

July 15, 2021

The Honorable Gina McCarthy
National Climate Advisor
1600 Pennsylvania Avenue
Washington, D.C., 20500

The Honorable Brian Deese
Director, National Economic Council
1600 Pennsylvania Avenue
Washington, D.C., 20500

Dear Ms. McCarthy and Mr. Deese:

Thank you for your continued national and international leadership in the global green economy. Like you, we believe the administration should not only set aggressive policies in this area, but also lead by example in the federal government's own facilities. That is why, as leaders in sustainability and infrastructure, we are requesting the administration establish a Carbon Reduction Performance Contracting Challenge (CRPCC).

A CRPCC will be a key tool to ensure the success of the federal government's sustainability efforts as outlined in Executive Order 14008, Tackling the Climate Crisis at Home and Abroad. Under a proposed CRPCC, federal agencies would be asked to utilize performance contracts to reduce the federal government's carbon emissions by 2 million metric tons (MMT) per year.

Given the government's 20-year history utilizing Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs), a new challenge could be quickly implemented through existing federal authority. It would also deliver guaranteed, verifiable, and measurable emissions reduction. Additionally, if \$2 billion of the President's proposed \$10 billion federal building infrastructure investment were leveraged as part of this effort, the CRPCC could achieve a 6 MMT annual carbon reduction. Under this goal, Scope 1 and 2 emissions from standard operations would be reduced by 20-30 percent, create 170,000 new clean energy, manufacturing, and construction jobs, and support small and disadvantaged American businesses.

A CRPCC aligns with President Biden's climate, economic and equity goals. A CRPCC would strengthen investment in federal facility infrastructure, and would provide contractually guaranteed carbon reductions, all while saving taxpayer money and creating jobs. In fact, more than 75 percent of performance contracting projects since January 2020 have been in HUB zones. Further, approximately 50 percent of the contractor jobs are small, minority and women owned businesses.

We respectfully ask you to initiate a substantial Carbon Reduction Performance Contracting Challenge as soon as possible. To ensure the success of this endeavor, we also encourage the designation of a senior White House liaison to track agency progress and ensure agencies have the necessary support and resources for contracting implementation and oversight of a CRPCC. Agencies, even those that have embraced performance contracting in the past, require an early indication that the administration has embraced this tool. Inclusion in an Executive Order or a separate performance contracting carbon reduction challenge will allow the administration to quickly implement measures that will make climate goals a reality and truly lead by example.

Thank you again for taking bold and meaningful action on climate. We appreciate your time and consideration of a CRPCC. We stand ready to support you and would welcome a more in-depth conversation to share our expertise and lessons learned in implementing federal sustainability projects. Please do not hesitate to contact Jennifer Schafer, Executive Director Federal Performance Contracting Coalition, to discuss further at (202) 297-6037 or jasca@cascadeassociates.net.

Sincerely,

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