FPCC
FEDERAL PERFORMANCE CONTRACTING COALITION

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May 7, 2025

The Honorable John Kennedy
Chair
Subcommittee on Energy and Water
Senate Committee on Appropriations
Washington, DC 20510

The Honorable Chuck Fleischmann
Chairman
Subcommittee on Energy and Water
Development, and Related Agencies
House Committee on Appropriations
Washington, DC 20515

The Honorable Patty Murray
Ranking Member
Subcommittee on Energy and Water
Senate Committee on Appropriations
Washington, DC 20510

The Honorable Marcy Kaptur
Ranking Member
Subcommittee on Energy and Water
Development, and Related Agencies
House Committee on Appropriations
Washington, DC 20515

Chair Kennedy, Chairman Fleischmann, Ranking Member Murray, and Ranking Member Kaptur:

As you begin deliberations on the essential programs to be funded in the FY26 appropriations bills, we write to you on behalf of the Federal Performance Contracting Coalition (FPCC). The FPCC is a group of Energy Service Companies (ESCOs) advocating for increased Federal use of energy savings performance contracts (ESPCs). We respectfully request that **$63 million be allocated to the Federal Energy Management Program (FEMP)** within the Office of the Under Secretary for Infrastructure and appropriated under the Energy Efficiency and Renewable Energy (EERE) Account at the U.S. Department of Energy (DOE), with **at least $20 million designated to the Federal Energy Efficiency Fund, also known as Assisting Federal Facilities with Energy Conservation Technologies (AFFECT) Program**.

**Since its inception, AFFECT has harnessed $290 million in congressional funding to attract $3.8 billion in private investment, saving the government more than $137 million annually in energy costs.** This modest amount of funding allows agencies to continue to enhance resiliency and address a growing backlog of deferred maintenance and infrastructure renewal projects on our federal sites, such as military bases and VA hospitals. We can address our critical infrastructure needs using fewer appropriated federal dollars through performance contracting, which AFFECT facilitates. Using targeted dollars for priorities such as cybersecurity, resiliency, and deep energy efficiency retrofits will net:

- Additional private-sector dollars invested in the federal government,
- Improved federal facility resiliency against grid disruptions,
- Significant energy cost savings,
- Addressing critical infrastructure failures, and
- Enhanced attention to ongoing operations, maintenance, and regular equipment replacement costs

Fewer dollars need to be appropriated overall if they are leveraged with private sector dollars. Leveraging allows precious federal resources to focus on core mission objectives and transfers project execution risk to the private sector. FEMP plays a crucial role in administering public-private partnerships such as energy performance contracts, and every programmatic dollar provided to FEMP for core activities leverages between $28-$55 in private investment for federal infrastructure, with no added cost to the government. FEMP is the appropriate place for these dollars as they will be available to leverage performance contracting for all federal agencies.

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For the past several years, FEMP has provided appropriated dollars to leverage performance contracting through the AFFECT grant program. **The $28.1 million in combined appropriations from FY22 and FY23 resulted in DOE directing AFFECT funding to 19 federal agency projects that, when combined with the investment from the private sector, are expected to surpass $837 million in infrastructure improvements**. When considering the substantial amount of derelict and outdated infrastructure in federal facilities, these dollars are needed more than ever to meet requirements to improve energy and water utilization and site resiliency.

Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs) are alternative financing methods created by Congress that utilize private sector resources and capabilities to complete federal energy projects. Under an ESPC, a private company finances and implements an energy savings project for a federal agency, measures and verifies that the installed measures are working as promised, and guarantees that energy savings will accrue. The private sector is then repaid through the savings on the customer's utility bill. These projects have resulted in approximately **633 trillion Btu** in life cycle energy savings for the federal government, demonstrating their effectiveness as a tool to improve the nation's energy independence and security posture.

FEMP, with minimal funding, supports all federal government agencies in their quest to become more efficient, resilient, and secure while reducing energy waste. FEMP has facilitated over **$19.3 billion** in guaranteed energy savings, driven **$8.9 billion** in infrastructure investments, and created **63,000 job-years**, all while helping federal agencies reduce waste, cut costs, and enhance energy resilience. Energy performance contracting projects, which focus on new technologies and resiliency, will help agencies across the federal government address backlog maintenance, which the Office of Management and Budget (OMB) estimates is **$330.9 billion** government-wide. At a minimum, it would specifically address the nearly $8.2 billion in cost-effective energy-related backlog maintenance and energy conservation measures (ECMs) already identified in Congressionally mandated audits of federal facilities (EISA 2007, Section 432). Statutorily, 50% of the ECMs identified since December 27, 2020, need to be implemented via performance contracting within two years after an evaluation is completed per Energy Act of 2020 requirements. **Full execution of these audit-identified projects could generate $808 million in annual utility bill savings**. FEMP also plays the critical role of trainer, facilitator, and subject matter expert for agencies wishing to address energy-related facility infrastructure.

The members of the Federal Performance Contracting Coalition (**Ameresco, CEG Solutions, Constellation, Energy Systems Group, NORESCO, Schneider Electric, Southland Industries, and Trane**) know firsthand how impactful energy performance contracts are in saving energy costs, taxpayer money, and creating jobs in every state in the country. Investing in FEMP and the AFFECT program is a fiscally responsible, results-driven strategy that strengthens federal infrastructure, generates ROI for taxpayers, reduces costs, and enhances national energy security. Sustained and increased funding is essential to unlocking billions in savings, addressing the federal maintenance backlog, and efficiently consolidating federal facilities. Thank you for considering our request.

Sincerely,



Jennifer Schafer
Executive Director
Federal Performance Contracting Coalition (FPCC)