

# Appropriations and Financing

Strategic Use of Funding for Performance Contracts

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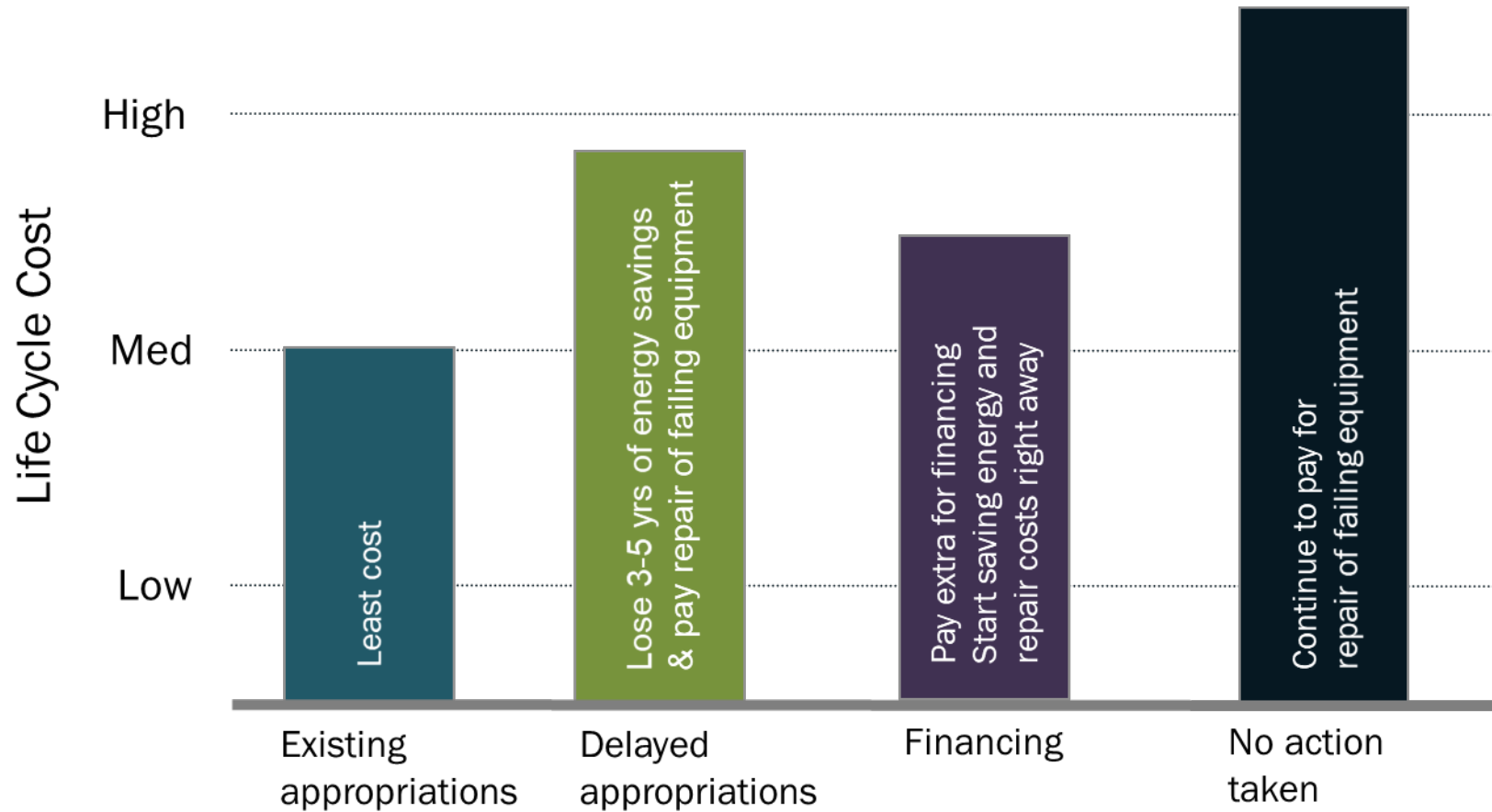
# Combining Appropriations and Financing

**42 U.S.C. § 8253(f)(10)(B)** specifically authorizes federal agencies to use “any combination” of appropriated funds and private financing.



# Cost of Delay

Delaying Energy Efficiency = Lost Life Cycle Savings



# Maximize Project Value and Impact

- Implement a comprehensive project
  - Achieve economies of scale
  - Aggregate multiple sites in a single procurement
- Pay for energy assessments with available energy funds
- Finance to capitalize on energy savings rather than wait for delayed or insufficient appropriations
- Leverage appropriations to include long payback energy conservation measures
- Buydown or buyout projects with available agency funds



# Example 1

- **Scenario:** Agency requests an IGA that costs \$75,000
- **Option 1:** Agency can pay for the IGA with available agency funds
  - By paying for the IGA with available funds, they can avoid adding financing costs
  - When agency pays for the IGA it belongs to the agency
- **Option 2:** In the absence of available funds, agency can roll the cost into the task order for installation



# Example 2

## ■ Scenario:

- Agency has a high priority energy conservation measure (ECM) with a 26-year payback (40 years are allowed)
- ECM's estimated life is 30 years
- Agency decisionmakers are hesitant to include the ECM in the UESC

## ■ Best Practice:

- Show decisionmakers the legislation that allows 40-year life-cycle cost calculations (42 U.S.C. 441)
- Develop a comprehensive project and include ECMs with short paybacks to lower the combined average payback of the project
- Use available appropriations to pay for the long payback measure



# Example 3

## ■ Scenario:

- Agency decisionmakers plan to use the available funds to implement chiller upgrades
- Agency has \$3 million in Congressionally-appropriated funds to pay for chiller upgrades
- Agency has identified 9 additional ECMs that will achieve energy savings and are life-cycle cost effective

## ■ Best Practice:

- Agency combines appropriations and financing to install a comprehensive project
- Use the \$3 million in appropriated funds to pay for chiller upgrades
- Leverage financing to pay for the remaining 9 ECMs



# Thank You!



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NREL/PR-7A40-77945

This work was authored by the National Renewable Energy Laboratory, operated by Alliance for Sustainable Energy, LLC, for the U.S. Department of Energy (DOE) under Contract No. DE-AC36-08GO28308. Funding provided by the U.S. Department of Energy Office of Energy Efficiency and Renewable Energy Federal Energy Management Program. The views expressed in the presentation do not necessarily represent the views of the DOE or the U.S. Government. The U.S. Government retains and the publisher, by accepting the presentation for publication, acknowledges that the U.S. Government retains a nonexclusive, paid-up, irrevocable, worldwide license to publish or reproduce the published form of this work, or allow others to do so, for U.S. Government purposes.