



NAESCO NEWS

April, 2020

FROM THE DESK OF TIMOTHY D. UNRUH, NAESCO EXECUTIVE DIRECTOR

NAESCO has represented the Energy Service community for over 35 years. In those years, our members and affiliates have built and constructed projects that they are willing to stand behind for decades. Performance contracts are not just a product we offer, it is the way we do business. Our reputation depends upon our performance year after year.

Therefore, I thought it appropriate for our theme for 2020 to be “Building Trust.” If performance is the bedrock of our industry, then certainly “Building Trust” is key. “Building Trust” means that we want to build customer trust and attract new members by positioning NAESCO as a more vocal and visible industry advocate, educator, convener and leader at the federal and state level. I encourage each of our members to use the #BuildingTrust in their social media posts.

On March 12, NAESCO held its annual Federal Market Workshop. We had over 120 persons attend the event live, and 17 watched a live stream of the event. We were able to have all speakers participate, with six speaking live through video feeds. This was a first-time use of such technology at a NAESCO event and it went quite well.

I have had the opportunity to begin working the **value of accreditation** into all my presentations and meetings. As you might recall from our last members meeting, we are striving that clients will consider accreditation as the first-tier criteria for selecting an energy service company. We believe that NAESCO Accreditation provides a more rigorous review and evaluation of an energy service company than could be done through any client selection process – thus, starting with only NAESCO Accredited companies makes good sense.

I have been able to participate in meetings with client groups in New York, Pittsburgh, PA, Los Angeles County and with the Southern California Regional Energy Network. In each of those events, accreditation is included as the first-line step in partner selection. NAESCO has also been promoting accreditation through the new magazine for our industry, *[Energy Services Today](#)*. If you have not seen it, I encourage you to take a look, our advertisement is just inside the cover of the most recent edition.

On the federal front, NAESCO has been working through a group of associations in Washington DC to include an energy efficiency and performance contracting focus for state and local governments as a stimulus bill begins to take form. We have worked with our partners, the Federal Performance Contracting Coalition, to support their efforts as well. Last year, we were able to start a fund in DOE that will support state and local performance contracting efforts, and we are working with DOE and our partners to clarify how that fund will support our industry.

Finally, I have spoken with many members to see how they are weathering this current crisis. In general, there is really no consensus yet, but it does seem that much work is

continuing. Clearly geography has a large bearing on where work is proceeding and where it is not, but I am hearing hope and optimism from our members. One thing is clear, the leadership of our member companies are working in creative ways to support their clients and employees. It makes me proud to be associated with them!

I often have dinner with a good friend and industry associate, and that day after the Federal Market Workshop was our day for dinner. We both agreed that had we known it was our last dining out meal for the foreseeable future, we might have picked a different location. I am certain that as you read this newsletter, you are likely working from a location that is not your norm. As we all are experiencing a new reality, remember that our industry is founded on performance – and we will perform.

NAESCO will continue to fight for our industry to ensure all are aware that we possess a powerful ability to renovate and retrofit our building infrastructure, while reducing operational costs.



In early March, Tim had the opportunity to discuss how to improve energy efficiency for increased savings at a recent Southern California Regional Energy Network meeting in Los Angeles, CA.

Photo left to right: Genaro Bugarin (TEC), Marc Costa (TEC), Lujana Medina (LAC), Tim Unruh, Laurel Rothschild (TEC), and Rebecca Hausheer (TEC)

NAESCO ADVOCACY UPDATE - April 2020

NAESCO continues to actively monitor federal and state legislation. This is a summary of current activities NAESCO is following closely. NAESCO Members can access a more comprehensive report [here](#).

Federal COVID-19 Legislation

Both houses of Congress have adjourned until April 20th, so that members do not have to travel or congregate in the Capitol for votes, hearings, etc.

Congressional activities during March were focused on relief of the COVID-19 pandemic. Three pieces of legislation, generally known as COVID-1, COVID-2 and COVID-3, have been enacted. Senate Majority Leader McConnell has stressed that these bills are rescue bills, not stimulus bills. They are designed to ensure that individuals, small businesses, and certain industries that are virtually out of business (e.g, airlines and hotels) can survive the initial tsunami of the Coronavirus.

The House has already begun work on a COVID-4 bill, which would include extensions of some of the extraordinary relief for individuals (direct payments to low and moderate-income taxpayers and expanded unemployment benefits), state governments and stimulus measures, including tax incentives, to re-start critical industries. NAESCO is working with other organizations to assemble a package of stimulus measures for the COVID-4 legislation.

Federal FY 2021 Budget

Jeff Genzer, NAESCO's General Counsel, reports that:

The appropriations process has been thrown into disarray by the Coronavirus. The Appropriations Subcommittee members and staff are focused on FY'20 supplemental appropriations to address the virus. It is very likely that they will move to a continuing resolution (CR) for FY'21, based on FY'20 funding, except for Coronavirus needs.

Federal Energy Legislation

A long-awaited Senate floor action on comprehensive energy bill was stalled over a fight

about restricting HFC emissions. It appeared that a majority of Senators favored the bill, but further action is indefinitely postponed.

COVID-4 Emergency Stimulus Legislation

Summary of Energy Efficiency Recommendations

Energy efficiency (EE) is a key component of the infrastructure program that will enable the nation to recover from the economic effects of COVID-19, restart the economy, and improve the long-term competitiveness of American businesses and manufacturers. EE reaches all sectors (residential, commercial, industrial and public/institutional), all geographic areas and all income levels. EE delivery capability -- private-sector companies, workforce, and enabling federal and state laws and regulations -- already exists across the country and can be jump-started or accelerated with the immediate infusion of federal investment. The list below describes short and medium-term opportunities that are available from EE investments.

- 1. Energy Efficiency Tax Incentives**
- 2. Low Income Utility Assistance and Weatherization**
- 3. Retrofit of Homes and Apartment Buildings**
- 4. Improve the Competitiveness of Private Industrial and Commercial Facilities**
- 5. Protect and Improve Public Facilities**

State and Regional Advocacy

Since most of the country is on some form of lockdown, there is significantly reduced activity in state legislatures or regulatory agencies. The initiatives that NAESCO has been working on in Illinois, Michigan, Ohio, Wisconsin and Minnesota are on hold until the lockdowns ease up and the legislatures go back into session. So perhaps this is a good time to think about developments in California and the PJM Regional Transmission Organization (RTO) that may significantly affect the economics of ratepayer-funded EE programs, and thus the economics of ESCO projects. NAESCO Members can access details [here](#).

NAESCO is active in or is monitoring these proceedings, to make sure that the interests of our members are protected and that we can inform members of significant developments.

FEDERAL MARKET WORKSHOP

The National Association of Energy Service Companies (NAESCO) convened NAESCO member and non-member energy service companies (ESCOs), suppliers and federal officials for its 2020 Federal Market Workshop on March 12, 2020.

“The federal energy efficiency and infrastructure marketplace is one of the largest for energy service providers, and we understand that accessing and successfully navigating this sector is crucial for our members,” said NAESCO executive director Dr. Timothy Unruh. “Providing our valued members and guests with the actionable steps and tools they need to accomplish that is a responsibility we take seriously.”

The day-long conference was punctuated by presentations and panels from key industry leaders and ranking federal officials.

“Investors, government agencies and other consumers are increasingly placing a premium upon energy efficiency technologies and processes,” said Katie McGinty, the day’s keynote and global vice president of government relations for Johnson Controls. “It’s clear that, in order to respond to these changing preferences, energy savings performance contracts (ESPCs) will remain vital.”

McGinty’s prediction was also reflected in comments made by other speakers, including, Skye Schell, supervisor at the Department of Energy’s Federal Energy Management Program, who noted that “energy efficiency is becoming a greater concern among U.S. government agencies, and we recognize that ESPCs will be necessary as we work to adapt to these new prerogatives.” Acting Deputy Assistant Secretary for Energy & Sustainability of the Army Jack Surash concurred and explained that “at the U.S. Army, we focus on resiliency, efficiency, and affordability through ESPCs.”

“Grid-interactive Efficient Buildings promise improved resiliency and cost savings, and

both are priorities for the Department of Defense (DoD) and General Services Administration (GSA)," added GSA Center for Emerging Buildings Technology Director Kevin Powell. "This presents considerable opportunity space for ESCO project financing."

According to Dale Hahs, technical assistance provider at the Energy Services Coalition, updates to eProject Builder are being made to ease the project data input for state and local governments, as well as improved storage of project data files. He also emphasized the need for data to ensure proper and detailed reporting of results.

"There's a misconception among some procurement officials that the value of ESPCs is difficult to verify," U.S. Coast Guard Office of Energy Management Chief Sam Alvord acknowledged. "In reality, ESPCs have a demonstrated record of reducing energy use and in turn, cost and emissions." He noted that ESPC based projects have savings of 108% of the guarantee, while appropriation funded projects only save about 67% of expectation.

NAESCO WELCOMES NEW COMPANY MEMBERS

Click company names for more information

Full Member

[Georgia Power Company](#)

Energy Service Affiliate Members

[CAM Technologies](#)

[Hancock Software](#)

[North American Roofing](#)

[Sterling National Bank](#)

NEWS AND RECENT PROJECTS

Ameresco to Develop Community Microgrid and Battery Energy Storage System for McKinleyville, CA Community

Ameresco recently announced that it has been selected by the McKinleyville Community Services District in California to design and build an integrated microgrid at the community's Hiller Park wastewater treatment plant. The microgrid will incorporate existing diesel generation along with new solar photovoltaic (PV) and battery energy storage assets to optimize electrical grid resiliency while delivering both financial and environmental benefits to the community.

The microgrid management system that Ameresco will install under its Energy Services Contract with MCSD will utilize existing dispatchable generation at the wastewater treatment plant to provide supplemental power and further grid resilience.

Eco Engineering and Suppliers Donate Energy Efficient Lighting System Upgrade to a Cincinnati Foodbank

The Cincinnati Freestore Foodbank is receiving a turnkey energy efficient lighting system upgrade compliments of **Eco Engineering, Inc.** "Eco Engineering is helping to set the tone for our region, said Freestore Foodbank President & CEO, Kurt Reiber. "As we look to find new ways to not only feed the lines, but shorten them, we need the business community to continue to work with us on new ways to support our shared mission. Helping us in a way that is unique their business, Eco Engineering is helping us save over \$12,000 per year in perpetuity – not to mention the cost savings up front to make our distribution center safer for employees, more efficient for our agency partners, and more provided for our region's families. If that wasn't enough, those recouped funds will be used to provide up to 375,000 meals over the next ten years!"

Xeleum, an EIKO Company, Helps City of San Francisco Take Energy Savings to a New Level at Largest City-Owned Parking Garage

The Fifth & Mission Parking Garage in San Francisco, California, plays an important role in supporting both residential and visitor activity. At 965,600 square feet, it encompasses roughly one full city block and boasts eight floors of parking with 2,574 spaces.

Recently, however, the City and the Garage recognized that safety was being challenged due to the existing 400W metal halide lighting fixtures installed in the garage, which were aging, and consequently offering insufficient lighting coverage.

With the help of its San Francisco distributor, Independent Electric Supply, Xeleum, an EiKO company, offered a solution to increase safety and monthly energy savings averaging \$15,000 a month using EiKO Phaeton fixtures.

University of Iowa Gets Major Investment to Help Make the Campus Carbon Neutral Through ENGIE and Hannon Armstrong

Hannon Armstrong recently announced a \$115 million preferred equity investment in a utility public-private partnership (P3) between the **University of Iowa**, **Engie**, Meridiam, and Hannon Armstrong, to operate, maintain and upgrade the University's energy and water utilities.

With its equity investment in the behind-the-meter sustainable energy campus project, Hannon Armstrong joins **Engie** and **Meridiam** in the "Hawkeye Energy Collaborative," which was awarded a \$1 billion 50-year utility management concession contract in December 2019 and reached financial close on March 10, 2020. Hawkeye Energy Collaborative will support the University of Iowa's energy, water, and sustainability goals for two campuses spanning 1,700 acres in Iowa City, Iowa. Together, these campuses form one of the largest university footprints in the United States.

Under the agreement, **Engie** will operate, maintain, optimize, and improve the on-campus utility systems for the University. The scope includes providing heating, cooling, and electricity to the campuses through a dedicated network while also managing high-quality water, sanitary sewer and storm sewer services. Notably, the P3 will help the University of Iowa meet its zero-carbon energy transition objectives, becoming coal-free in energy production on campus by January 1, 2025, if not sooner.

McClure Company and Austin Area, PA School Board of Directors Agree to Project

The Austin Area School Board of Directors in Pennsylvania, entered into an ESPC agreement with **McClure Company** to proceed with a renovation project with project cost not to exceed \$3,398,158.

According to **McClure**, the district will undergo major renovations through the GESA program, including building wide interior/exterior LED lighting solution, building wide envelope sealing, building wide HVAC System and control upgrades, EPDM roof replacement, secure entrance/lobby redesign and ADA elementary ramp reconstruction, select electrical systems panel upgrades, select exterior door replacements, elementary corridor renovations including ceilings, flooring and painting and patching, gymnasium renovations, high school and elementary restroom renovations, library renovations, elementary classroom renovations and teacher's lounge renovation.

GESA is a program that allows school districts and other state agencies to contract qualified energy service companies for energy efficiency improvements without any initial investments. Earlier this year, **McClure** completed a study of the school and its needs. Locally, **McClure Company** has worked with Kane, Smethport, Northern Potter, Clearfield and Cameron County School Districts.

McClure noted the district will save more than \$360,000 in operational savings, \$390,000 in energy savings and more than \$4 million in avoided capital costs over the course of the 20-year guaranteed energy savings agreement.

NORESCO to Enhance Resiliency for Naval Submarine Base New London

NORESCO is implementing an \$83.1 million ESPC with Naval Submarine Base New London (SUBASE NLON) in Groton, Connecticut. The core of the ESPC project is the expansion of on-site cogeneration capacity and microgrid system. During grid outages,

these measures will support 100% of the power requirements for SUBASE NLON's mission-critical piers and nuclear submarines in port. The project, championed by the Navy's Resiliency Energy Program Office and contracted through the Naval Facilities Engineering and Expeditionary Warfare Center, strengthens the Navy's energy security.

Other energy conservation measures include new microgrid capabilities with electrical infrastructure upgrades, steam distribution system improvements, new LED lighting, and a new base-wide cybersecure energy management controls system. In addition to these self-financed capital improvements, NORESO will be providing \$64 million in operations and maintenance support over the 18-year performance period to be paid through energy savings.

Rexel Energy Solutions Now Offering EV Charging Stations & Solutions

Rexel Energy Solutions, a specialized business unit of Rexel USA, has announced that they have recently expanded their electrification offering.

While lighting and controls have historically been its core focus, Rexel Energy Solutions (RES) continues to expand their offering in support of the country's electrification initiative. As part of RES's multi-year strategy to expand their offering in order to help their clients implement comprehensive energy projects for end user clients, they have added Electric Vehicle Supply Equipment (EVSE) to their offering. In support of EVSE, RES has brought in over a million dollars of stock, trained inside consultants, and hired a team of EV Specialists to provide comprehensive solutions to support ESCOs and Utilities across the country.

Siemens Provides Sustainable Energy for Galapagos Island

Siemens is implementing a hybrid project based on biofuel and solar energy. Inaugurated on the Galapagos island of Isabela, this is a first of its kind local energy system, developed for carbon-neutral operation and will be remotely monitored from the Siemens-Mindsphere Application Centers in Munich and Austin, Texas.

After only ten months of planning and ten months of construction, the hybrid power plant was inaugurated. The aim of the project was to convert the current power generation structure, which is based on fossil fuels, to a hybrid system with several primary energy sources. The system is designed to run carbon-neutral with biofuel and solar energy and supplies almost 900 households on the largest Galapagos Island with electricity.

Siemens implemented a 952 kWp photovoltaic system, a battery storage system with an output of up to 660 kW and a generator power plant with a total output of 1625 kW.

Universal Lighting Technologies Partners with ESL-Spectrum Lighting

Universal Lighting Technologies, recently announced a partnership with ESL-Spectrum Lighting. Based in Indianapolis, with remote offices in Fort Wayne and South Bend, the agency will represent Universal Lighting Technologies in lighting solutions, from architectural to general projects, across the state of Indiana.

"We're thrilled to partner with an agency who provides extensive market knowledge with a commitment to building strong relationships with their customers," said Eric Schlechtweg, Universal's Eastern Region Director of Sales. "ESL-Spectrum's diversified experience gives us confidence their team will continue to go above and beyond to expand the reach of Universal's lighting solution. This new territory support allows us to serve more markets and provide growing support for our distributors."

NAESCO ACCREDITATION NEWS

NAESCO's voluntary Accreditation program is open to all NAESCO members.

Accreditation is offered twice annually. The next offering is the Fall Accreditation process, which begins in July. NAESCO's Accreditation Committee is an independent entity comprised of industry experts who are unaffiliated with any particular ESCO or Member,

and all information is confidential.

If you have questions about NAESCO Accreditation or are interested in the current round, please contact Nina.Kogan@naesco.org for more information.

FEATURED MEMBER PRODUCTS AND SERVICES

IKIO Announces Latest in Product Offerings

The IKIO Superia Linear High Bay

The **IKIO** Superia Linear High Bay is functional LED lighting engineered to combine high efficiency and clean design. It is an industrial high bay lighting solution that offers its users industry-leading high efficacy that reduces energy consumption by 75% over legacy systems and long service life. Its wide-angle optics, multiple lumen packages, and multiple color temperature options make it a prudent option to bright up warehouses, assembly lines, supermarkets, and sports recreational spaces. This high bay improves the total cost of ownership and allows dimming for even further savings.



Benefits

- Outstanding energy efficiency leads to faster ROI.
- Lower maintenance costs from a longer lifetime.
- Suitable for a wide range of applications
- Smooth and uniform lighting.

Features

- High efficacy of 200 lm/W.
- Long lifespan of 100,000 hours.
- Suggested for mounting heights 15 – 35 feet.
- Resistant to vibration & water.
- Low profile design.
- Better heat dissipation from multiple heatsinks.

Applications

Indoor applications in large warehouses, retail applications, commercial buildings, sports and recreational spaces and work areas.

For more information about this and other new products, click [here](#).

E-PROJECT BUILDER TEAM ANNOUNCES UPCOMING WEBINARS

The eProject Builder (ePB) team hosts regular webinars to introduce ESCOs, ESPC customers and other interested parties to ePB and provide a forum to ask questions.

An advanced webinar is scheduled for Tuesday, April 21, 2020 1:30pm-2:45pm EDT - [Register here](#)

Introductory Webinars will be held on the following dates. Click to register:

[April 9, 2020](#)

[April 28, 2020](#)

[May 14, 2020](#)

[May 26, 2020](#)

[June 11, 2020](#)

[June 23, 2020](#)

NAVIGANT OFFERS DISCOUNT FOR NAESCO MEMBERS

Navigant, a Guidehouse Company, to Offer Discounted Reports for NAESCO Members

Navigant will offer NAESCO members a special 10% discount toward any individual reports that are purchased in 2020.

If your company is interested in purchasing reports, email: research-sales@navigant.com, using the discount code NAESCO10, at which point Navigant's sales team will be happy to assist with the purchase.

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Published Reports covering ESCOs and EaaS:

- [1Q20 ESCO Global Market Analysis and Forecast](#)
Performance Contracting and Other Energy Services for Public Sector and Commercial Buildings
- [1Q20 Market Data: Lighting as a Service](#)
Applications and Deployment Models in Commercial Buildings: Global Market Analysis and Forecasts
- [3Q19 Energy as a Service Overview](#)
Commercial and Industrial Energy as a Service Solutions: Global Market Analysis and Forecasts
- [1Q19 Emerging EaaS Solutions for C&I Customers of the Future](#)

Future Reports covering ESCOs and EaaS:

- 2Q20 Navigant Research Leaderboard: Energy Efficient Building Solutions Providers
- 2Q20 Energy as a Service for Manufacturing
- 3Q20 Decarbonization as a Service
- 4Q20 Energy as a Service or the Education Sector

Published Reports that may also be of interest:

- [1Q20 Intelligent Buildings Drive Energy Savings to Meet Climate Goals](#)
- [1Q20 Commercial Building Electrification](#)
- [4Q19 Energy Efficient Buildings Overview](#)
- [3Q19 Distributed Renewables Overview](#)
- [2Q19 Innovating New Distributed Generation Business Models](#)

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