



# **Guaranteed Energy Savings Program (GESP)**

**Peter Berger, GESP Manager**

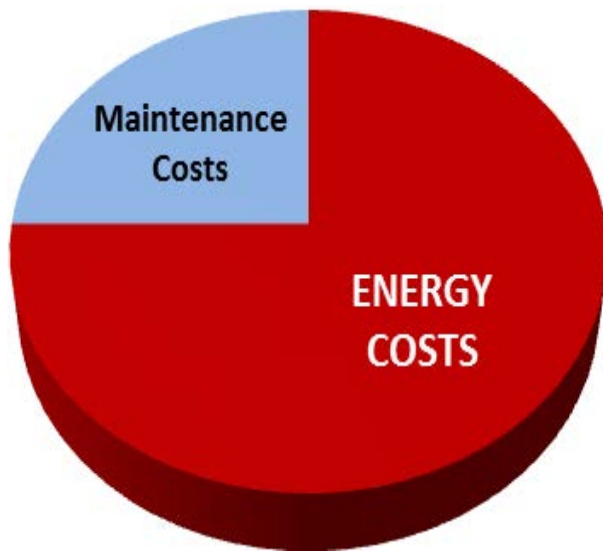
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# Guaranteed Energy Savings Program (GESP)

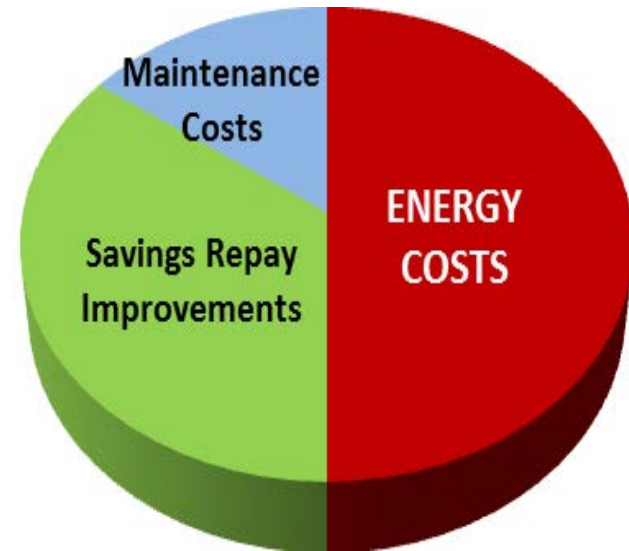
- Master Contract and Technical Assistance Program
- Provided by the Minnesota Department of Commerce
- Including 11 Energy Services Companies (ESCO's) as Master Contract Holders
- Utilizing Energy Savings Performance Contracting (ESPC)
- To Identify, Develop, Contract, Finance and Implement EE/RE Projects in public facilities

# What is Energy Savings Performance Contracting (ESPC)?

Before Improvements



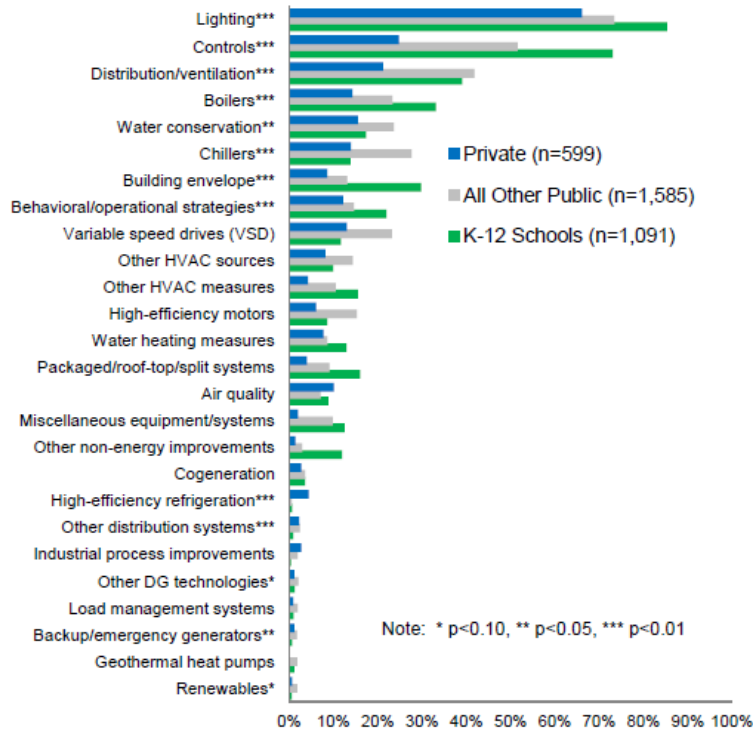
After Improvements



“The use of **guaranteed savings** gained from the maintenance, operations and utilities budgets, as **capital to make needed upgrades** to your building environmental systems, that is financed over a specified period of time.”

*U.S. Department of Energy*

# Typical EE/RE Measures



- Interior and Exterior Lighting Upgrades
- Retro Commissioning
- Aeration Upgrades – motor’s, VFD’s, DO Sensor’s
- Boiler Upgrades – steam to hot water, biogas
- Anaerobic Digesters
- Combined Heat and Power
- Solar PV

Source:  
Lawrence Berkeley National Laboratory  
[https://emp.lbl.gov/sites/all/files/lbnl-5447e\\_0.pdf](https://emp.lbl.gov/sites/all/files/lbnl-5447e_0.pdf)

# Guaranteed Energy Savings Program (GESP)

- Makes existing systems more efficient
  - Retro-commissioning
  - System additions and enhancements
  - Operation & Maintenance improvements
- Renews facility infrastructure by performing deep energy retrofits
  - System re-design
  - Equipment replacement
- Assures intended results continue to be achieved
  - On-going savings Measurement & Verification
  - Performance Guarantee

# Why Use GESP?

<i>Program Benefits</i>	<i>ESCO (Contractor) Benefits</i>
Master Contract Vetted by Attorney General's Office, Dept. of Admin., and Dept. of Comm.	Turn-key Responsibility for Project Development, Design and Implementation
Open Book Pricing	Guaranteed Maximum Price
Maximum Mark-ups and Fees	Site-Specific RFP with lower proposed fees
Competitive Bidding of Trade Work and Equipment with Pre-qualified Subs and Spec's	100% of Savings Credited to Owner
Competitive Bidding of Project Financing	Low Cost Lease Purchase Financing
Savings Guarantee requires savings be met each year of the guarantee	Annual Savings Guarantee for Term of Project Financing
Measurement & Verification Guidelines	Annual Savings Measurement & Verification
Startup & Commissioning Guidelines	
Pro Forma Assumption Guidelines	All Costs and Savings Identified Up-front
State Provides Technical, Financial & Contractual Assistance	

# Key Drivers of GESP



# GESP is a Strategy to ...

## Reduce

Energy Use

Operation &  
Maintenance  
Costs

## Renew

Facility  
Infrastructure

Compliance,  
Safety &  
Reliability

## Achieve

GHG Emission  
Reduction

Job Creation

Use of  
Renewable  
Energy

Budget Neutral – No Bond Funds Required



# GESP Simplifies Implementation

- Vetted Contracting and Procurement Process
- Pre-qualified Contractors (ESCO's)
- Single-Source Responsibility for Project Development, Financing, Implementation and On-going Performance Guarantee
- Technical Support provided throughout by the Department of Commerce



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<http://mn.gov/commerce/industries/energy/technical-assistance/gesp.jsp>

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