12 issued by Governor Dayton, which ordered the Commissioner of Commerce to create and staff an Office of Guaranteed Energy Savings Programs to offer technical assistance to state agencies, local units of government and school districts that wanted to make their buildings more energy efficient. As Commerce developed a Guaranteed Energy Savings Program (GESP), it was clear there were significant overlaps between GESP and PBEEEP. Priority was given to the development of GESP because it offered technical assistance to a wider swath of building owners and was directed towards larger energy savings projects.

Program overview

PBEEEP was designed to provide expert services for recommissioning and energy efficiency retrofit projects with access to financing, to help local government buildings save energy and money. Recommissioning is focused on the repair, upgrade, and optimization of building operations, equipment, facilities, and systems to enhance energy efficiency. It generally focuses on major building systems (building envelope, HVAC, and controls), targeting quick return on investment energy conservation opportunities. A four phase program design that includes screening, investigation, implementation and verification was designed for the state PBEEEP and could be used for a local program too.

GESP was developed as a Master Contract Program available to state agencies, local units of government and school districts. Energy Services Companies (ESCOs) are pre-qualified and entered into master contracts with Commerce. Commerce staff then provides technical assistance

to the specific entity, assisting in the qualification, development and implementation of energy efficiency and renewable energy projects.

While developing GESP, Commerce noted both significant overlap and differences between PBEEEP and GESP. The focus of PBEEEP is on making existing systems more efficient, mainly through recommissioning, optimization, repair and upgrade. While, in contrast, GESP focuses on deep energy retrofits involving complete system redesign and equipment replacement thereby renewing facility infrastructure. GESP's deep energy retrofits tend to be more comprehensive in scope with longer payback periods, but result in greater job creation and longer term results; GESP's performance guarantee also places on-going performance risk firmly with the ESCO.

Progress to date

CEE completed the screening and investigation phases for three pilot projects – located in Washington County, the City of Alexandria, and Chisago Lakes School District. In all three cases, the implementation stage was not pursued by any of the pilot entities.

In 2013, Commerce provided \$2,000,000 from the Exxon Petroleum Violation Escrow Fund to the Saint Paul Port Authority for its development of a \$22,000,000 financial resource through US Bank for local units of government and school districts known as the Energy Savings Partnership (ESP). The intent of the ESP fund is to provide low-cost financing for local units of government that pursue energy efficiency improvements. PBEEEP has Master Contracts in place with 23 providers, predominately engineering firms, to perform screening, investigation, implementation and verification. GESP has Master Contracts in place with 11 ESCOs that specialize in development, implementation, and on-going measurement & verification; and the provision of an energy savings performance guarantee for the lease purchase repayment term.

At the end of 2013, the local PBEEEP had yet to complete projects, therefore, to date there is no building count, energy savings, or project costs.

Next steps

With GESP successfully launched, Commerce will continue to put more focus on local PBEEEP in 2014. Local units of governments and school districts will be provided the opportunity to participate in either PBEEEP or GESP based on their interest, facility needs, facility issues and organizational goals. Additionally, in 2014, Commerce plans to expand activities with existing contractors to provide program orientation training prior to working on PBEEEP projects. To

raise more awareness of the programs, Commerce will promote and solicit interest from local governments and school districts specifically on PBEEEP projects.