

Arkansas Energy Performance Contracting Manual

Version 2.1



ARKANSAS
ENERGY & ENVIRONMENT

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About this Document

This document has been developed by the Arkansas Department of Environmental Quality – Arkansas Energy Office (AEO) to prescribe the standards and procedures of the Arkansas Energy Performance Contracting (AEPC) Program. The AEO is the designated administrator of the AEPC program for Arkansas state agencies and institutions of higher education.

At their option, any public entity in the state of Arkansas may enter into the AEPC Program, including municipalities, counties, school districts, public utilities, and other relevant public utilities. The use of the term “Owner” within this document applies to any eligible public participant in the AEPC Program.

Version 2.1 supersedes Version 2.0 and all other previous versions of the AEPC Manual.

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- The Energy Performance Contracting Programs in the states of Colorado, Hawaii, Mississippi, Washington, and several others.
- The Energy Services Coalition

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Arkansas Energy Performance Contracting (AEPC) Program Overview

The Arkansas Department of Environmental Quality – Arkansas Energy Office (AEO) has developed the AEPC Program to meet the intent of the Guaranteed Energy Cost Savings Act of 2013. The objective of the AEPC Program is to provide a method for Owners in Arkansas to utilize energy performance contracting (EPC) as an effective and user-friendly process to improve energy and operational efficiency while reducing costs and addressing deferred maintenance concerns without the need for upfront capital. While the program was initially developed for state agencies and institutions of higher education, recent legislation has expanded the AEPC program across the public sector. The Local Government Energy Efficiency Project Bond Act of 2015 allowed municipalities, counties, and public utilities to use the AEPC Program at their choosing. Act 507 of 2019, which amended the Guaranteed Energy Cost Savings Act, offers public school districts the same opportunity.

Energy Performance Contracting (EPC) Defined

Energy performance contracting is a service offered by Energy Service Companies (ESCOs) as a practical way for Owners to finance facility improvement projects with guaranteed energy and utility savings. By leveraging these dollars, as well as reduced maintenance costs, capital avoidance savings, and potential incentives, EPC projects are funded on a debt-neutral basis.

EPC has achieved widespread acceptance across all levels of government in recent decades, as the opportunities it presents offer a means to address longstanding capital improvement, deferred maintenance, staff resource, and facility efficiency issues.

EPC is a turnkey service, comparable to design-build construction with an accompanying annual savings guarantee sufficient to finance the full cost of the energy conservation measures (ECMs) installed through the project. In Arkansas, EPC projects are developed and executed by pre-qualified ESCOs, with the entire process overseen and administered by the AEO.

Energy Service Companies (ESCOs) Defined

An ESCO is a business (often an engineering firm or equipment supplier) that develops, installs, and arranges financing for projects specifically designed to improve the energy and operational efficiency of their client's facilities over a designated term of financing. ESCOs generally act as project developers and coordinate with their public partners on a wide range of tasks from auditing facilities to completion of the energy savings guarantee while, crucially, assuming the technical and performance risk associated with the project.

An ESCO provides a wide range of professional services on behalf of its public clients. These include, but are not limited to:

1. Determination of client baseline utility consumption
2. Comprehensive energy auditing
3. Mechanical and electrical design and engineering
4. Project construction management
5. Financial risk analysis
6. Open-book bidding of all selected ECMs

7. Measurement and verification (M&V) of savings
8. Facilitation of project financing
9. Ongoing maintenance and training for new or renovated systems

ESCOs participating in the AEPC program are pre-qualified by the AEO and are required to hold a valid commercial contractor's license while also meeting possessing the full capability to meet the above criteria. A standing Request for Qualifications for ESCOs to apply into the AEPC program is available at the AEO website at the following link:

<https://www.adeg.state.ar.us/energy/incentives/pdfs/aepc-standing-rfq-to-pre-qualify-escos-2019.pdf>

The AEPC Process Defined: A Step-By-Step Guide

The AEO has developed and refined the AEPC Program incorporating copious stakeholder feedback since its inception in 2014 to make the process of executing an energy performance contract as efficient and flexible as possible for ESCOs and Owners alike. This process, which includes standard documents for each step of project development, may be modified to meet client needs with AEO approval. Following is the process for a typical AEPC project.

- **Initial Public Engagement and Feasibility Analysis**

Any EPC project typically begins with education and engagement of public stakeholders (i.e. facility managers, financial officers, and administrators) as to the potential opportunities offered by performance contracting and the AEPC Program. These discussions are often led by pre-qualified ESCOs at first, though it is not uncommon for the AEO to engage an Owner shortly after their introduction to the program. Both the AEO and any potential ESCO partner will work with the Owner to assess the feasibility of a project based on criteria such as:

1. Current facility needs and life of existing equipment
2. Current financial situation (grants and rebates are often part of the EPC process)
3. Desired financing term
4. Potential scope of work
5. Standard facility/energy usage data, such as utility billing information and data regarding facilities that would potentially be included in a comprehensive audit

- **Memorandum of Understanding (MOU)**

Once an Owner elects to pursue a potential EPC project through the AEPC Program, both AEO and the Owner will execute a Memorandum of Understanding (MOU). The MOU is a non-binding agreement between an Owner electing to pursue an AEPC project and the AEO that officially enrolls the entity in the program. The MOU may be terminated without penalty by providing AEO with written notice.

AEO's standard MOU is available on the ADEQ website at the following link:
<https://www.adeg.state.ar.us/energy/incentives/pdfs/aepc-mou-memorandum-of-understanding-for-participation.pdf>

- **Request for Proposals (RFP) and ESCO Selection**

After executing an MOU, the Owner's designated project lead will work with AEO to craft a Request for Proposals (RFP) for Energy Performance Contracting Services based on the information received from initial engagement and feasibility analysis as well as the stated needs of the participating entity. AEO provides all program participants with a sample RFP to be adapted to their own needs containing criteria often found valuable in EPC projects, though specific procurement requirements may vary depending on the Owner's internal policies. All AEPC RFPs will contain the following standard information:

1. **Selection Process**

- a. General Background & Purpose
- b. Lead Contact Information
- c. Timeline
- d. Scope of Work
- e. Pre-Proposal Walkthrough/Conference (if any)
- f. Submittal Instructions
- g. General Conditions
- h. Utility Data (As Attachment)
- i. Building & Facility Information (As Attachment)

2. **Selection Criteria**

- a. Qualifications & Team Experience
- b. Project Personnel
- c. Project Design
- d. Product Selection & Bidding
- e. Project Management
- f. Measurement & Verification
- g. Owner Engagement
- h. Financing
- i. Other Criteria as Requested

Please note that, while allowable, AEO discourages participating Owners from requesting project pricing data in the RFP as part of the evaluation criteria, as definite percentages are often hard to determine during the bid process for more complex projects. AEPC Investment Grade Audits (IGAs) are priced on a set cost per square foot as determined by the AEO, and AEO mandates that ESCOs submit a standalone pricing document both with the IGA Contract and IGA Report. Typical EPC markup percentages range from the high teens to the low twenties.

Only pre-qualified ESCOs are eligible to respond to AEPC RFPs and as such, AEO will notify all currently pre-qualified ESCOs when a program participant has issued an RFP. While the selection time for individual projects will vary, the typical AEO project will have a selection period of roughly a month.

AEO encourages participating Owners to hold pre-proposal facility walkthroughs/meetings, so that interested ESCOs may familiarize themselves with the client’s premises, energy systems, and current state of affairs. However, this step is not mandatory.

AEO will participate in the RFP review process to provide the Owner’s team with technical assistance, but will not participate in the selection or decision-making process.

At their discretion, Owners may elect to schedule follow-up interviews with ESCOs after reviewing RFPs.

AEO’s template RFP is available on the ADEQ website at the following link, though alternate project development contracts may be used with the mutual agreement of all parties and approval of AEO: <https://www.adeg.state.ar.us/energy/incentives/pdfs/aepc-selection-rfp-template.pdf>

- **Investment Grade Audit Contract and Scope Development**

Once a participating Owner has chosen a qualified ESCO after the RFP process, they will begin the process of negotiating and executing an IGA Contract. This contract will be submitted to the Owner’s project lead and AEO once executed. During the IGA process, facility equipment and energy systems are comprehensively examined and monitored over a period of typically 90 – 120 days. Continuing communication between all parties is essential during this phase of the process, as the determination of an appropriate potential scope and energy baseline is key to successful project outcomes.

AEO’s standard IGA contract is available at the following link: <https://www.adeg.state.ar.us/energy/incentives/pdfs/aepc-iga-investment-grade-audit-contract.pdf>

Costs of the IGA are determined by AEO based on a prescribed formula that factors square footage of the buildings included in the scope of work, as seen in the table below. All ESCOs are required to use the AEO-developed IGA costs in their proposals to Owners but may choose to reduce IGA costs upon mutual agreement between all parties when appropriate.

IGA Pricing per SF	Under 250 k SF	250 - 500 k SF	501 k + SF
	\$0.20	\$0.18	\$0.15

- **Energy Performance Contract Proposal and Negotiation**

IGA Reports will be provided to both the Owner and AEO when completed. Upon delivery, the ESCO and Owner will begin negotiating an EPC Contract based upon the results and selected ECMs identified in the report. The Owner has full discretion over what ECMs will be included in a project, and should take note that they may opt to

complete a project in multiple phases with their ESCO if they so choose without going through the RFP process again by executing an addendum to the IGA contract.

The AEO will review both the IGA Report and potential EPC Contract on a technical and financial basis, offering comprehensive feedback to Owner and ESCO alike. Owners should expect a review period of two to three weeks, though it is possible in some instances for AEO to review projects more expeditiously. During these negotiation phases, the ESCO shall, in good faith, clarify, adjust, or modify the proposal if required by the Owner and/or the AEO, and resubmit to the Owner and the AEO for final review.

Participating Owners should take note that they will be liable for the full cost of the IGA after delivery should they:

1. Determine not to proceed forward with a full AEPC contract and;
2. The IGA meets the terms specified in the contract regarding the development of a feasible energy performance contracting proposal.

If an Owner opts to reimburse their ESCO for the IGA contract and not proceed with a full EPC Contract, they will still be granted full access to the results of the IGA proposal, in case they opt to pursue the identified improvements at a later date.

- **Contract Recommendations & Requirements**

1. **Contract Template** - The AEO has developed a standard contract template for use across all levels of government containing all the terms and schedules necessary to execute a successful EPC project through the AEPC Program. However, upon mutual agreement of all parties, the ESCO may opt to use their own EPC template subject to AEO review. AEO's standard EPC template may be found at the following link:
<https://www.adeq.state.ar.us/energy/incentives/pdfs/aepc-epc-energy-performance-contract-for-rules.pdf>
2. **Open-Book Pricing** - The AEO prides itself on complete pricing transparency in the AEPC Program. For the basis of the IGA Report, the ESCO will provide pricing based upon partial design. This will be reflected in the AEPC Cost and Pricing Tool submitted at IGA delivery as well as the EPC Contract. Under AEPC all ECMs will be designed and the relevant bid documents created by the ESCO and made available to both the client and the AEO for review. As the ESCO will have always either provided a not to exceed price and/or received hard subcontractor bids on specific ECMs, the Owner will have pricing assurance entering the project implementation phase of the EPC process.

The ESCO will request competitive bids from a minimum of three subcontractors that are pre-approved to bid on the project by the Owner. The selected subcontractors will be approved by both the ESCO and the Owner unless the ECM is being self-performed by the ESCO (for which justification shall be provided). It is often useful for these pricing documents (as well as other sensitive project data) to be stored on a secure electronic site for review.

AEO encourages projects to be delivered via the American Institute of Architects (AIA) Cost of the Work Plus a Fee with a Guaranteed Maximum (GMAX) Price delivery method but also accepts fixed Cost of Work Plus a Fee proposals for AEPC projects. Regardless of the delivery method, ESCOs are required to disclose all relevant project costs both in the final IGA Report and in the EPC Contract via the AEPC Cost and Pricing Tool, which is available at the following link: <https://www.adeg.state.ar.us/energy/incentives/pdfs/aeo-cost-and-pricing-tool-epc-schedule-r.xlsx>

3. **Measurement and Verification (M&V) Plan** - The ESCO is required to develop and utilize a Measurement and Verification Plan for the project using one or more of the options in the International Performance Measurement and Verification Protocol (IPMVP). The M&V Plan for the EPC project is to be agreed to by the Owner, reviewed by the AEO, and detailed in the EPC Contract. There are four options to the IPMVP, each generally providing a higher degree of assurance than the last. However, that assurance often comes at an increased cost. Different M&V options are appropriate for different ECMs.

AEO mandates the use of the most recent edition of both the most current version of the IMPVP (EVO 10000 – 1:2016) and the Federal Energy Management Program’s (FEMP) M&V Guidelines for specific ECMs to keep costs reasonable while still providing a high degree of accuracy in this crucial stage of the AEPC process. If an ESCO proposes an alternate M&V path, the option must be discussed with and approved by AEO. The current FEMP guidelines may be found at the following link: https://www.energy.gov/sites/prod/files/2016/01/f28/mv_guide_4_0.pdf

Participating Owners should take extreme care to note that once they opt out of their M&V Plan, their performance guarantee will be null and void.

- **Securing Contract Approvals**

Obtaining the approvals necessary to move forward with an AEPC project will vary depending on the governmental entity participating in the program. Program participants are encouraged to utilize AEO to answer any and all questions on their behalf when presenting to relevant officials. Following are the usual steps needed to obtain approval for an EPC project at various levels of government:

1. **School Districts** - School districts will generally execute their MOU through their Chief Fiscal Officer, Director of Maintenance, or Superintendent. In many cases, a district will choose to take an IGA contract proposal to their school board for approval given the potential commitment of funds. In all cases, both members of district administration and their chosen ESCO will present a final EPC Contract for discussion and a resolution of approval once a contract scope has been agreed upon before financing the EPC.
2. **Municipalities and Counties** - Cities and counties will generally execute their MOU through their mayor, county judge, lead attorney, or comptroller. IGA contracts are

typically reviewed and approved by city boards/quorum courts to serve as an introduction to the EPC process and help decision-makers understand the potential commitments inherent in the contract. Once a contract scope has been agreed to, a final EPC Contract must be presented to the city board or quorum court for a resolution approving the project before financing can be pursued. These same basic steps also apply to municipal utilities and municipally-chartered library systems, who have both worked through the AEPC program in the past.

3. **Institutions of Higher Education** - Colleges and universities will generally execute their MOU through their chancellor or vice-chancellor of finance and administration. IGA contracts are typically reviewed by staff and AEO, with the final scope proposal and EPC contract presented to any relevant finance committees and the Board of Trustees for approval. Once approved, the institution must submit a Bond Feasibility Proposal to the Arkansas Department of Higher Education Coordinating Board (ADHECB), which meets quarterly. Once ADHECB approval is obtained, it may be necessary to also submit a Method of Finance (MOF) to the Arkansas Legislative Council (ALC) – Review Committee, which meets monthly, if the project meets a certain percentage of the university’s bonding capacity.
4. **State Agencies** – State agencies will generally execute their MOU through their deputy or facilities director. Both IGA and EPC contracts are typically reviewed and approved by agency administrators, boards, and/or commissions with the chosen ESCO and AEO participating throughout the process. It is extremely important to note that, as state agencies have no borrowing capacity, the Arkansas Development Finance Authority (ADFA) should be notified during the IGA process as to the existence of an active AEPC project if the agency plans on borrowing funds to execute the project. ADFA and AEO have worked together to finance past agency projects and will be able to assist agencies as necessary. All state agency projects will need to submit an MOF to ALC-Review once the EPC Contract has been approved and financing has been secured.

- **Financing an Energy Performance Contract**

AEPC Projects may be financed in a variety of different ways to maximize the most favorable current interest rates and/or meet participant needs. Both the AEO and all ESCOs active in the AEPC program maintain relationships with all financiers experienced in the Arkansas EPC market. As previously mentioned, a participating entity will need to be prepared to pay for the pre-negotiated IGA cost if the project does not go beyond the IGA phase, but the cost of the IGA will be folded into total project costs if a participant proceeds forward with an EPC project. Below are the typically used structures for financing EPC projects.

Financing options fall into two categories: funding and financing. Funding involves a source of money that does not need to be repaid, such as a capital budget allocation. Financing does need to be repaid, but the payments can be covered by the cost savings from the improvements. The AEO and ESCOs can both offer information on how financing is generally managed for EPC projects. Choosing a payment option is not an either/or question. It may make sense to use funding sources to pay for a portion of the

project and to finance the rest. Funding sources can be especially useful for measures that might not be well-suited to financing, such as those with longer paybacks. Even a relatively small capital budget appropriation will help manage overall costs.

1. **General Obligation (GO) Bond** - General obligation bonds are debt instruments which are typically considered safer investments than other types of bonds because they are supported by the full faith and credit of the issuer. As such, they tend to pay lower interest rates than revenue or hybrid bonds. This means that, if need be, the issuer could raise taxes in order to pay the bond. Bonds tend to be issued for longer terms (up to 30 years or more), which allows more energy efficiency measures with longer simple paybacks to be installed.
2. **Revenue Bond** – Revenue bonds are bonds with repayment tied to specific revenues or a cost savings stream. For example, cost savings from an EPC project could potentially be pledged to pay off a revenue bond. Because the bond issuer’s repayment obligation is limited to a specific revenue stream, revenue bonds are often viewed as higher-risk than a GO bond that can be repaid from general tax revenues, resulting in a higher interest rate cost.
3. **Tax-Exempt Lease Purchase (TELP)** - TELPs are the most commonly used financial vehicle for EPC projects at all levels at government due to their low cost of capital and long terms. Under a standard TELP, the ESCO installing the energy upgrades is not a party to the financing agreement but instead supports the Owner as needed by, for instance, issuing a financing RFP on the Owner’s behalf.
4. **Capital Lease** - Capital leases are common in performance contracting. The lessee (the entity using the equipment) assumes many of the risks and benefits of ownership, including the ability to expense both the depreciation and the interest portion of the lease payments. The equipment and future lease payments are shown as both an asset and a liability on the lessee’s balance sheet, and the lease payments are classified as capital expenses. Capital leases often have a “bargain purchase option” that allows the user to buy the equipment at the end of the lease at a price below market value.
5. **Operating Lease** - Payments on an operating lease are usually less than for capital leases and loans since the lessor owns the asset and the user is not paying to build equity. It is assumed that the residual value of the asset can be recovered at the end of the lease. Because of this, operating leases are typically limited to equipment with substantial residual value.
6. **Energy Services Agreement (ESA)** – In an ESA, an ESCO installs energy efficiency equipment and only earns fees based off guaranteed savings. The ESCO controls utility budgets and can ensure that funds are available to repay financing obligations, which keeps investment off the Owner’s balance sheet in return for a higher interest rate.
7. **Solar Service Agreement (SSA)** – In an SSA, an ESCO will install and own a solar array for an agreed-upon period of time, typically the useful or warrantied life of the

equipment. The program participant purchases electricity generated by the array at a pre-determined rate for the contract term. By utilizing an SSA as opposed to an ownership model, a public Owner is able to realize some tax credit benefits via their tax equity partner. There are no upfront or maintenance costs for the project, as these expenses are covered by solar generation. However, as determining an acceptable long-term electricity rate is of utmost importance in SSAs, both the performing ESCO and AEO will use accepted estimations of projected utility-escalation and solar panel degradation to ensure positive project performance. AEO has substantial experience developing and negotiating SSAs since the passage of the Solar Access Act in 2019.

8. **Revolving Loan Fund (RLF)** – In Arkansas, both the Arkansas Natural Resources Commission and Division of Building Authority offer low or no interest loan funds that may be an option for participating Owners in some instances. Financing via either fund will require additional paperwork and longer lead times than a private financier, so interested clients are advised to contact their ESCO and AEO well in advance of EPC approval to investigate this possibility.

- **Implementing an Energy Performance Contract**

The implementation of an AEPC project requires near-constant communication and coordination between the ESCO and Owner. As part of the AEPC process, the ESCO typically serves as both the lead engineer and the general contractor for the Owner. Combining design, construction, and project performance monitoring under one umbrella minimizes risk for the Owner and reduces the time needed to start realizing savings from the installed ECMs.

Owners should expect four standard phases to project implementation, much similar to a general facilities improvement project. These phases will be detailed in Schedule F of any EPC Contract and are outlined below.

1. **Project Kickoff**

A well-structured, carefully planned kickoff meeting is crucial to ensure that both ESCO and Owner communicate roles, responsibilities, and expectations for the upcoming implementation phase of the project. Major construction parameters must be well-defined at the project kickoff to avoid miscommunications. ESCOs should document the meeting in full detail and provide minutes to the Owner, to ensure a full understanding of next steps and standards of work. Both the ESCO's project management team and Owner's facilities staff should examine ECM designs and specifications. It is important to note that design will likely not be fully complete for all ECMs at the time of the project kickoff. Simple ECMs such as lighting or retrofits will be presented to the Owner for final approval and installed before design is complete on more complex items with longer lead times. It is the responsibility of the ESCO to keep the owner abreast of all changes to design and any potential changes to equipment. With a thorough knowledge of the respective contract requirements, all parties can proceed forward with a high degree of confidence and approach the project as a partnership.

2. Construction Updates

Regular progress meetings should be held throughout the implementation process to maintain strong lines of communication between Owner and ESCO and allay any concerns regarding the project. Any progress should be documented and provided to the Owner, with all installed equipment and materials documented to comply with the design documents approved by the Owner. If this is not the case, explanation should be discussed and documented. The primary purpose of these check-in meetings is to review the effectiveness of the current project protocol. If changes are needed, they must be agreed to and communicated to all parties operating on-site (including subcontractors).

3. Commissioning & Training

Commissioning is critical to any AEPC project and is a lengthy, iterative process, beginning at project conception and ending at final acceptance. Proper commissioning ensures that ECMs are designed, installed, tested in all modes of operation, and capable of being operated and maintained in conformity with their design intent. Key activities in the commissioning process include:

- a) Documentation of design intent
- b) Design review for individual ECMs
- c) Execution of construction checklists
- d) Functional performance testing and monitoring of installed ECMs
- e) Completing equipment and systems checkout.
- f) Oversight of training for operations and maintenance staff.
- g) Delivery of equipment O&M manuals to facilities staff post-acceptance

A full commissioning plan will be detailed in Schedule G of the EPC Contract, and AEPC projects must adhere to current ASHRAE commissioning guidelines when applicable (currently 0-2018).

Staff training is considered to be within the purview of commissioning but is its own key component of the implementation process. While ESCOs will all approach training in their own unique manner, all will document training sessions so that Owner's future hires will be able to view the training to be able to familiarize themselves with installed ECMs. Some may choose to videotape the session, while others will provide written logs. Additionally, ESCOs may opt to train Owner's occupants to better understand the changes to their facilities (this is often used as a teaching tool in educational settings). Stronger, more comprehensive training efforts have shown to lead to more positive outcomes when achieving annual energy savings guarantees. It is possible to request re-training of staff in subsequent years as part of the EPC Contract.

4. Project Close-Out

After completing installation and commissioning procedures per the terms of the AEPC Contract for an ECM, project close-out proceeds much the same as a standard construction contract. The ESCO will request an Owner inspection for all installed ECMs. Once approved, this ECM will be considered to have reached Substantial Completion. Substantial Completion is defined as having beneficial use. The ESCO will then submit a punch list of minor items of work that will not materially affect safe and substantial use and operation of the equipment along with a Notice of Substantial Completion. Once the punch list for all ECMs has been satisfied to the Owner's satisfaction, the project will be considered to have reached Final Completion and the Owner will sign a Notice of Final Completion, establishing the Measurement & Verification (M&V) phase of the project. The ESCO will provide equipment warranties for all installed ECMs, all relevant As-Built drawings, and a post-installation report documenting any changes to the scope of work.

5. Project Performance Monitoring

Project performance monitoring with an appropriate M&V plan provides an Owner proof and assurance that guaranteed energy savings are being delivered as promised in Schedule E of the EPC Contract. The energy consumption baseline created by the ESCO during the IGA will have determined what savings are achievable through the installed ECMs. In Arkansas, one year of M&V post-Final Completion is mandatory with an option for the owner to continue these services at their discretion. For more complex projects, three years of M&V services are strongly recommended. Requirements of the ESCO during the M&V phase are as follows:

- a) Meet with the Owner as frequently as required in the EPC Contract.
- b) Develop plans with Owner to address deviations from energy savings guarantee.
- c) Submit annual M&V reports to both Owner and AEO within thirty days of annual reconciliation.
- d) If necessary, compensate Owner for underperformance of ECMs within thirty days of annual reconciliation.

Each AEPC project's M&V plan will be unique, and the decision an Owner will make regarding the length to engage in these services should not be taken lightly. However, given that there is an associated cost with M&V services, many Owners eventually make the decision to opt-out of their energy savings guarantee after being satisfied that their savings target is being met. AEO will provide assistance for all facets of the M&V plan.

AEO Program Responsibilities

- Promote the AEPC program and provide educational information to Owners across Arkansas about the benefits of guaranteed energy savings contracts.
- Develop and update the guidelines, standards, and program documents for the AEPC program; periodically update the program, as needed, or as required.

- Certify ESCOs for the AEPC Program: Receive and review Statements of Qualifications from ESCOs that desire to be listed as pre-qualified for the AEPC program.
- Monitor and review ESCO performance for compliance with the expectations, policies and procedures outlined in the AEPC Program Manual on an on-going basis.
- Post ESCO's Statements of Qualifications on the AEO website for use by Owners interested in the AEPC Program. Note that the AEO list of ESCOs constitutes the Pre-Qualified list of ESCOs that are permitted to participate in the AEPC Program.
- On a project-by-project basis, notify the successful ESCO of their selection by the Owner, while also providing notice to the unsuccessful ESCOs.
- Review ESCO's IGA Reports, EPC Contract Proposals, and Measurement and Verification reports for the Owner. Provide technical assistance and comments to the Owner and ESCO.
- Coordinate with the Arkansas Development Finance Authority, Arkansas Office of State Procurement, the Division of Building Authority, the Arkansas Department of Higher Education, and Arkansas Legislative Council as required.
- Attend on-site meetings between the Owner and ESCO, as needed and subject to availability.
- Ensure adherence to AEPC Program Policies by the ESCOs and Owners.
- Oversee the AEPC process to ensure that commitments are met by both the Owner and the ESCO.
- Identify solutions to mediate any conflicts between the Owner and the ESCO.
- Track and report of AEPC Program project performance to demonstrate program successes to relevant stakeholders.

Participating Owner Responsibilities

- Comply with AEPC Policies and Procedures.
- Select an ESCO via an RFP process from the AEPC pre-qualified providers list.
- Execute an Investment Grade Audit Contract (IGA) with the ESCO.
- Provide information as needed for the ESCO to perform the IGA.
- Provide access and escort for the ESCO to Owner's facilities under reasonable conditions.
- In conjunction with the AEO, review the ESCO's IGA report and proposal.
- Determine to proceed with negotiation of an EPC Contract or compensate ESCO for IGA and exit AEPC program.
- Work with the ESCO to determine the source of project financing.
- Obtain oversight and review from by the Owner's administrative and financial resources prior to approving the method and source of the project financing.
- Obtain review and approval of EPC Contract from the Owner's legal counsel.
- Execute an AEPC contract with the ESCO for the AEPC project, if approved by the Owner.
- Communicate with AEO throughout the process and obtain support and assistance if issues arise during the EPC Contract term.

ESCO Program Responsibilities

- Actively participate in the AEPC program by responding to at least one (1) project opportunity annually.

- Use current standardized AEPC documents, as posted on the AEO website (unless permission is granted otherwise).
- Use current AEPC program standards for projects conducted through the program.
- Submit all project documents to both Owner and AEO for review in a timely fashion.
- Work to minimize conflict and misunderstandings by actively communicating with the Owner and the AEO if problems arise.
- Make a good faith effort to promote the AEPC program around the state of Arkansas.