
CHAPTER 17

Utility Purchasing and Energy





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Energy Conservation Loans

- PHA obtains a loan to finance energy improvements
- PHA receives a subsidy add-on covering cost of amortizing improvement loan during contract term



HUD Requirements

- Procure a Comprehensive Energy Analysis (CEA) from a qualified vendor
- Must have CEA, along with list of identified improvements, reviewed and approved by HUD before initiating an Energy Conservation Loan
- HUD must review and approve loan document



Energy Performance Contracting

- Allows PHA to qualify for incentive to freeze utility rolling base
- Utility expense level (UEL) will be calculated at pre-retrofit consumption level
- PHA keeps 100% of savings that result from decreased consumption due to energy-efficiency measures installed
 - 75% of savings must be used to pay off debt and related project cost



Third-party Energy Performance Contracts (EPCs)

- Energy performance contractor must be procured in a manner compliant with HUD Procurement Handbook and 2 CFR §200.317–200.326.
- For Third-party EPCs, HUD approval is required for:
 - CEA, which PHA must procure from a qualified vendor
 - RFP for the energy contractor, prior to advertisement
 - Approval based on determination by HUD that payments under contract can be funded from reasonably anticipated energy cost savings
 - Final performance contract negotiated between PHA and energy performance contractor



Self-managed Energy Performance Contracts

- PHA must be Standard or High Performer (troubled PHAs considered on case-by-case basis)
- Detailed energy plan to HUD must include:
 - Assessment of its facility needs
 - Statement of capabilities and internal project processes
 - Assessment of agency's energy opportunities, including capital costs and estimated savings
 - Financial cash flow projections
 - Project commissioning and preventative maintenance plan
 - Measurement and verification plan
 - PHAs must have a licensed (bonded) professional engineer
 - Initial energy plan
 - Detailed project plan



Utility Purchasing

- Opportunity to achieve lower utility costs by purchasing energy directly from utility providers at lower rates, based on a direct rate reduction or from new consumer rate strategies
- Where deregulation has occurred and there are multiple providers, PHAs must competitively procure utilities in accordance with 2 CFR §200.317–200.326.
- PHAs do not need to attempt to competitively procure utilities in publicly regulated environments with only one utility provider