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FPCC Applauds Congress for Performance Contract Scoring Fix

Washington, DC- On October 5, 2017, the House of Representatives passed a provision that corrects how the Congressional Budget Office (CBO) scores Energy Savings Performance Contracts (ESPCs) and Utility Energy Savings Performance Contracts (USECs). This change will allow Congress to more widely utilize performance contracts in legislation that will help address energy use in federal buildings. Instead of scoring ESPCs and USECs on an upfront mandatory basis, a score will now reflect the contracts' net present value. In short, CBO must now consider all the costs and savings over the life of a performance contract when scoring legislation that contains ESPCs or UESCs. This change will allow Congress to address federal buildings energy legislation and support federal agencies in leveraging the private sector for energy savings without relying on appropriated funds.

"The FPCC is pleased that after 15 years of the incorrect scoring of performance contracts in legislation, the House approved a change that will help score them more accurately. This change will allow Congress to more widely utilize performance contracts in legislation. This is a step in the right direction. ESPCs and USECs are an underutilized tool that can reduce government spending at federal facilities, create jobs and is budget neutral," said Jennifer Schafer, Executive Director of the Federal Performance Contracting Coalition.

"A legislative price tag, no matter how incorrectly applied, is a non-starter in this current political and budgetary climate. The previous scoring of ESPCs has precluded movement of common sense energy efficiency initiatives and we hope the scoring fix changes that."

Financed and implemented through the private sector, ESPCs reduce energy and operating costs, address maintenance backlogs, and repair or replace aged and failing equipment in federal buildings. The government pays back private partners, over time, with actual savings generated by infrastructure upgrades. The House provision was included as part of the 2018 Budget Resolution and matches that of a previously passed provision by the Senate.

The FPCC is a coalition of energy service companies working with the federal government. Members include AECOM, Ameresco, CEG Solution, Constellation Energy, Energy Systems Group, Honeywell, Johnson Controls, Lockheed Martin, Noresco, Schneider Electric, Siemens, Southland Energy and Trane.