

**Opening Statement of Chairman Greg Walden**  
**Subcommittee on Energy**  
**“Public-Private Partnerships for Federal Energy Management”**  
**December 12, 2018**

*(As prepared for delivery)*

Today’s hearing exploring “Public-Private Partnerships for Federal Energy Management” continues our oversight of the federal government’s efforts to improve energy efficiency and modernize its operations. Since the 1970’s, Congress has encouraged federal facility managers to establish conservation goals and reduce energy use. Through subsequent legislation, Congress authorized a number of tools to help federal agencies improve energy efficiency.

Today, we are examining two prime examples of public-private partnerships for federal energy management: **Energy Savings Performance Contracts** (or **ESPCs**) and **Utility Energy Service Contracts** (or **UESCs**). **ESPCs** allow a private party to pay for energy efficiency upgrades in a federal facility. The private company brings new technology and expertise to the table, and it gets paid back, over time, on the basis of reduction in the agency’s energy costs. In the case of an **ESPC**, the energy service company is qualified by the Department of Energy to enter into the contract with the government. With **UESCs**, the services and equipment are provided by the local gas or electric utility.

**ESPCs** and **UESCs** have been in use since the mid-1990’s, and Congress most recently reauthorized the programs in 2007. Since then, federal agencies have increasingly relied on performance contracts to manage their facilities, leading to declines in energy and water consumption, and increases in the share of renewable energy.

Through performance contracts, a wide array of equipment and services have been financed by federal agencies without having to rely on annual appropriations, including, for example, new windows, lighting upgrades, new HVAC, and building automation systems. Federal facility managers are increasingly looking beyond the building envelope to improve efficiency, and we have seen innovative uses of

performance contracts to tackle more challenging demands, such as on-site power generation, peak shaving capability, and energy infrastructure hardening.

Today's hearing will allow Members to hear from several federal agencies with firsthand experience overseeing performance contracts. We'll hear testimony from the Department of Energy, the lead agency authorized by statute to establish procedures and methods for ESPCs and UESCs. DOE provides training, guidance and technical assistance, and compiles data about energy costs and savings, which they collect from across government.

Members will also hear from some of the agencies that are most closely involved with energy performance contracts. The Department of Army, the Government Services Administration, and the Department of Veterans Affairs are three agencies that have made significant investments in facility efficiency improvements with ESPCs and UESCs. Though they face unique challenges and very different mission requirements, they all have significant energy demands and a large footprint of facilities to manage.

Today's testimony will help build our record and guide us as we move forward with legislation to improve performance contracting authorities. The committee has been hard at work this Congress, but there is one piece of legislation, particularly relevant today, that hasn't gotten over the finish line.

Earlier this year, the committee reported Mr. Kinzinger's bill, H.R. 723, the Energy Savings Through Public Private Partnerships Act of 2017. This is a commonsense bipartisan bill that would encourage the use of performance contracting in federal facilities. I look forward to continuing our work to see this bill pass the House and get signed into law. While today's hearing is not a legislative hearing, I expect the testimony and real-world examples will make the case for the targeted improvements contained in the bill.

With that, I'd like to thank our witnesses for appearing before us today, and I yield back the balance of my time.