

Opening Statement of the Honorable Fred Upton
Subcommittee on Energy
Hearing: “Public-Private Partnerships for Federal Energy Management”
December 12, 2018

Today’s hearing entitled “**Public-Private Partnerships for Federal Energy Management**” will examine recent examples, challenges, and opportunities for improving energy efficiency in Federal facilities. We are primarily focused on two examples of public-private partnerships that are managed by the Department of Energy: Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs).

I would like to begin by welcoming our witnesses. We will have one panel of senior representatives from the Department of Energy, the Department of the Army, the General Services Administration, and the Department of Veterans Affairs. Each of our witnesses will share relevant examples and lessons-learned implementing ESPCs and UESCs at their respective agencies.

The Department of Energy, through the Federal Energy Management Program, is the lead agency responsible for implementing rules and policies for ESPCs and UESCs. DOE collects a wide range of data and information on ESPC and UESC-use across the government that will help us weigh the costs and benefits of these performance contracts. DOE’s data is also useful to identify trends and measure outcomes relating to energy and water use.

I am also looking forward to testimony from GSA, Veteran's Affairs, and the Army. Each of these agencies have well-defined programs for ESPCs and UESCs, and if you were to list the agencies that award the most contracts, these agencies would all be in the top ten. However, they each face unique challenges and opportunities, depending on the facilities they are retrofitting and their specific needs.

It has been over a decade since Congress amended the statute governing ESPCs and UESCs, and I think many people would agree that it's time to consider improvements to these programs. In recent years, agencies have used ESPCs and UESCs to gather the "low hanging fruit" of energy efficiency upgrades, focusing especially on lighting, insulation, and HVAC.

In the years ahead, we will be looking to ESPCs and UESCs to continue delivering energy savings. Concepts such as "deep energy retrofitting" are being proposed as a facility-wide approach to energy conservation that includes new energy management systems, smart sensors, innovative technologies, and on-site power generation. We've also seen more of a focus on "energy resilience" with agencies utilizing ESPCs and UESCs to harden their grid and install backup power generation. For example, with the help of performance contracts, Fort Knox recently became the first military installation with the capability to un-plug entirely

from the grid, utilizing demand management, on-site natural gas, geothermal, and renewable energy resources.

In order to stay on the cutting edge, Congress may need to consider changes to the statute to enable agencies to capture the cost savings offered through the most innovative energy conservation tools. Given the time that's passed since its original drafting, we should start by looking at the definition of a "federal building" and the definition of "energy savings." We should also consider how energy efficiency upgrades affect the life-cycle cost of operations and maintenance at the facility, and ways to harmonize the program with other successful Federal programs and goals.

These issues, and several other changes to performance contracting authorities, are addressed in legislation that has already been reported by the Committee, H.R. 723, the Energy Savings Through Public Private Partnerships Act of 2017. I look forward to working with the bill sponsor, Mr. Kinzinger, on his legislation. If we run out of time this Congress, I hope we can get to work on this bipartisan bill early next year.

With that, I'd like to thank the witnesses for appearing before us today, and I look forward to their testimony.

I yield back the balance of my time.

