



NORTHEAST ENERGY EFFICIENCY COUNCIL

A business association of the energy efficiency industry

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HB 6544- An Act Concerning Energy Efficiency

Energy & Technology Committee Public Hearing March 8, 2011

Good Afternoon. Senator Fonfara, Representative Nardello and members of the Energy & Technology Committee, my name is Chris Halpin, President of Celtic Energy and a representative of the Northeast Energy Efficiency Council- Connecticut Chapter. **I am here today in support of HB 6544 AAC Energy Efficiency.** We support this bill and are particularly excited about the performance contracting portions of the bill in Section 6 and Section 7. NEEC-CT does not see this as a substitute for the Connecticut Energy Efficiency Fund, but an enhancement to the award winning Programs. We continue to support the full funding of the CEEF.

Energy Savings Performance Contracting (ESPC) is an *“innovative”* method for investing in energy efficiency, water, and O&M improvements in buildings. ESPCs will also help improve indoor air quality and work/learning environments, while reducing energy costs.

Performance contracts re-allocate current spending and do not add debt. Spending is lowered by reducing wasted energy and eliminating the maintenance of old and inefficient equipment. ESPCs then reallocate current spending to new energy efficiency infrastructure and project financing costs. These ESPCs will not degrade credit ratings and by leveraging private financial investment there is no need for additional taxpayer money. Investments are funded by Energy Service Companies (ESCO) and paid back through funding made available by the verified energy savings. **The ESCOs assume the risks of achieving savings.**

Some of the benefits of using ESPCs:

- Guarantees for performance, savings and costs
- Multiple financing options- treat projects as investments
- Comprehensive Energy Engineering
- Everything is negotiable- custom fit for each owner's needs
- Open Book Pricing
- 100% of construction returned to owner through conservation savings
- Proven, successful practice since 1970s

ESPCs allow for streamlined, flexible contracting mechanisms for existing facilities or new construction. The interests of the ESCO and the client are aligned to permanently reduce costs. It must be remembered that there is a facility wide, integrated approach and ESCO's consider all systems and their interactions.

We urge the Committee to consider the Performance Contracting portion of this bill. ESPCs will save money, save energy, create local jobs, reduce environmental impacts, create better performing buildings, and guarantee a savings. By having ESPCs enhance current existing energy efficiency programs, we will continue to be a leader in energy efficiency and in growing our Green Collar jobs industry.