



Doing Business with the Department of General Services

Office of Energy Performance & Conservation

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Mission

Our mission is to substantially reduce energy consumption in State government and increase energy efficiency.



DGS Energy Office

Six main functions:

- ◆ Agency Energy Planning
- ◆ Energy Performance Contracting
- ◆ Energy Use Tracking
- ◆ Energy Commodities Purchasing
- ◆ Renewable Energy Sourcing
- ◆ Demand Response and Energy Security Planning

Energy Performance Contracting

What is an energy performance contract (EPC)?

An EPC is an innovative financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures.

Energy Performance Contracting

What is included in an EPC?

- ◆ Facility Audit
- ◆ Engineering & Design
- ◆ Financing
- ◆ Installation of New Equipment and Services
- ◆ Operations & Maintenance
- ◆ Management of Energy Usage
- ◆ Measurement and Verification

Energy Performance Contracting

Who is involved in an EPC?

- ◆ State Agency (or Client)
- ◆ Office of Energy Performance & Conservation
- ◆ Maryland Energy Administration (MEA)
- ◆ Energy Service Company (ESCO)
- ◆ Maryland Board of Public Works (BPW)
- ◆ State Treasurer's Office (STO)
- ◆ Banking industry to finance Loan Lease
- ◆ Construction (Large and Small Businesses)

Energy Performance Contracting

EPC: Energy Conservation Measures

- ◆ LED lighting
- ◆ Insulated windows
- ◆ Building control software
- ◆ Energy efficient insulation
- ◆ High-efficiency Water Fixtures
- ◆ High-efficiency boilers and split-system furnaces to upgrade heating, ventilation and air conditioning equipment

Energy Performance Contracting



Energy Performance Contracting

State of Maryland EPC Activity

- ◆ Total Projects Awarded: 28
- ◆ Total Capital Costs Awarded: \$256.2 Million
- ◆ Annual Guaranteed Savings: \$24.0 Million
- ◆ Annual CO₂ Reduction: \$96,086 Tons

Energy Purchasing Strategies

The Energy Office purchases electricity and natural gas for 58 State of Maryland agencies and the University System of Maryland through two procurement methods:

- ◆ Reverse Auction
- ◆ Block and Index

Energy Purchasing Strategies

Reverse Auction Strategy

- ◆ Pools the State's future electricity demand
- ◆ Runs a real-time, market based auction
- ◆ Sellers compete purchase prices downwards
- ◆ Benefits the State by acquiring Energy at the lowest possible price



Energy Purchasing Strategies

Reverse Auction Activity

The State Is Projected to Save \$25 Million
Over the Next 4 Years

Energy Purchasing Strategies

Block and Index Strategy (Hedging)

- ◆ Engages an Energy Risk Management and a Wholesale Energy Portfolio Management
- ◆ Follows the energy market closely for favorable trends in energy pricing
- ◆ Hedges for a portion of future power requirements
- ◆ Locks in rates for a portion of future power needs
- ◆ Purchases the balance at real-time competitive rates

Energy Purchasing Strategies

Block & Index (Hedging) Activity

- ◆ Energy Risk Management - Under Contract
- ◆ Wholesale Energy Portfolio Management – Drafting Solicitation



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Questions & Answers

Questions?

