

Energy Performance Contracting for Healthcare

Let your energy savings pay for your upgrades

CONTRACTING WITH AN ENERGY SERVICES COMPANY (ESCO) can be a great way to make improvements to aging infrastructure without incurring up-front costs. If your facility is over 40,000 square feet in size, has energy bills in excess of \$40,000 a year, and has been unable to make many improvements to energy-related systems in the last ten years, it may be a good candidate for this innovative arrangement.

Energy Services Companies offer comprehensive, turnkey energy efficiency upgrades via performance-based contracts. That means that their compensation is tied to the energy-efficiency that the project actually produces—and that they guarantee the savings will cover all project costs. A qualified ESCO can provide a single source for all of the following:

- Project management from beginning to end
- Identification of the energy-saving opportunities that will make the most impact for your facility
- Design and installation of the selected measures
- Arrangement of financing
- Staff training
- Ongoing maintenance services
- Verification of energy savings

They can even conduct an ENERGY STAR benchmarking study and apply for an ENERGY STAR Label on your behalf if your facility qualifies; produce annual reports of emissions reductions and advise you on how to achieve monetary benefit from these reductions; and work with your utility to subsidize a portion of the costs.

What additional benefits might you anticipate?

Higher-quality systems are more reliable, have fewer breakdowns, and reduce maintenance. Energy performance contracting can allow a comprehensive approach that will optimize your benefits. Your patients and staff will appreciate the reduced interruptions, improved lighting and air quality, and more comfortable room temperatures. More modern systems can also increase your property value, and improve the marketability of your buildings and tenant spaces. Finally—your facility keeps all of the savings for years to come once the equipment is paid off.

Projects are often financed through the ESCO themselves, however state loan programs and private lenders can also provide financing, and a facility can choose to pay up-front. Typical contract terms are seven to ten years. Energy and water cost savings, purchasing savings (including replacement lamps, ballasts and scheduled replacement of parts), outside labor cost savings (including maintenance contracts), utility rebates and incentives, and proceeds from

construction recycling are some of the things that can be included in the payback calculations.

If the cost savings are greater than anticipated, the excess is retained by the facility. In the event the cost savings promised does not materialize, the ESCO pays you an amount equal to the deficiency. If the ESCO determines that changes to the operational procedures or additional upgrades are necessary to meet the energy-efficiency goals, they will pay for the additional upgrades out of their own pocket. All upgrades must meet the customer's standards of comfort and services set forth in the contract.

If you are interested in alternative energy supply options, you can turn to an Energy Service Provider (ESP). These companies usually provide all of the services provided by ESCOs, and can also help you develop and implement distributed generation, cogeneration, or combined heat and power (CHP) projects.

Start today, and you can be enjoying new equipment, improved air quality, enhanced thermal comfort, better lighting, and reduced maintenance by next year without tapping into your capital budget.

WHAT TYPE OF UPGRADES MIGHT YOU SEE?

- **Heating:** Replacement or modification of boiler; replacement of steam traps and pumps; installation of swimming pool covers.
- **Cooling:** Replacement of or modification of chillers and cooling towers; replacement of pumps.
- **Ventilation:** Replacement of fan or pump motors; installation of variable speed fans.
- **Controls:** Improvement of your operational strategies; installation of modern energy management control systems.
- **Lighting:** Replacement of lamps, ballasts, or entire fixtures.
- **Food Service:** Replacement of kitchen equipment
- **Building Envelope:** Replacement of windows, addition of insulation

Boulder Associates

Boulder, CO
Sacramento, CA
Orange County, CA

contact us
1.800.499.7796

visit us
boulderassociates.com