

Disclaimer:

The State Energy Office of North Carolina would like to thank the National Energy Services Coalition for allowing the use of this resource for USI participants. A great deal of work went into compiling this information into a single location. As you go through this program and/or have additional questions, please contact Reid Conway reid.conway@ncdenr.gov.



GESPC-U Lesson #118:

Wrapping up the IGA and its Report

FYI: Terms and Acronyms can be found on the last page

Summary: In wrapping up the work of the IGA owners should be quite certain they understand completely their obligations during the contract and understand what will accrue to them at the end of the contract, measure by measure, obligation by obligation.

In this lesson we'll touch on some final details of the Investment Grade Audit and its report. It would be nice to see a written discussion of the impacts that the facilities, systems, and owners may incur after the performance contract ends. This important, but sometimes overlooked matter, provides considerations for the operation and maintenance requirements, staffing impacts, and ongoing responsibilities if any that will revert to the Owner's staff at the end of contract term.

For most public sector projects its customary that the maintenance and operation of the energy conservation measures is retained as the responsibility of the owner's staff. In NC the ESCO is required to provide the owner a cost of what that annual maintenance will cost so that the owner can properly budget for that expense. So as the end of contract time is envisioned, the explanation of impacts per ECM is but a review of what is required to continue the persistence of savings.

Measures like lighting systems, chillers and boilers, HVAC, pumps, motors, even controls and control systems, well these are the types of measures that most public sectors maintenance teams are quite proficient in providing the operation and ongoing attention required. As part of the contract, the project should provide the appropriate levels of training, but as for operation and maintenance, the Owner's staff is likely to just continue with their O&M responsibility, only with newer devices and systems that need less repairs and more operational focus and preventative maintenance to ensure that they stand the test of time.

However rare, there are situations where complex systems are proposed to be installed that will require specialized skills or considerable operational time and oversight to ensure that savings are achieved. In these cases, ESCO personnel or Third-Party specialty subcontractors may be hired as a part of the performance contracting agreement. During the term of the performance contract, it's typical that the specialty operation or maintenance subcontractor would be hired and managed by the ESCO. In these cases, it's ever more important that the owner and ESCO thoroughly discuss and agree on all the actions that will be required by the owner at the end of the contract term. This might include the owner becoming trained and assuming the operational and maintenance responsibilities of the devices and systems. Or optionally, the owner may decide it's in its best interest to retain the specialty contractor to continue providing the O&M service. It's important that the owner is clear on all anticipated costs and impacts that may affect on-going cost savings when making this decision.

As a part of the review and subsequent acceptance of any IGA, owners should be quite certain they understand completely their obligations during the contract. Everyone should clearly know everyone else's roles and responsibilities leaving nothing undocumented or to be determined later. This section of the IGA is designed to ensure that owners understand what will accrue to them at the end of the contract, measure by measure, obligation by obligation – so as not to ever present a surprise to anyone.

Next, we turn our attention to the final component of an IGA and its report. Within the course of the vast exchanges between the ESCO and the Owner, there should have been clear and open discussions about brands of devices and systems, compatibility among each and existing systems, local support of both parts and technical resources, history and or challenges with providers, all the things that go into making informed and wise procurement decisions. For the sake of finalizing these expectations, this section of the IGA calls for a formal assertion that all equipment to be installed for the project is totally compatible with all the affected existing equipment. For example, the brand of automated controls will they completely interface and communicate with existing systems? This should extend beyond the brand to include versions and other identifiers to ensure that the systems being considered will work alongside or in concert with any existing systems or controls that are planned to remain.

It's interesting that this statement of coordinated compatibility comes at the end of the IGA and its report in that it is of course our hope and should be your plan that the owner and ESCO, all parties that will be

participating in the project are working together in a partnership that will result in the highest possible value for the owner.

Still, there's good reason to reiterate here in the IGA that in the event there is a sole source directive from the owner on any brand or system, the justification to support it and the statement of compatibility is formalized in the report. In this way, present and future reviewers will easily understand the insights that guided these decisions.

It's been quite a journey to get through the Investment Grade Audit and for very good reason. We've walked through the steps of completing a scientific study of the who, what, when and where of existing utility consumption. We've remarked about keeping in consideration the needs of the owner and occupants while remaining mindful that any retrofit or replacement solutions considered are required to pay for themselves in the reduction of future utility, operation, and maintenance costs. We've stressed the need for attention to detail while strongly encouraging descriptions of the engineering and math so that non-technical reviewers understand what's being presented and grow the confidence, they need to consider executing the changes recommended.

As this important process approaches its conclusion, the final steps include meeting together and conducting a final review of the work and results of the IGA and its report, making any final edits or modifications and ultimately, final acceptance of the IGA report by the Owner.

In another lesson we'll turn to the Project Proposal that accompanies the delivery of the IGA, what it should include and its role as we move ever closer to the implementation of the performance contract.

Once you feel comfortable with the information above, please scroll down and complete the quiz below. Email your answers to Reid Conway at reid.conway@ncdenr.gov. If you have additional questions, feel free to include them as well.

Lesson 18 Quiz

1. True or False; the operation and maintenance of new devices and systems or retrofit devices and systems is best left to be determined after the construction of the project is complete.
2. True or False; owners should make clear the level of input they wish to have regarding the selection of contractors and subcontractors and brands of equipment, devices, and systems.
3. Why should documentation be included in the IGA for any sole source directive from the owner requiring a specific brand or system?
4. List some of the critical components of an IGA and its report.
5. Why is it so important to culminate the work of the ESCO in the IGA with meeting where the ESCO presents all the findings and conclusions of the work? What is the purpose of this meeting?

Terms and Acronyms

3 rd Party	3 rd Party Engineer
COS	Council of State
DOA	NC Department of Administration
DPI	NC Department of Public Instruction
ECM	Energy Conservation Measure
ESA	Energy Services Agreement
ESC	Energy Services Coalition
ESCO	Energy Service Company could be interchangeable with QP
ESPC	Energy Saving Performance Contracting
GEPC	Guaranteed Energy Performance Contracting
GESPC	Guaranteed Energy Saving Performance Contracting
GS	General Statute
GU	Governmental Unit
IGA	Investment Grade Audit
IPMVP	International Performance Measurement and Verification Protocol
LGC	Local Government Commission (Housed in the Treasurer's Office)
LGU	Local Governmental Unit
M and V	Measurement and Verification
OR	Owner's Representative
OSBM	NC Office of State Budget and Management
PC	Performance Contracting
Pre-Bid	Meeting held prior to the bid opening
QP	Qualified Provider could be interchangeable with ESCO
QR	Qualified Reviewer
RFP	Request for Proposal
SEO	State Energy Office
UNC	Refers to the UNC System
USI	Utility Savings Initiative