

Oregon ESPC Modernization - HB 3653

Making Energy Efficiency Procurement, Efficient!

Problem Statement:

Since their introduction in 2008 (HB 3612), Energy Savings Performance Contracts (ESPCs) have provided a vital financing tool for public entities in Oregon, enabling them to leverage energy savings to fund projects that enhance energy efficiency, reduce project costs, and improve safety and indoor air quality. These contracts offer a pathway for public entities to address critical upgrades while achieving significant, long-term benefits.

Despite the potential, the current ESPC process remains overly complex, burdensome, and capital-intensive, creating a significant barrier for public entities - especially smaller ones - looking to invest in energy efficiency projects. To unlock the full potential of ESPCs it is essential to simplify and streamline the process. By reducing administrative hurdles and expanding the scope of eligible projects, Oregon can make energy efficiency projects more accessible and scalable.

Proposed Solution:

1. **Remove Redundancy in ESCO Selection Process:** Allowing public building owners direct-select access to the ODOE qualified ESCO roster, which already requires a RFP to qualify
2. **Broadening Beyond Energy Scope:** Expand the permitted scope of work beyond only Energy Conservation Measures that pay for themselves over their useful life to include GHG reduction, electrification, resource conservation, renewable energy generation, energy storage, demand response, electric vehicle charging infrastructure, grid-interactive efficient buildings.
3. **Expand Current Cost - Effectiveness Framework:** Including a broader cost effectiveness analysis including energy and non-energy benefits, avoided costs, capital renewal costs for end-of-life equipment, and total cost of ownership, in determining whether or not a project is financed.



What is an ESCO?

An Energy Service Company is a qualified contractor responsible for designing, financing, installing, and maintaining energy projects, also guaranteeing that project savings will cover financing costs.

What is an ESPC?

An ESPC is a procurement model for energy improvements where a single contractor (e.g. ESCO) handles all aspects of an upgrade, from planning and installation to savings verification, using guaranteed energy savings to offset costs.