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The Honorable Barack Obama
President of the United States of America
1600 Pennsylvania Ave., NW
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Dear President Obama:

As GovEnergy, the largest and most important energy conference for government agencies personnel, kicks off today, we thank you for your attention to improving the energy efficiency and renewable energy profile of Federal facilities. We were heartened to hear your radio address early in the year in which you committed to greening 75% of the nation's federal buildings. As a coalition of Energy Service Companies (ESCOs) approved to do work under the Energy Savings Performance Contracting (ESPC) program in the Federal government, we have a vested interest in the success of this greening effort.

ESCOs are companies with expertise in conducting comprehensive energy efficiency retrofits and we are all companies approved to conduct these retrofits in Federal facilities. Our success has been the government's success and can be measured in \$5.7 B in energy savings over the last decade. In an ESPC, ESCOs install new energy efficient equipment in federal facilities at no upfront cost to the government. Federal agencies pay off this investment over time with the funds saved on utility costs, with savings guaranteed over the contract term by the ESCO. The government does not pay more than they would have paid for utilities if it had not entered into the ESPC. Savings are carefully measured and verified in each year of the contract, making ESPCs the ultimate in transparency and accountability.

Because of the vast Federal opportunity for energy efficiency and renewable energy, the Department of Energy and the Army Corps of Engineers recently re-competed the ESPC contract to bring on additional ESCOs. However, even with the award of 16 new IDIQ contracts, we are concerned with the low level of activity under the new contracts. In fact, from our collective 135 years of experience in working with the Federal government, it looks doubtful that any new contracts will be signed until the year 2011. This is troublesome considering that ESPCs have been a valuable Federal contract vehicle, responsible for helping meet as much as 70% of the government's energy efficiency goal over the past several years.

Without attention to ESPCs, it will be quite difficult for the government to attain the current federal energy reduction goal of 3% per year, much less meet your stretch goal of greening 75% of our Federal facilities. Appropriations alone, even with the generous funding in the American Recovery and Reinvestment Act, cannot attain this goal. We applaud the funding to GSA to green their buildings, but there are simply not enough dollars to provide the same level of attention to the other 94% of the federal building stock.

Much can be done to quickly increase the pace of ESPCs, and their resultant greening activities, starting with high level leadership, such as you have already demonstrated on greening efforts in general. Internal and high level advocacy will do much to ensure energy managers and contracts personnel across the government are committed to alternative financing methods offered by ESPCs. Additionally, the government could do the following:

- Hold a high level (OMB led) "blitz" as has been done in the past to push projects to implementation as quickly as possible with a focus on efficient cycle time

- Facilitate utilization of private sector funding for efficiency and renewable projects whenever possible and utilize appropriated dollars, via ARRA or otherwise, to leverage more through alternative financing vehicles such as ESPCs
- Implement Section 432 of the Energy Independence and Security Act of 2007, which calls for auditing of 75% of the nation's federal facilities.
- Immediately implement Section 251 of H.R. 2454, which addresses enhanced competition requirements that have slowed the pace of ESPCs

A recent DOE press release stated "From the late 1990's to July 2009, more than 460 ESPC projects have been initiated by 19 different Federal agencies in 47 states with a combined value of \$5.7 B. These projects have resulted in savings of more than 18 trillion BTUs annually". Clearly, ESPCs can contribute real value to the greening of our Federal facilities. We thank you for your leadership and attention to this important issue and look forward to working jointly with your administration to make the 75% greening goal a reality.

Sincerely,

Members of the Federal Performance Contracting Coalition

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cc: Secretary Chu, Department of Energy
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