

## Arkansas Energy Performance Contracting 101 – FAQs

### **What is Energy Performance Contracting?**

Energy Performance Contracting is a financing mechanism by which local governments, state agencies, and institutions of higher learning may implement facility improvement projects to improve the energy and operational efficiency of state owned and operated facilities without the need for upfront capital.

### **No upfront capital? How are these improvements financed?**

Energy Performance Contracts are financed by leveraging contractually-guaranteed energy savings over a period of up to 20 years. In short, improvements are paid for with the energy cost savings the project generates. By entering into a contract with an Energy Service Company, your agency is guaranteed a set rate of annual savings over an agreed upon repayment period.

### **What is an Energy Service Company?**

Energy Services Companies are businesses that develop, install, and arrange financing for projects designed to improve the energy efficiency and maintenance costs for state-owned facilities. These companies have been pre-qualified by the Arkansas Energy Office after a review process, and assume technical and performance risks for a contract. Typically, the Energy Service Company offers the following services:

- Develop, design, and arrange financing for energy efficiency projects;
- Install and maintain the energy efficient equipment involved;
- Measure, monitor, and verify the project's energy savings; and
- Assume the risk that the project will save the amount of energy guaranteed.

### **What does the Arkansas Energy Office provide my agency for this program?**

The Arkansas Energy Office offers technical assistance and support throughout the Energy Performance Contract process. The Arkansas Energy Office may assist in identifying potential Energy Service Companies, monitoring construction activities, verifying the validity of reported energy savings, and even resolving disputes. We also have financial advisors on hand to assist with loan underwriting and bond issuance, if desired. Our role is to act as a “buyer’s agent” from project infancy to completion between state representatives and Energy Service Companies.

### **Is my office eligible for this program?**

Nearly all public entities in Arkansas may use the resources provided by the Arkansas Energy Performance Contracting Program. Any agency, board, commission, or institute of higher education receiving state funds is eligible to use the Arkansas Energy Performance Contracting Program under Act 554 of 2013. Local Governments are eligible to use the program under Act 1275 of 2015.

### **I want to pursue an Energy Performance Contracting Program. How do I get started?**

[Arkansasenergy.org](http://Arkansasenergy.org) lists all pre-qualified Energy Service Companies with contact information as well as all relevant program documentation, so it is recommended to start there. The Energy Performance Contracting process begins with the signing of a Memorandum Of understanding between an eligible agency and the Arkansas Energy Office. Please contact Chet Howland, Energy Program Manager for the Arkansas Energy Office, at (501)831-4215 or [chowland@arkansasedc.com](mailto:chowland@arkansasedc.com) with any questions or concerns.