

# Current Trends in Financing Efficiency Projects

NAHRO National  
October 27, 2008

Lillian Kamalay  
Director, Business Development



---

---

---

---

---

---

---

---

## Session Overview

- Performance Contracting (Financing using the Operating Fund)
- New Trends in Performance Contracts
  - Steve Morgan, Ameresco/CES
- Presentations by two Executive Directors on their Asset Planning and Performance Contracting Programs
  - Steve Anderson, Rockford, IL HA
  - Steve O'Rourke, Providence, RI HA



---

---

---

---

---

---

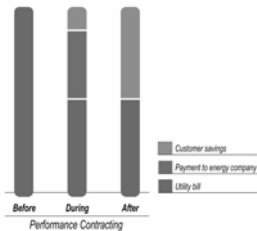
---

---

## What is an Energy Performance Contract?

***EPC is a turnkey capital project that leverages utility savings to finance physical improvements.***

- ✓ Improvements are paid mostly or entirely with utility savings – No upfront cost to PHA.
- ✓ Produces measurable cash flow for COCC.
- ✓ Increases operating subsidy eligibility.



---

---

---

---

---

---

---

---

## What is an Energy Performance Contract?



- Energy Performance Contract delivers new revenue stream for PHA.
- ~~Discumbers any capital funds previously earmarked for energy measures.~~




---

---

---

---

---

---

---

---

---

---

## How Tested is HUD's Program?



Original Statute: 1987 Housing Act; Original Regulation: 1991  
Per HUD, As of March 2008:

- 204 projects in some stage of execution, including completed projects
- 29 new projects added between 3/2007 & 3/2008
- 10 projects with financing fully repaid
- \$571 million Invested
- \$103 million in annual savings




---

---

---

---

---

---

---


---


---

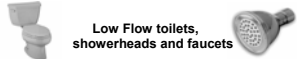
---


## A Typical PHA EPC Includes....





**Replacement of HVAC & DHW Systems** 

**Energy Star Appliances** 

**Low Flow toilets, showerheads and faucets** 

**Efficient common area and apartment lighting fixtures.** 

**Building envelope improvements (insulation, windows, weatherstripping).** 

**Thermostatic Control Systems** 




---

---

---

---

---

---

---

---

---

---

## Conservation & Renewables

think. act. go green.



Landfill Gas to Energy Co-Gen Projects



Wind Turbine Projects



Solar Electric Products and Engineered Systems



Green Building Sustainable Design

LEED Certification  
Go Green Certification  
Energy Star Partner




---

---

---

---

---

---

---

---

---

---

## Asset Management Rule Impacts

think. act. go green.

### Strategic Asset Planning is Required for Any Long-term Financing

- 24 CFR 990.185 - Incentives for Savings
  - "Frozen" Historic 3-year Rolling Base or Tenant Allowance
  - Additional Operating Subsidy
  - Rate Reduction savings from Commodity Energy Purchases
- Contained on the 52722 and 52723
- Benefits to COCC




---

---

---

---

---

---

---

---

---

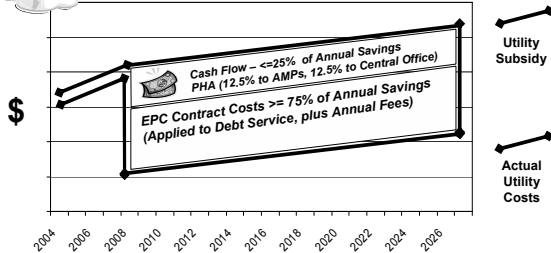
---

## HUD EPC "Incentive" Subsidies

think. act. go green.



**Frozen Rolling Base Incentive**  
Pre-Construction Utility Consumption Level is Frozen for Term of Contract.  
Up to 100% Usage Savings + Increases as Utility Rates Escalate.




---

---

---

---

---

---

---

---

---

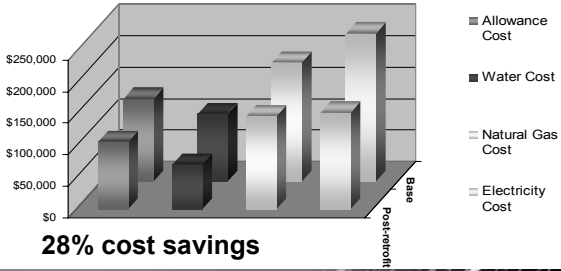
---



## The Results

think. act. go green.

### Joliet, Illinois



AMERESCO  
Simpler. Cleaner. Sustainable.

---

---

---

---

---

---

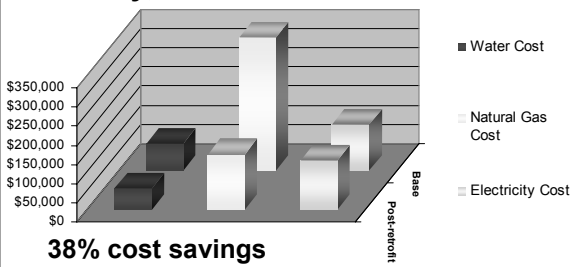
---

---

## The Results

think. act. go green.

### Albany, NY



AMERESCO  
Simpler. Cleaner. Sustainable.

---

---

---

---

---

---

---

---