



PIX 05432

A UESC allowed the U.S. Postal Service to make multiple energy efficiency improvements at its facilities in Baltimore, Maryland.

The U.S. Department of Energy's (DOE) Federal Energy Management Program (FEMP) facilitates the Federal Government's implementation of sound, cost-effective energy management and investment practices to enhance the nation's energy security and environmental stewardship.

## FEDERAL UTILITY PROGRAM OVERVIEW

The U.S. Department of Energy's (DOE) Federal Energy Management Program's (FEMP) Federal Utility Program actively fosters partnerships between Federal agency facilities and local utilities. Federal utility partnerships jointly plan and implement energy efficiency, water conservation, and renewable energy projects at Federal facilities nationwide.

Due to budget constraints, rising energy costs, and increased requirements to reduce energy and water consumption in Federal facilities, energy managers are challenged to identify the most cost-effective measures for implementing necessary capital improvements. Recognizing these and other issues, such as increased demand for energy and growing environmental concerns, local utility companies are significantly expanding the range of energy-saving services and incentive programs offered to customers.

FEMP's Federal Utility Program facilitates utility partnerships and utility energy services contracts (UESCs) to help Federal agencies navigate the wide array of energy services offered by their serving utility companies. The Federal Utility Program also encourages local utility companies to assist agencies in meeting energy efficiency, renewable energy, and water conservation goals.

### Background

The Federal Government is the nation's largest utility customer spending more than \$5.8 billion annually. Along with this large energy bill comes the responsibility to lead by example in managing and using energy wisely.

The Energy Policy Act (EPAct) of 2005 and Executive Order 13423 require Federal agencies to reduce energy consumption by 30 percent and establishes additional goals for water conservation, energy management, and renewable energy use. To achieve these goals, the Federal sector must invest at least \$4 billion in public and private funds in Federal facilities along with learning how to operate and maintain facilities at an optimal level. Local utilities can provide agencies with the financing and technical expertise to meet this challenge.

### Utility Energy Services Contracts

UESCs provide an easy way for Federal agencies to contract for the broad spectrum of energy management services offered by local utilities. Federal agencies may use either appropriated funds or secure third party project financing through the utility when implementing UESCs. Implementing projects through UESCs continues to be a major force behind many Federal facilities meeting energy management goals. To date, Federal agencies have used UESCs to invest nearly \$2 billion in their facilities.

UESCs hold many benefits for Federal agencies, including:

- Flexible contracts
- Streamlined procurement processes
- Measurement and verification flexibility
- Ability to include water efficiency measures
- Ability to leverage rebates and incentives
- Repayment integrated within existing utility bills
- Ability to implement without using direct appropriations

### Utility Energy Management Services

Local utilities services are often available at low or no cost to the customer and are funded by fees included in utility rates. FEMP surveyed its utility partners to identify no-cost and low-cost services provided to Federal customers. These include:

- Rebates and incentives
- Energy audits
- Rate analysis and load-management assistance
- Technical assistance and/or design review
- Building commissioning
- Advanced metering
- Web access to utility account data
- Power quality and reliability assistance



PIX 06247

This 15 kilowatt photovoltaic system in Arlington, VA, feeds clean energy into the utility grid that supplies electricity to the Pentagon.

- Real-time pricing
- Renewable energy
- Peak savings

## Utility Rebates and Incentive Programs

To encourage Federal facilities and other large consumers to reduce energy use and demand, utilities and many states offer rebates, incentives, and demand-response programs. These programs represent an important source of project financing for Federal agencies. In 2008, utilities offered more than \$3.1 billion in rebates and incentives for energy efficiency and approximately \$500 million for demand response programs. Incentives can include free services, such as facility energy audits, energy efficient design assistance, or discounts, or rebates on energy-efficient equipment. In many cases, the programs can pay for a significant portion of energy efficiency upgrades. Federal statutes encourage Federal agencies to participate in these programs and permit retention at the facility of any rebates or incentive received by the agency.

Utilities generally offer demand-response programs to large consumers of power. Under these programs, a facility agrees to shut down much or all of its operations when a utility is nearing peak load capacity to reduce demand in exchange for payments by the utility.

A state-by-state listing of energy efficiency incentives, rebates, and demand-response programs available to Federal facilities is available online at:

<http://www1.eere.energy.gov/femp/financing/energyincentiveprograms.html>

## Technical Assistance

FEMP provides direct technical assistance to agencies seeking help accessing state energy efficiency funds, purchasing renewable power, or implementing a comprehensive energy efficiency or renewable energy plan with local utilities. FEMP also provides direct assistance to agencies wishing to participate in local demand response programs or to access utility rebate and incentive programs.

FEMP helps agencies explore renewable power purchasing options and evaluate on-site renewable power generation options with a comprehensive screening. FEMP also helps agencies coordinate renewable energy purchases with utilities, helps utilities develop green pricing programs, and organizes competitive electricity or renewable energy certificate procurements. This assistance may include solicitation development, publicizing the solicitation, organizing bidder's meetings, and evaluating bids.

## Contacts

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