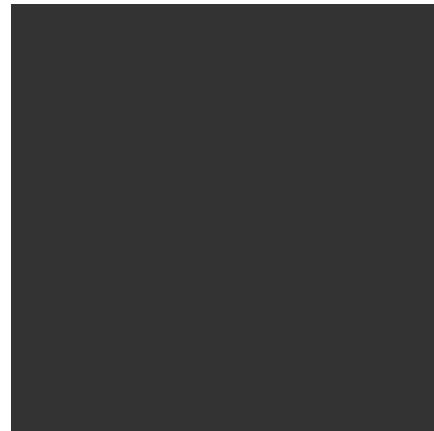




# State of the Market: Policy Trends, Emerging Issues, and Opportunities



*Energy Services Coalition August 2013*





## About NASEO

- Only national organization whose membership includes the 56 Governor-designated energy officials from each state and territory. Two-thirds of State Energy Office Directors are governor appointed and cabinet level reports.
- Improve the effectiveness of state energy programs and policies
- Seven Regional Coordinators across the nation to aid in sharing lessons learned for successful policy and program replication
- Serve as resource on issues of particular concern to the states and their citizens (e.g., financing, buildings, energy production, technology advancement)
- Committee structure includes: Fuels and Grid Integration, Natural Gas, Buildings, Industry, Renewables, Energy Assurance, Financing, Government Affairs
- Serve as the policy and program voice of SEOs in Washington, D.C., and offer regional coordination and peer learning of best practices among SEOs



## Presentation Overview

- State-Industry-Federal Collaboration
- ESC, NAESCO, NASEO Partnership
- Policy Goals Matrix and Best Practices Training Results
- Emerging Trends
- Opportunities





## Public Facilities Retrofits and ESPC: A History of Public- Private Collaboration

- **State and Local Public Facilities Often Serve as Demonstrations for New Technologies and Retrofit Models. Public–Private Collaboration in this sector is fostered through:**
    - Development of early shared savings and ESPC-like approaches
    - Early adoption of ENERGY STAR and Portfolio Manager
    - Innovative financing (e.g., QECBs, revenue bonds)
    - Broader use of ESPC for a range of facilities (e.g., WWTF) and infrastructure improvement
  - **Partnership Among NASEO, ESC, and NAESCO** has been key in aiding states to advance public facility infrastructure modernization and good stewardship of taxpayer resources through ESPC
  - **U.S. EPA and U.S. DOE Technical and Financial Support for Innovation Over Two Decades** has delivered great value to the states and industry
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- A background image showing two workers on a roof installing solar panels. The workers are wearing hard hats and safety gear. The roof is covered with rows of solar panels, and the background shows a hazy landscape with hills.

# + State and Local Market Development – ESC, NAESCO, NASEO Partnership

- ***ESC's Race to the Top and Best Practices*** – Public-private partnerships provide volunteer support for state and local programs, training, marketing

- ***NAESCO's Advocacy and Technical Expertise*** – Market expertise, voice for industry, quality services and data collection



- ***NASEO's Peer-Exchange and Coordination*** – State peer-to-peer exchange, program-level training, national visibility, and policy development

# + State Public Facility Policy Goals Matrix

## *Recent Sample of State Policy Goals*

State	Goal	Authority 1	Authority 2	Authority 3	Updated
AL	10% energy reduction in all conditioned facilities by FY 2008, 20% by FY 2010, 30% by FY2015 (as compared to 2005 levels)	Executive Order 33 5/10/2006 5/10/2006	Executive Order 25 11/15/2011 11/15/2011		1/23/13
CA	Reduction in grid-based energy usage for state buildings by 20% of 2003 levels by 2018; all new and renovated buildings must achieve a minimum LEED "Silver" rating.	Executive Order B-18-12 7/15/2005	CA Government Code § 14710, et seq.	CA Government Code § 14684.1 10/13/2007 1/1/2008	11/7/12
CO	20% reduction in energy consumption of state facilities by FY 2011-2012, using 2005-2006 as the baseline	Executive Order D005-05 4/25/2012	CRS-24-30-1304CRS-24-103-2057.5	Executive Order D2010-006 4/22/2010	5/17/13
NC	The energy consumption per gross square foot for all State buildings in total must be reduced by 20% by 2010, and 30% by 2015 based on consumption during the 2003-2004 fiscal year	NC Gen. Stat. S 143-64.10 et seq.	NC Gen. Stat. S 143-35.35 et seq.		8/08/08

# + Training Results:

## ESC's Best Practices in Action

	State 1	State 2	State 3
1. Strong State Participant to Administer the ESPC Program	Strong – opportunity improvement	Strong - opportunity for improvement	Weak - opportunity for Improvement
2. Strong Legislative and Gubernatorial Support	Strong - opportunity for improvement	Very Strong - no improvement needed	Very Strong - no improvement needed
3. Consensus Support from Legal, Procurement, and Finance Agencies	Strong - opportunity for improvement.	Strong - opportunity for improvement	Weak - opportunity for Improvement
4. Private-Public Stakeholder Group (e.g., ESC Chapter)	Very strong - no improvement needed.	Very Strong - no improvement needed	Weak - opportunity for Improvement
5. Prequalified ESCOs / Vendors	Weak - opportunity for Improvement.	Very Strong - no improvement needed	Needs Development - Not a component of program



# + Training Results:

## ESC's Best Practices in Action *(continued)*

6. Pre-Approved Contracts and Instruments	Very Strong - no improvement needed.	Very Strong - no improvement needed	Needs Development – Not part of program
7. Qualified Project Oversight and Assistance	Weak - opportunity for Improvement	Strong - opportunity for improvement	Weak - opportunity for Improvement
8. Education and Outreach	Strong - opportunity for improvement	Strong - opportunity for improvement	Weak - opportunity for Improvement
9. Program Administration Funds (e.g., Self-Funding Program)	Strong - opportunity for improvement	Needs Development – not part of program	Weak - opportunity for Improvement
10. Tracking Project Progress	Weak - opportunity for Improvement	Weak - opportunity for Improvement	Needs Development - Not part of program



# + Best Practices Training: Results From Nine States



- **Feedback From Nine States Appears Representative of Gaps and Needs Nationally**
  - Most needed to improve project tracking and program progress
  - Most noted that barriers still exist and often reemerge over time (e.g., legal, accounting processes, senior staff changes)
  - Most needed a program administration and marketing funding strategy (e.g., self funding)
  - Most needed improved access to qualified project oversight and assistance (*linked to program administration funding above*)
  - Most already had strong support from Governor and/or Legislature
  - Most had some form of public-private partnership working group (e.g., ESC Chapter)
  - **Policy goals alone do not always correlate with program success, but a focus on best practices generally does . . .**

# + Emerging Trends and Challenges

- **EPA Air Rules** are increasingly driving efficiency, and the agency is reaching out to states with tools (e.g., guidelines, ENERGY STAR). Expanded use of ESPC is a part of the solution for states.
- **Presidents Climate Initiative** calls for greater levels public facilities retrofits through ESPC. DOE is developing ESPC States assistance via the U.S. State Energy Program and Better Buildings.
- **State and Local Financing** models continue to expand (e.g., QECBs, revenue bonds, green banks) in states such as CA, HI, NY, VA, and WI.
- **State and Local Leadership in Zero Net Energy Ready Buildings** is being demonstrated in diverse markets (e.g., ZNE ready schools in CA, KY, MD, and VA; ZNE ready affordable multifamily in AZ, TX, and VA) and delivering non-energy benefits. ESCO'S and states can leverage these efforts and open new markets.
- **Many States are Searching for Affordable Multifamily and Small Building Retrofit Solutions** with ESPC. ESCO's and states can leverage these efforts and open new markets (e.g., NASEO multifamily initiative).

# + Opportunities



- Complete an analysis of ESPC Best Practices progress for each state to identify accelerated performance opportunities and assistance needs
- Create state-specific economic and energy saving potential data (e.g., leverage per capita Race to the Top, Portfolio Manager) to build momentum
- Conduct more statewide program design and training and increase engagement of local governments
- Convene more state-industry workshops to encourage actions that accelerate ESPC
- Better leverage technical information and lessons learned among EPA, DOE, state, and local programs
- Improve the collection and reporting of ESPC project-level information to measure progress and build support



Thank you!

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