

Chapter 17.

Utility, Purchasing and Energy. We're gonna talk a bit about, have any of you done an energy performance contract? Okay, we'll talk a bit about it, not much. We got 15 minutes. We're gonna be out of here before that. Energy conservation loans, we're gonna talk about contents. Energy conservation loans, operating subsidy add-on. Energy performance contracting, which pertains to a frozen rolling based incentive. Utility purchasing, procurement regulations pertaining to energy conservation loans and energy performance contracts and resources you have for that. Energy conservation loans. The PHA can obtain a loan to finance energy improvements. Yeah, it's gonna be private money, yeah. The PHA receives a subsidy add-on covering the cost of amortizing improvement loan during the contract term, very technical, we've said it, let's move on. HUD requirements. You procure a comprehensive energy allowance, CEA from a qualified vendor. So if it's qualified vendor, do we have to compete it? Yes. Must have a CEA, a comprehensive energy analysis, along with a list of identified improvements, reviewed and approved by HUD before initiating an energy conservation loan. You gotta have this done. You're gonna have to do an RFP. To retain a person, there's no exception.

Exemption, HUD must review and approve the loan document, why? Because they don't want the PHAs because some of this is federal money to get into a loan that is unrealistic or has too high of too strict of requirements. Energy performance contracting, allows a PHA to qualify for incentive to freeze utility rolling base. Utility expense level will be calculated as a pre-retrofit consumption level, which means the base is before you actually start with this stuff, okay? PHA keeps 100% of the savings that result from the decrease in consumption due to energy efficient majors installed but 70% of those savings must go to be paying down the loan. You can't keep all of that for anything else. 75% at least needs to go to paying down the loan and frankly, I think you ought to put 100% of it against the loan. Yeah, is my own feelings but my agency didn't do that. I don't know what they used it for. It should have gone against the loan. Third-party energy performance contracts.

Now remember, if you ever do an energy performance contract, you will do a request for proposals. HUD says in the handbook RFQs, however that has changed. Ken O'Connor, some of you HUD folks know him. Some others may, do you know, Ken, his name? Yeah, he's been with HUD for many years. he's now I think he's out of HUD but he contracts with HUD to provide this service. And his office must approve stuff every step of the way. That means the RFP, conducting the RFP or awarding the contract, formulating the contract and awarding it, he must approve it every step of the way. And that's to help you not to restrict you, okay? Must be procured in accordance with 2 CFR 200 procurement regs. For third-party inter-performance contractor, HUD's approval, every step of the way. They approve the CEA, they approve the RFP and they're gonna approve it based on, is the money you're borrowing going to improve your units to the point where you're going to get money back? Because some housing authorities do a energy performance RFP and they find out that once they get into it is they can't save any money. At that point, you're not gonna do the full contract, yeah. Final performance contract will be negotiated between the PHA and the inter-performance contractor. I advise you have just more than HUD advising you that you have a consultant advising you, I don't do that but I know people who do. Housing authorities.

PHAs self-managing their energy performance contract. To do so, you must be a standard or a high performer, yeah. And the detailed energy plan to HUD must include all of these items. We don't have to read every one of them but you're gonna need some help getting those responses together for HUD to even get that approval. Utility purchasing. Now for many years,

there was no competition for utilities in the country. Today, there is some competition but I have some beware for you. There are in some areas the opportunity to choose different providers, especially of electric power that might resolve in some savings for the Housing Authority, though I will tell you I have housing authority to have done RFPs who found that the broker or the provider of this service, this brokering of these things, takes all but a minuscule amount of the savings. So beware of that, yeah. In Nevada, we can't even do it with trash, which is a utility, with gas but we can do it with power. Although the savings that my authority there found they would realize didn't even justify doing the competition. Power in Nevada is regulated. Those rates that are paid are set by the state. So you can have your power in Nevada provided by another provider but it doesn't save you any money because rates are set by the state. So my thought is, why even do it? Other states have similar laws, some do not where you do have brokers who will search for power for you. But again, I have found out through doing the RFPs that some of those clients or former clients of mine said they didn't save anything, just be aware of that. Where deregulation has occurred and there are multiple providers, you must competitively procure it although I have had people show HUD where there were no savings. So therefore, HUD did not require them to do a competition. In publicly regulated environments like Nevada, you do not are not required to do that competition.