

# FEDERAL CARBON REDUCTION PERFORMANCE CONTRACTING CHALLENGE: NEAR-TERM GHG REDUCTIONS OF AT LEAST 20%

President Biden’s American Jobs Plan calls for vast improvements in federal facilities, noting that “the federal government operates office buildings, courthouses, and other facilities in every state, where millions of workers serve the public from outdated, inefficient, and sometimes unsafe working conditions.” The Administration has the opportunity to address several key priorities using private sector expertise and funding to upgrade our nation’s federal facilities and make them more efficient and resilient.

We propose that the White House announce a **Carbon Reduction Performance Contracting Challenge** for federal agencies to cost effectively achieve emissions reductions, create high paying union and minority contractor jobs, and make our government more efficient, resilient, and clean. The proposal leverages recent legislation mandating that agencies implement the cost-effective measures identified in their previously required audits. With only 22% of facilities audited, nearly \$7 B in measures have already been identified. Using Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs) alone would address the identified measures at no incremental cost to the Federal government. This would reduce the government’s GHG emissions by approximately 2 MMT of CO<sub>2</sub> annually, an amount equivalent to the annual emissions from over 400,000 vehicles.

In keeping with the President’s vision, much more can and should be done. We urge that a portion of the funds proposed for Federal facilities in the American Jobs Plan be dedicated to leveraging performance contracting to achieve greater results: More jobs, more emissions reduction, and more resiliency. The federal dollars would be used primarily to go deep – to achieve net zero, install resiliency measures like renewables and microgrid battery storage, and address critical cybersecurity issues. By leveraging just \$2 billion of the \$10 billion the President’s Plan has designated for federal buildings, private investment could easily increase the reduction in CO<sub>2</sub> emissions to 6 MMT per year – an amount equivalent to about 20% of the federal government’s emissions from standard operations.

A Challenge to federal agencies to use performance contracting to reduce the federal government’s carbon emissions by 6 million tons per year would:

- ▶ Reduce Scope 1&2 CO<sub>2</sub> emissions from standard operations by 20%, before any change in the generation mix is included
- ▶ Create 170,000 new clean energy, manufacturing, building trade, and construction jobs in the United States.
- ▶ Help small and disadvantaged businesses: of the performance contracts awarded by the Federal government since January 2020, 75% are being built in HUB Zones.
- ▶ Leverage private investment with funding from the President’s American Jobs Plan to get more done in a shorter time, increase the overall impacts and investment, and ensure lasting results through measurement and verification of savings.
- ▶ Support further innovation in the energy services and renewable energy industry
- ▶ Demonstrate that the United States is serious about tackling climate change, beginning with its own government.

A goal driven by the Administration and carefully tracked has proven successful in the past. A 2011 challenge reduced GHG emissions by 1.4 MMT annually and created more than 40,000 new clean energy jobs, while saving the government \$8 B.

We urge the Biden Administration to issue a Carbon Reduction Performance Contracting challenge to federal agencies. **Figure 1** shows the effect of inaction.

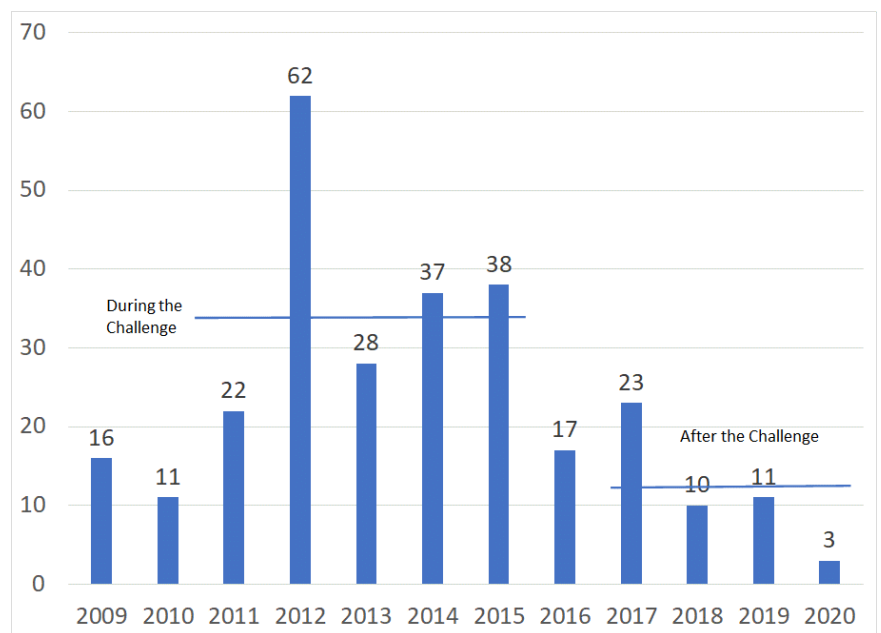


Figure 1: ESPC Solicitations by Fiscal Year