



Eco Wise

Your Environmental Resource



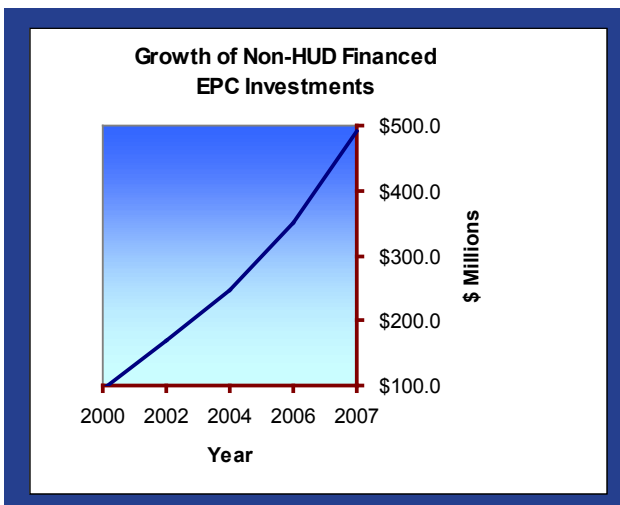
Focus on Energy Performance Contracting

Volume 5, Issue 9 October 2007

Energy Performance Contracting Yields Results for Housing Agencies and PIH

Since 2000 the number of housing agencies (HAs) participating in Energy Performance Contracts (EPCs) has increased from 42 to 195 as September, 2007, a 364 percent increase. As HA participation grew, so did the level of non-HUD financed EPC investments. In 2000 the annual EPC supported investments were 108 million dollars, and by 2007 the annual EPC investments had grown more than 350 percent to almost a half a billion dollars. In 2007 EPCs will guarantee almost 70 million dollars in annual savings to PIH and HAs to cover the energy improvement debt service costs. Increasing energy efficiency is another way PIH seeks to reduce the energy cost burden on low and moderate income households.

Larger HAs remain the key focus for energy conservation activities with over 35 percent of larger HAs participating in EPCs. However, the Energy Act of 2005 was a real boost to small and mid-size HA participation in the program. While larger HA participation increased by a remarkable 88 percent, small and mid-size HA participation grew by an even greater 137 percent.



Many HAs and ESCOs cite the Act's extension of the contract term to 20 years as a highly attractive feature for smaller and mid-sized HAs. This is because the longer terms enhance their ability to cross-subsidize energy improvement activities. HAs looking to participate in Energy Performance Contracting should review their state and local laws for restrictions on contract terms and other EPC processes.

EPCs lower energy costs and offer a new revitalization funding source using the green dollars saved with energy savings. EPCs also help support a greener environment through reduced consumption of natural resources. As the old saying goes, "the grass is always greener on the other side" and today more housing agencies are looking to be on the "green side" of the fence. Which side would you rather be on? If you'd like to learn how EPCs can help you move to the green side of the fence, call your HUD field office.

Following the Energy Act of 2005 small and mid-size housing agencies participation in EPC's increased by 137%

This Issue

- EPC Yields Results
- PIH, ESCOs and HAs a Growing Partnership
- Important Message on "Change a Light" Campaign
- Events and Training
- Regional Spotlight
- Resources



Click [here](#) for a message from Orlando J. Cabrera, Assistant Secretary, Office of Public and Indian Housing for a successful "Change a Light, Change the World" Campaign

Events and Training

[Utility Energy Services Contracting \(UESC\) Projects Workshop](#)
November 27- San Diego, CA

[2007 NAESCO's 24th Annual Conference](#)
October 24th-25th
Pasadena, CA

[Asset Management for Affordable Housing Training](#)
December 10th-12th
San Francisco

PIH, ESCOs and Housing Agencies – A Growing Partnership

Housing agencies (HAs) are increasingly using EPCs as the tool to reduce operating costs and generate much needed capital for revitalization. Crucial to the growth of EPCs has been the collaboration among PIH, HAs, and the private sector. In its early days the users of EPCs were a group of innovative HAs supported by for-profit and non-profit energy service companies (ESCOs). Over time the benefits of EPCs were increasingly recognized by both HAs and ESCOs with no end in sight to their growth. According to ESCOs and HAs we spoke with, the growth of EPCs over the past five years has been spurred by regulatory changes, program enhancements, technological innovation, and competition for financing. Perhaps most important was the passage of the Energy Act of 2005, which focused on reducing energy consumption and increasing the use of sustainable energy.

As HAs adopted asset management techniques required by PIH, the agencies saw EPCs as one way to achieve its goals for controlling utility and energy costs. ESCOs also pointed out that increased training and streamlined processing have reduced PIH approval review timelines for their projects from as long as one year to two or three months. As utility prices rise and energy technologies continue to increase efficiency, the incentive for improving energy conservation infrastructure intensifies. But HAs should beware: the energy savings produced by the new technologies can be reduced by insufficient monitoring of the new systems (see the Maintenance Corner). Also, as EPCs gained popularity they attracted the investment of larger financial institutions, increasing the competition for the financing thus decreasing the financing costs for EPCs. HAs use a wide array of financial sources, including tax exempt financing to leverage their ability to raise capital for energy improvements.

One driving force in the EPC success story is quality resident education. HAs' focus on the availability and quality of resident education are consistently cited as major influences on achieving forecasted energy savings.

In addition to easing funding constraints on infrastructure improvements for public housing projects, EPC-sourced savings focused on water conservation and other measures that reduce utility and energy consumption put HAs in the forefront of environmental strategies in their communities. Many HAs cite their contribution to green building and sustainable energy strategies in their communities as a driver in their decision to use EPCs. The growth of HA participation in EPCs expands to other areas; HAs' use of EPCs affords increased resident employment opportunities in construction and maintenance. New resident job opportunities and ongoing increases in utility costs combined with dramatic advances in technology are strong incentives for HAs to consider their utility retrofit options. Now that the processes for executing EPCs have been streamlined, EPCs are the funding vehicle of choice for many HAs.

Tips for Maintenance Staff and Residents

Regional Spotlight

[Minneapolis, Minnesota](#)

City of Minneapolis and Minneapolis Public Housing Authority focus on energy conservation and green building technologies

[Denver, Colorado](#)

The Denver Housing Authority launches \$16 million city-wide energy conservation program

[Oakland, California](#)

Energy Performance Contracting brings statewide recognition to the Oakland Housing Authority energy conservation program

[Cleveland, Ohio](#)

Cuyahoga Metropolitan Housing Authority (CMHA) undertakes \$33.6 million Energy Performance Contract

Resources

[Energy Performance Contracts for Housing Agencies](#)

A key resource for understanding how Housing Agencies can use EPCs

[A Guide to "What is an ESCO?"](#)

Courtesy of National Association of Energy Services Companies

[HUD Asset Management](#)

Overview of Asset Management for Housing Agencies

Maintenance Corner

Help new technologies achieve your energy savings: Stick with the Program!

ESCOs and energy conscious housing agencies (HAs) continually cite the need to monitor the high tech systems to ensure savings are achieved.

The maintenance staff should:

- Monitor programmatic thermostats for tenant or staff overrides. Adjust settings to ensure resident comfort rather than allowing the resident to override the system.
- Check the interior and exterior lighting control systems regularly to ensure they remain in program mode. Lighting controls are a great source of energy savings and should be monitored regularly for special event or other any system overrides.
- Maintain and review override logs for your energy management systems. Under special conditions, HA staff might allow short term overrides for individual residences or building areas. But the programs should be reset in accordance with a disciplined override monitoring process to continue to achieve desired energy savings.

Residents should:

- Use programmable thermostats wisely, if your home is unoccupied during the day, you can set the temperature eight degrees higher or lower depending on the season. You can also set it to a lower temperature while you sleep.

Email us with your Maintenance Corner questions at pheccinfo@nelrod.com

To unsubscribe from this mailing list, email pheccinfo@nelrod.com with "unsubscribe phecc" in the body of the message. Comments? Questions? Email the newsletter editor or call 1-800-955-2232

This monthly e-mail update is brought to you by HUD's Public Housing Energy Conservation Clearinghouse (PHECC) featuring news and resources to help agencies manage energy and water costs.