NAESCO National Association of Energy Service Companies

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January 18, 2012

Elizabeth O'Reilly
Deputy Secretary for Public Works
100 Tent Building
18th & Herr Streets
Harrisburg, PA 17125

Re: NAESCO Comments on Proposed Changes to PA GESA Program

Dear Deputy Secretary O'Reilly:

NAESCO appreciates the opportunity to submit these comments on the proposed changes to Pennsylvania's Guaranteed Energy Savings Agreement (GESA) program. NAESCO strongly believes that the GESA program has created jobs, improved public facilities and reduced energy waste in Pennsylvania in a manner that delivers the best value to the Commonwealth. Our members are experts, both nationally and in Pennsylvania, in the delivery of cost effective energy efficiency resources and we urge Pennsylvania to ensure that changes to the GESA program in no way diminish our shared goals of energy savings and jobs creation. A detailed set of comments follows but we strongly make the following two requests:

- First, the state should immediately release any and all audits and reports regarding the GESA program that form the basis of the proposed changes. Such transparency is a fundamental tenet of good government and is necessary for the development of sound policies based on empirical data.
- Second, we formally request that the state convene a process that includes all interested parties and stakeholders to engage in a meaningful dialogue aimed and improving the GESA program BEFORE adopting changes to the program.

Introduction to NAESCO

NAESCO is a national trade association of energy service companies. NAESCO numbers among its members some of the world's leading energy services companies, including: AECOM Energy, Ameresco, Burns & McDonnell, CCI Group, CM3 Building Solutions, Chevron Energy Solutions, Clark Energy Group, Clear Energy Contracting, Comfort Systems USA Energy Services, ConEdison *Solutions*, Constellation New Energy, Control Technologies and Solutions, Eaton Corporation, Energy Solutions Professionals, Energy Systems Group, Excel Energy, FPL Energy Services and Next Era Energy Services, Green Campus Partners, Honeywell, Johnson Controls, McClure Energy, NORESCO, NXEGEN, Onsite Energy, Pepco Energy Services, Schneider Electric, Siemens Industry, Synergy Companies, Trane, UCONS, and Wendel Energy

Services. Its members also include many of the largest utilities in the United States: Duke Energy, the New York Power Authority, Pacific Gas & Electric, and Southern California Edison.

NAESCO member companies delivered about $5 billion of projects in 2011, and have delivered more than forty billion dollars worth of projects during the last twenty years. During that time, we have delivered hundreds of millions of dollars worth of energy efficiency (EE), demand response (DR), renewable energy (RE) and distributed generation (DG) projects to Pennsylvania commercial, institutional and industrial customers. Our projects have produced thousands of jobs in the Pennsylvania construction industry. NAESCO member companies have delivered all of the GESA projects to date.

Summary of Comments

NAESCO believes that major changes to the GESA program are unnecessary and urges the Corbett Administration to protect the efficiencies inherent in the existing program.

NAESCO urges the Administration to work with our industry and other stakeholders to make only those modifications that will make the GESA program more productive, and enable the program to expand to serve the needs of all state and local government agencies – investing billions of dollars in facility improvements that are paid from savings and creating thousands of good-paying construction jobs in across the Commonwealth.

NAESCO offers three major comments:

> First, NAESCO is unaware of major problems or defects in the program. We are aware that DGS recently undertook an audit of the program, however, despite repeated requests, this audit has not been released. We strongly urge the DGS to provide the information on which it is basing its proposed changes and release whatever reports and or audits it may have undertaken so that we can assist the state in addressing whatever issues may be raised. Such transparency is a fundamental tenet of good government and the empirical data contained in the audit should be made part of the public record before any program changes are contemplated.
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> Second, it appears that the goal of the proposed GESA program modifications is to make GESA resemble traditional Design/Build construction programs, without taking into account the unique aspects of GESA projects, and dropping one of the key success factors of Design/Build programs. NAESCO believes that such modifications will make the GESA program less efficient and economical and undermines the basis of the GESA program which provides the Commonwealth with another procurement choice that is not predicated on allocated funding from the Commonwealth budget.
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> Third, the proposed program changes fail to take advantage of the experience of other states with similar Energy Saving Performance Contracts programs. Many of the proposed GESA program modifications have been tried and rejected in other states or in federal government programs because they simply don't work.

Discussion

DGS Has Offered No Public Evidence Why GESA Should be Changed

To NAESCO's knowledge, the GESA program has been very successful, delivering hundreds of millions of dollars worth of improvements to Pennsylvania state facilities, with the costs of those improvements paid from savings. GESA projects have created thousands of good-paying jobs in the hard-hit construction industry across the Commonwealth. A 2010 DGS report summarizes its accomplishments: approximately 69 projects were underway, 41 projects were under contract, 12 government agencies were participating, and 23 ESCOs had been pre-qualified to engage in GESA activity. GESA projects provided net savings of $54 million to the state government.[1]: guaranteed savings of $449 million with projects project investments of about $379 million. GESA-type projects in local governments and school districts added tens of millions of dollars to this total.

NAESCO is aware that DGS has been evaluating the results of the GESA program since early in 2011, due to certain unspecified "concerns" about the program, but it has not seen any results from this evaluation that would justify the proposed program changes. NAESCO has requested that DGS and/or the Governor's office make this evaluation public, in line with Governor Corbett's policy of increasing the transparency and accountability of state government, but the evaluation remains secret. DGS has very recently released a memo that summarizes the DGS reasoning about program changes, but this memo seems to be mistaken in several key aspects (see below) and based on the detailed analysis of a single project, and the changes discussed in the memo are not even linked to specific findings about that one project, which is referred to at the bottom of the memo without the concomitant release of the project data itself.

If the evaluation has uncovered some serious problems, then DGS should make these problems public and explain how the proposed changes will remedy the problems. In the absence of this documentation, NAESCO and other stakeholders are faced with what might be described as making comments on a course of treatment when neither the disease nor the symptoms are known.

DGS Memo on GESA Program is Erroneous in Key Areas

DGS recently released on its website a memo dated August 21, 2011 from the DGS Deputy Secretary for Public Works to the DGS Secretary, entitled, "GESA Program Assessment." NAESCO has reviewed this memo, and believes that several of its key findings, which appear to be the basis for the proposed modifications in the GESA program, are erroneous. Here are two examples of these errors.

- Section 1(b)(i) of the memo states one of the major issues with the GESA program as follows:

  > **"Problem: The prior GESA program was set up to allow ESCOs to dictate/select Energy Conservation Measures that ignored expensive, complicated or difficult energy savings measures."**

  This statement seems to run counter to the history of GESA projects, and displays an outdated (by about two decades) understanding of the economics of the ESCO business.

[1] PA Department of General Services, "Guaranteed Energy Savings Manual for Pennsylvania's Government Organizations", July 2010

  - First, NAESCO has reviewed various recent DGS publications, including the Energy Management Division 2010-2011 Business Plan, which list sample GESA projects, and can find no evidence to substantiate the statement in the memo. These projects are not limited to easy, quick-payback Energy Conservation Measures (ECMs) like lighting and controls upgrades, but include a full list of ECMs such as major boiler and chiller replacements.
  - Second, the statement apparently is based on the notion that ESCOs make more money by installing a few short-payback measures rather than a large, comprehensive project. This project approach was characteristic of the first generation of ESCO projects in the late 1980s and early 1990s, when ESCOs used shared savings contracts to introduce the ESPC concept to the market. In a shared savings project, the ESCO was compensated with a share of the energy savings over the life of the ECM, so an ECM like lighting that may have a three-year payback and a seven-year measure life, was very profitable. But shared savings contracts are rarely used in the ESCO industry today, and were not used in any GESA projects. Today, and in all GESA projects, the ESCO's profit is based on the size of the project, similar to the profit of a general construction contractor, so the incentive for the ESCO is to expand the project to include complex ECMs, not to limit the project to a few ECMs.

- Section 2(a) of the memo states an issue about how ESCOs were selected as follows:

> "The specifics regarding the process used to select ESCOs remains the least investigated aspect of GESA, principally due to the fact that prior participants may be less than forthcoming in discussing specifics. The determination of short listed GESAs, scoring proposals and negotiating ECMs remains highly suspect. I recommend the OIG be asked to investigate the entire process of selecting and procuring ESCO contracts to get accurate answers."

NAESCO believes that the selection of ESCOs for projects was conducted according to a process that is described in detail in Section 7 of the GESA Program Manual, a document that is similar in its level of detail to other DGS documents describing construction project selection processes. The memo does not even attempt to identify specific instances in which the ESCO selection for a particular project differed from the Program Manual, but instead relies on innuendo to try to impugn the program. The memo says, for example, that it has been unable to investigate the issue of ESCO selection, "principally due to the fact that prior participants **may be** less than forthcoming in discussing specifics." (emphasis added) Does this mean that DGS actually contacted ESCOs and members of a project selection committees and that these individuals refused to talk to DGS, or does it mean that DGS never did the research required to substantiate its statement? In the absence of any documentation of deviations of the selection process described in the Manual, never mind any documentation of potential violations of state law, the memo's recommendation that the matter be referred to the OIG is a blatant substitution of innuendo for facts, which is not a sound basis for public policy.

The Proposed Modifications Appear to Imitate Traditional Design/Build

It appears to NAESCO that the goal of the proposed changes is to make the GESA program function much like a traditional public construction Design/Build project, without taking into account the unique aspects of a GESA project, such as third-party financing predicated on a long-term savings guarantee from an ESCO.

The success of the GESA program is built upon the premise that all development, engineering and implementation requirements are the sole responsibility of the ESCO. Segmenting a project into multiple elements delivered by different parties will produce the kind of finger pointing that characterizes a low-bid procurement project, and will undermine the Commonwealth's desire for predictable project financial performance supported by a contractual savings guarantee. With project segmentation the ESCO will not be able to be fully responsible for delivering the savings guarantee.

GESA was designed by the legislature, with strong Republican sponsorship, to be an alternative to traditional public construction because traditional construction was not getting the job done: few comprehensive energy efficiency projects were implemented in state facilities. GESA is getting the job done, reducing state energy costs by millions of dollars each year and substantially modernizing dozens of state facilities (See attached GESA program summary spreadsheet), with the costs of the modernizations paid from project savings. GESA also created thousands of good-paying jobs. The innovative GESA program structure utilizes exactly the kind of public/private partnership that the Corbett Administration espouses.

During this time of the GESA success, DGS still had full access to the Design/Build approach and to the traditional "spec-and-bid" approach to energy efficiency projects. But it was not able to implement many projects because the GESA process worked better than the Design/Build or spec-and-bid approaches, requiring fewer state personnel and financial resources. Again, NAESCO thinks that this is the kind of approach that the Corbett Administration should appreciate: an innovative private sector approach that successfully competes with the traditional procurement approach and provides better value to the Commonwealth..

Proposed Modifications to GESA Won't Work

NAESCO believes that the proposed process for the modified GESA program has flaws that will prevent GESA from working as DGS apparently imagines that it will work. In NAESCO's opinion, these flaws are due to the fact that the drafters of the modifications have not followed the development of Energy Savings Performance Contract programs in other jurisdictions over the last two decades in response to problems that DGS is apparently trying to address. Therefore, DGS has designed elements into the modified GESA program that have been tried and rejected in other states and/or by the federal government. A few examples of these elements are described below.

- **No Pre-Qualified List of ESCOs**

  The administrators of ESPC programs at the federal government and in many states utilize pre-qualified lists of ESCOs because it simplifies the process of qualifying ESCOs for a particular project. If the pre-qualification is rigorous and fair, as the GESA process has been, it only has to be done every few years. If there is no pre-qualified list, and each project procurement starts with a clean slate, then the ESCO selection committee for each project has to repeat the qualification process: the financial, technical and managerial competence of the ESCO must be checked; project references must be contacted; and, the ability and willingness of the ESCO to carry the liability of project savings guarantees must be confirmed. Without this pre-qualification work, the Commonwealth will be at risk of selecting a contractor that is not fully qualified to execute all aspects of a GESA project. In the absence of any evidence that qualified ESCOs or Contractors have been arbitrarily excluded from the Pre-Qualified List, why would DGS want to eliminate this basic streamlining of the project development process and add weeks or months of painstaking, redundant work to each project?

DGS may imagine that there is a large pool of qualified Contractors who are being excluded from accessing the ESCO model, but experience has shown that is not true. The pool of pre-qualified contractors for the GESA program has expanded over the history of the program. If DGS believes there are contractors who want to qualify for the GESA program, it can run another round of pre-qualification. But NAESCO would be very surprised if a large number of contractors step forward. Experience across the country for the past decade has shown that very few non-ESCO contractors, if any, are willing to get into the ESCO business once they understand the key elements that distinguish a GESA project from traditional spec-and-bid construction work: a project development effort (typically 12-24 months of uncompensated, at-risk work) and the long-term financial liabilities of project savings guarantees..

During the past decade, there have been unsuccessful public and private efforts to recruit contractors to become ESCOs.

- The state of California, a decade ago, actually spent millions of dollars of ratepayer energy efficiency funds in a program designed to convince contractors to become ESCOs. The program was a failure and was abandoned.
- A private effort at the same time tried to organize ten of the largest mechanical contractors in the country to expand their businesses by developing ESCO projects. The promoters of this effort found that the contractors, once they understood the risks of the ESCO business, wanted no part of it.

NAESCO respectfully suggests, based on this experience, that DGS keep the GESA qualified ESCO list, with periodic opportunities for new companies to apply for inclusion in the list.

It should be noted that the local contractors are clearly not excluded from the GESA projects, but instead are benefitting as subcontractors, because they install the numerous energy efficiency measures developed by the ESCO for each GESA project. These local contractors are critical to the success of each and every project, which have provided them with tens of millions of dollars worth of work. NAESCO believes that one of the results of the proposed GESA program modifications will be that these local contractors will have substantially less work in the future than they have had during the past few years.

- **No Demonstration of the Capability to Guarantee Savings**

NAESCO does not see in the draft RFP documents any requirement that an ESCO or Contractor demonstrate the balance sheet required to carry the liability for a project savings guarantee, or a number of project savings guarantees, for the 10-15 year life of the projects.

The ESCO industry has consolidated during the past decade because many of the smaller companies did not have the balance sheet required to carry the liabilities for the type of major projects that GESA implements. Without the requisite balance sheet, which is one of the elements of the pre-qualification process, a project savings guarantee is not very meaningful and the ability of the ESCO or Contractor to assure the project financier that the project will perform as designed, which is the basis of project financing, is compromised.

- **Cost-based Selection of ESCOs**

DGS appears to be trying to make the selection of a project ESCO more cost-based than is useful, if the goal of the procurement process is to develop and implement a GESA project that offers the state the lowest life-cycle cost or best value. ESPC program administrators and the ESCO industry have wrestled with this problem for two decades, and have developed a methodology, which we think solves the problem. The DGS proposal runs counter to these painstakingly developed best practices.

In the early days of the ESCO industry, public agencies typically issued RFPs for projects that invited multiple bidders to propose fully priced projects with accompanying savings estimates. The public agencies reasoned that the ESCO that proposed the most savings for the lowest price was clearly the best choice. Experience showed, however, that it was not that simple. The public agencies typically got a set of proposals that were not comparable. The Energy Conservation Measures (ECMs) proposed by each ESCO were not the same. The ESCOs' savings calculations were performed using proprietary methodologies. The cost of the financing, as distinct from the cost of the ECMs, was difficult to determine. Furthermore, in hindsight, the ESCO that offered the lowest first cost for a project was often not the ESCO that offered the public agency the lowest life-cycle cost (or best value) for the duration of the project. Many projects were mired in years-long cycles of multiple RFPs and protests of awards because the selection process didn't work.

So public agencies across the country – federal, state and local – have shifted to a more qualitative approach to ESCO selection that uses an RFP process in which indicative pricing is only one of many factors. More important are the demonstrated capabilities of the ESCO to deliver the best value project to the public agency: experience and capabilities of the ESCO in a particular type of facility, the technical and engineering approach, the team the ESCO proposes to deliver the project, etc. Final project pricing is negotiated based on the final project Scope of Work, which is developed during the course of the Investment Grade Audit (IGA), which is described below.

- **DGS Producing the Investment Grade Audit (IGA)**

NAESCO suggests that the process proposed in the draft RFP – that DGS produces the project IGA and attaches it to the RFP – has been tried unsuccessfully in various forms at the state and federal level.

To be sure that we are not misinterpreting the DGS terminology, what ESCOs mean by the term "IGA" is the project blueprint, finalized after several iterations with the customer, that details project ECMs, costs and savings. The cost and savings numbers (discounted a bit for conservatism) are typically taken directly from the IGA into the project contract or Energy Savings Agreement. If DGS is using the term IGA in this sense, it would seem to be trying to use the IGA to approximate the Scope of Work it uses in a Design/Build procurement (*e.g.*, the recent SCI Phoenix CHCP project). But DGS is not taking into account the unique elements of a GESA project that preclude the use of its standard Design/Build procurement process.

Furthermore, the proposed approach, whereby the Commonwealth will be using a new hire junior energy engineer for the initial design that dictates the ESCO's scope of work, is not even representative of traditional Design/Build. The existing GESA process, whereby the ESCO is directly responsible for all engineering services and project installation, is a true Design/Build approach. With the need for ESCO accountability from design to installation to measurement and verification to guarantee it is essential that the ESCO is fully responsible for 100% of the design. This is the classic Design/Build approach.

In a GESA project, the financing is provided by a third party bank or specialized project finance company, which relies on the savings guarantee provided by the ESCO to ensure that the project savings estimates are accurate, and that the bank won't be in the uncomfortable position of trying to foreclose on financing provided to a public agency. The ESCO will only provide this savings guarantee if it has full confidence in the project IGA. In practice, this has meant that the ESCO must perform the IGA, because government agencies or their consultants have been unwilling to guarantee the savings results of IGAs that these entities perform and declare are achievable.

If DGS is not using the term "IGA" in this sense, and instead means a preliminary look at a project that is designed to serve as a guide for proposers, it might want to consider renaming this RFP attachment a project "Feasibility Study" or "Preliminary Audit" to eliminate the potential confusion in terminology. In this case, DGS must supply to all proposers the energy use data and other facility information required to perform their own IGAs, and the facility must be ready to provide access to the facility and to respond to the questions that multiple ESCOs will need answered in order to develop responsible proposals. This process of multiple IGAs is very rarely used, because it is cumbersome, costly and results in proposals that are difficult to compare (see above).

In the last two or three years, both the U.S. Department of Energy's Federal Energy Management Program (FEMP) and the state of Massachusetts have tried, and abandoned, approaches that may be what DGS has in mind. Both tried to facilitate cost-based ESCO selection by using Preliminary Audits, performed by consultant engineering firms, to define project scopes.

- In the case of FEMP, ESCOs were not allowed to deviate from the list of ECMs defined in the Preliminary Audit. FEMP found that this procurement method did not deliver the full potential value of a project because the ECM lists did not encompass all the measures that ESCOs could incorporate into the project, and has now developed an alternate RFQ procurement process that is used in most projects.
- In the Massachusetts case, the consultant that delivered the Preliminary Audits for the state buildings ESPC program actually suggested at a program stakeholder meeting that the Audits be discontinued. He said that since ESCOs were re-doing all of the work, because the consultant would not guarantee the audit results, his

preliminary audits were just increasing project cost and adding six months to the project development cycle while adding no real value. The consultant suggested that Massachusetts use the GESA process, in which an expert consultant works for the public agency to help the project ESCO refine the IGA.

Finally, DGS seems to be proposing to hire one junior-level energy engineer to perform the energy audit work that has been done by multiple ESCO teams of very experienced energy engineers on multiple concurrent projects. This is like proposing that a single AA baseball player is going to be able to do the work that the entire National League is currently doing. In the most recent round of the GESA program, there were about twenty projects in development at the same time. The proposed DGS process would limit the process to one project at a time and would minimize the job creation potential of GESA, which we do not think is a goal of the Corbett Administration. To implement the proposed DGS process at scale would require that DGS add enough engineers to replace the combined private sector workforce of the ESCOs, which, again, we do not think is a goal of the Corbett Administration.

Based on this experience, NAESCO respectfully suggests that DGS reconsider the idea that it will perform the IGA, and instead use the process that other program administrators across the country use: select a single ESCO to develop the project IGA and work with that ESCO to develop the project that delivers the best value to the public agency.

- **Bundling of Projects**

One of the major benefits of an ESPC project is that it employs the skill and experience of an ESCO to combine energy efficiency measures that have long paybacks with measures that have short paybacks into a "bundle" that meets the public facility's physical and financial requirements. DGS apparently believes that this interactive project development process, during which the ESCO reviews numerous iterations and "what if" combinations of measures with the facility staff, is a serious defect of the GESA program. NAESCO suggests that this interactive process is necessary if the Commonwealth wants to get the best value for each project, because it is partly an educational process for the public agency. Agencies, which typically have little energy efficiency expertise, often start with a "wish list" of measures, and an inaccurate sense of measure costs and savings. The iterative project development process helps the agency to better understand the project economics and to select the final package of measures that best fits its needs.

- **Getting the Best Price**

NAESCO suggests that the current GESA project pricing system is considered a national model. Administrators of GESA-type programs around the country have copied the GESA project pricing methodologies that are more effective for assuring that a public agency gets the best price and more transparent than the project bid price that DGS is proposing. We do not understand why GESA seems to be proposing taking a step backwards toward an older, traditional low-bid pricing system. The GESA program disaggregates project pricing, exposing its components to specialized, transparent competition. The ESCOs compete by providing their markups for materials and labor. Materials and labor subcontracts, and project financing, are procured in an open-book process that the public agency and DGS can monitor. When the project components have been fully priced, they are rolled into a not-toexceed price, or Guaranteed Maximum Price (GMP), for the project. The ESCO is responsible for any cost that exceeds the GMP.

- **Project Financing**

There are two issues with the proposed modifications to project financing approach.

First, DGS apparently objects to the notion that it should be involved in soliciting proposals for financing a particular project. We do not understand this. Experience in the GESA program and in similar programs in other states clearly shows that if both the ESCO and the state are working together, evaluating all of the possible financing sources and structures available, there is more competition among financiers, and, as a result, the project ends up with a lower financing cost and better terms.

Second, there is an issue with the way that DGS is proposing to procure project financing that may run afoul of pending U.S. Securities and Exchange Commission (SEC) regulations.

Because of several scandals in municipal finance that are unrelated to the ESCO business, the Dodd-Frank legislation mandated that any entity that provides financial advice to public agency customers register as a Municipal Financial Adviser. The draft rule promulgated by the SEC specified that the threshold for "financial advice" is providing a project cash flow projection. For context, the draft rule also specified that volunteers who are appointed to city or town boards and commissions *(e.g.,* the town Finance Committee) that deal with finance issues also have to register.

NAESCO has worked extensively on the issue, and it appears that the SEC now believes that it overreached in the draft rule. It recognizes that cash flow projections are a critical part of engineering services and ESCO services, and that ESCOs need to provide public agency customers some education about the available sources of financing for projects (utility rebates, grants, leases, tax credits, etc.) because no one else seems to have the requisite knowledge to provide this information. But the SEC is very leery of ESCOs steering public agency customers to a particular type of project finance structure, much less a specific financier. If DGS insists that ESCO or Contractor project proposals include a specific finance proposal from a specific finance vendor, it would appear to severely limit participation in the program.

Conclusion

NAESCO appreciates the opportunity to submit these comments. Our comments can be summarized as follows:

NAESCO is unaware of major problems or defects in the GESA program as it existed in the Commonwealth. A 2010 DGS report summarized the GESA program as responsible for approximately 69 energy savings projects that were then underway of which 41 projects were under contract. Twelve government agencies were participating, and 23 ESCOs had been pre-qualified to engage in GESA activity. GESA projects provided net savings of $54 million to the state government; guaranteed savings of $449 million with projects project investments of about $379 million. GESA-type projects in local governments and school districts added tens of millions of dollars to this total.

We are aware that DGS recently undertook an audit of the program, however, despite repeated requests, this audit has not been released. We strongly urge the DGS to provide the information on which it is basing its proposed changes and release whatever reports and or audits it may have undertaken. Such transparency is a fundamental tenet of good government and the empirical data contained in the audit should be made part of the public record before any program changes are contemplated.

NAESCO questions the wisdom of the proposed GESA program modifications which effectively transforms the GESA program to resemble traditional Design/Build construction programs, without taking into account the unique aspects of GESA projects, and dropping one of the key success factors of Design/Build programs. NAESCO believes that such modifications will make the GESA program less efficient and economical and undermines the basis of the GESA program which provides the Commonwealth with another procurement choice that is not predicated on allocated funding from the Commonwealth budget.

NAESCO also argues that the proposed program changes fail to take advantage of the experience of other states with similar Energy Saving Performance Contracts programs. Many of the proposed GESA program modifications have been tried and rejected in other states or in federal government programs because they simply don't work.

We believe that all of the stakeholders in the GESA program share the same goal: to create thousands of good jobs for Pennsylvanians, to renovate public facilities, and to eliminate energy waste. We urge the Corbett Administration to convene a process that includes all interested parties and stakeholders to engage in a meaningful dialogue aimed and improving the GESA program <u>BEFORE</u> adopting changes to the program. NAESCO stands ready to participate in this process.

Respectfully submitted by,

Donald Gilligan
President