

State and Local Government Purchasing Model *Program Plan*

A Guide for Energy Efficiency Program Administrators

Consortium for Energy Efficiency

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CHAPTER ONE

Introduction

A. Acknowledgements

The author is indebted to the Consortium for Energy Efficiency, the United States Environmental Protection Agency, and the United States Department of Energy. The author also wishes to thank the University of Georgia and Washington State University for research on local government procurement and barriers to the introduction of energy efficiency to government customers. Gratitude also goes to the review team for this manual: Tom Coughlin (National Grid), Janis Erickson (SMUD), Roy Haller (United Illuminating), Jeff Harris (LBNL), John Jennings (NW Alliance), Matthew Dugan (Keyspan Energy) and Rick Kunkle (WSU). Additional thanks to Colin Odell of United Illuminating and Jim Connors of the Maine State Energy Office.

B. Overview

Developed through funding provided by the Consortium for Energy Efficiency, this Model Program Plan (MPP) was prepared to assist CEE member organizations with the development and adoption of a successful state and local government procurement program. The targeted purchasing offices that will be targeted generally purchase for such state and local facilities as police fire departments, hospitals, airports, administrative buildings, schools, universities, libraries, parks and recreation areas, and others¹.

The program will be utilized to promote energy efficiency by making permanent changes in the way state and local government agencies procure and specify energy-consuming equipment. The primary audience for the MPP is the Program Administrator at CEE member organizations, which include gas and electric utilities, and market transformation organizations².

The MPP was developed to assist both the Program Administrator with limited experience promoting efficiency procurement, as well as the Program Administrator running existing efficiency programs aimed at the state and local governments.

¹ In general, institutions of higher learning are exempt from the requirement to work through the central purchasing unit. Instead, such institutions have their own centralized or decentralized purchasing unit internal to that agency. [CEE 1999e.] Tips for targeting such institutions and for reaching K-12 are included in Level II (the “intermediate” level of effort).

² A key partner in any initiative could be state energy offices or agencies responsible for energy planning, policy development, or program development. See contact information for NASEO in Chapter V, Resources.

The MPP is intended to encourage increased purchasing and specifying of *energy-efficient equipment and products* by state and local government agencies and departments. Throughout this document, the term “energy-efficient” equipment and/or products means:

- Products and/equipment bearing the ENERGY STAR[®] label³;
- Products and/or equipment that are within “the upper 25% of energy efficiency” for all similar products as designated by the Federal Energy Management Program (FEMP) of the United States Department of Energy,” and
- Products and/or equipment that meet the efficiency criteria established by the Consortium for Energy Efficiency (CEE)⁴.

In instances where ENERGY STAR, FEMP and CEE cover the same kinds of equipment, their efficiency standards are the same. The categories of products and types of products within each category that are considered energy efficient change periodically, however, so one should keep abreast of all three. The best way for the Program Administrator to keep abreast of these new efficient technologies is to refer to the web sites and other references included in the Resource chapter of the MPP.

Specifically, the MPP is designed to help Program Administrators reach the many individuals within state and local government agencies who are responsible for purchasing and/or specifying energy-using equipment and products for state and local government buildings.

For the purposes of promoting energy-efficient procurement – and the specification of efficient products in solicitations for capital improvements by state and local governments – the Program Administrator should concentrate on reaching the following individuals:

- Procurement officials and staff in central procurement offices of state and local government agencies;
- End-users in the offices that use the equipment and products who (according to CEE’s research) are often the individuals who actually specify the type of products and equipment that will ultimately be purchased by procurement offices;
- Property or facility management offices;
- Third-party consultants hired by property/facility management offices, who often design and engineer construction and renovation projects (these third parties often specify the equipment and products to be purchased and installed in building projects);
- Budget and finance departments of state and local governments;

³ The ENERGY STAR label was created by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy to help consumers identify products that save them money and protect the environment by reducing energy waste. ENERGY STAR is a registered mark owned by the United States Government.

⁴ www.CEEforMT.org/resrc/specs-main.php3

- State and local elected officials (including executive and legislative officials who set policies or write laws regarding such matters as energy-efficiency procurement)⁵;
- Utility staff and contractors who deliver technical, design, and financial assistance, to incorporate the same efficiency measures as should be utilized by state and local government agencies.

Other agencies and/or individuals the Program Administrator should target include trade allies⁶ and developers of e-commerce systems utilized by state and local government purchasers.

Specific guidance concerning the actions necessary to influence these organizations and individuals is provided within Chapters Two, Three, and Four of the MPP. These three chapters form the core of the MPP, instructing the Program Administrator about what is needed to develop an energy-efficiency program aimed at the state and local government customer.

C. Rationale for a State and Local Government Purchasing Program

There are numerous compelling reasons why it makes good sense for CEE members to develop and implement a program directed toward state and local government procurement, and specification of energy-efficient products and equipment⁷. In general, these reasons become obvious after answering the following two basic questions:

1. Why should you focus on “procurement”?
 - To help save taxpayer dollars! State and local governments spend nearly \$50-70 billion on energy-consuming goods. This translates into nearly \$12 billion per year in energy bills⁸. The purchase of energy-efficient models, where available, can help reduce government expenditures on energy bills.
 - To tie the promotion of government purchasing of energy-efficient products and equipment into your existing programs (e.g., expand commercial lighting to governments).
 - To emphasize a high degree of cost effectiveness to the government customer of energy-efficient products and equipment. These products often provide the “best value” to government by offering benefits in addition to energy savings.
 - To utilize existing information and processes to facilitate state and local government purchasing and specification of energy-efficient products and equipment.
 - To follow clear and explicit criteria as to what products and equipment are

⁵ See Resources chapter - Section C

⁶ For example: vendor organizations.

⁷ It is important to also keep in mind the broader context of energy industry and market developments. Appendix A provides a situation summary.

⁸ Kunkle et al. citing 1998 US Business Statistics, in “Public Procurement and Energy Efficiency in the Pacific Northwest, p. 1; and Reynolds, Ned, “ENERGY STAR Purchasing for State & Local Governments,” Lawrence Berkeley National Laboratory, 1997, p. 11.

- energy efficient (e.g., FEMP, ENERGY STAR, and products meeting CEE criteria).
 - To access substantial tools, research and programs from CEE and other sources upon which to build a program (e.g., CEE procurement research, utility rebate programs, etc.).
2. Why should you focus on “government institutions”?
- Large buyers like state and local government agencies are a significant share of the total market for any given product.
 - State, county and municipal government agencies are highly visible and often serve as “models” for other government agencies, commercial establishments, and consumers.

However, it is important to recognize that government organizations face many competing needs, and any effort to encourage the procurement of energy-efficient products must be understood in this broader context.

D. Proposing and Getting the Plan Approved

The first step is to select the appropriate plan level and obtain internal approval of the plan. Essentially, one must identify available resources, scope the market opportunity and identify appropriate goals. Appendix B outlines a simple process for doing this.

E. How To Use The MPP

The MPP is simple to use. It contains three core chapters (I, II and III) offering the Program Administrator a choice of three suggested programs (or “levels of effort”) to facilitate procurement process changes within state and local government customer agencies and departments.

The Program Administrator may select any one of the three “levels of effort,” or may develop a custom-made program tailored to the needs of the particular organization for which the Program Administrator works. The base level of effort (Chapter Two) is suggested as a minimum level of effort for promoting energy-efficient procurement and obtaining favorable results.

Each of the remaining two program levels (Chapters Three and Four) contains more complex and far-reaching program strategies and activities than Level I. Level III, of course, offers the Program Administrator the most comprehensive program template. It enables CEE members to reach more end-use products and state and local government agencies than the first two levels. Finally, the Program Administrator should note that these three program levels are offered as *suggestions* for reaching the state and local government customer. CEE members may adopt their own program, utilizing any and all elements of the three program levels as deemed appropriate by the particular organization.

There is a common format to each of the three levels of effort. Each level contains a program overview, minimum staff and budget recommendations, and discusses entrance and exit strategies as well as the expected duration of the program. The key program differences among the three levels of effort are described below.

Level I focuses on:

- Establishing relationships with state and local government procurement offices.
- Strongly encouraging the adoption of an agency-wide policy on energy-efficient purchasing, along with corresponding regulatory and procedural changes (see Appendix F).
- Briefing procurement staff and managers on the benefits of efficiency purchasing.
- Identifying incremental procurement process changes that may be implemented to promote efficiency purchasing.
- Building on existing programs (e.g., “buy green”) within state/local agencies.
- Utilizing existing programs within CEE member organizations (e.g., rebate programs).
- Establishing a “pilot project” and leveraging the efforts (e.g., targeting a limited number of equipment/product types).

Level II focuses on:

- Including all components of Level I.
- Expanding program reach to increased numbers of state and local government agencies.
- Advocating procurement process improvements for public schools (K-12) and institutes of higher education.
- Advocating improvements in product and bid specifications among facility/property management departments⁹.
- Training third-party consultants utilized by state and local government facility/property management departments about incorporating energy efficiency into equipment specifications.
- Providing targeted markets with the necessary tools, research materials, case studies, and technical and other support and follow-up assistance to facilitate desired changes in procurement processes and product/bid specifications.
- Providing training and leveraging the positive experiences of state and local government end-users.

Level III focuses on:

- Including all components of Levels I and II.
- Expanding program reach to increased numbers of state and local government agencies, including townships.
- Targeting budget, finance, and capital planning offices of state and local governments.

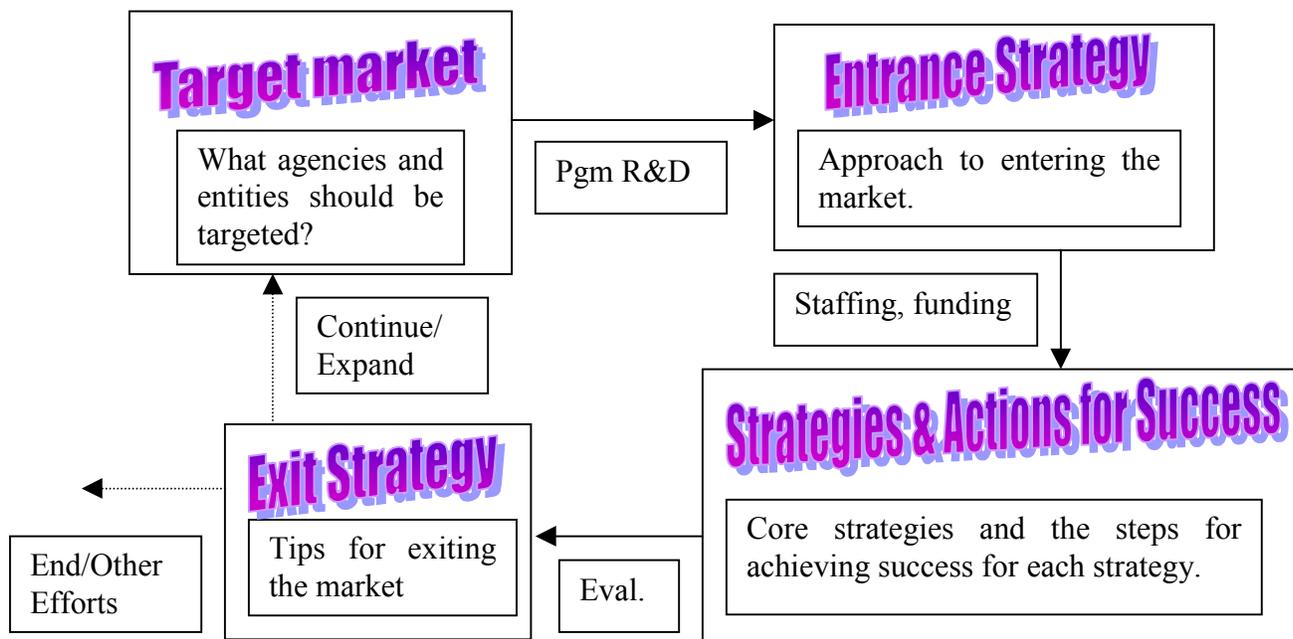
⁹ Facility/property managers for institutes of higher education are often separate from those offices for other state and local government agencies. Strategies for reaching both sectors are presented in chapter 3.

- Reaching web-developers and managers of on-line procurement systems available to state and local government purchasers.
- Promoting the importance of energy efficiency to trade allies (e.g., vendors and manufacturers).
- Targeting key decision-makers in the state and local government sector (e.g., state governors, and regulatory and legislative officials).

For each level of effort, including Level I, the Program Administrator should attempt to contact the policy-makers within the targeted agencies. See Level III on reaching policy-makers.

Guidance on performance measurements, including how to establish a baseline and how to gauge the impact of the program (i.e., Level I, II, or III, or a custom-made program), can be found by referring to the Evaluation Scoping Study [CEE 2001a].

In general, the flow of the three suggested levels of effort follows (note that each level of effort begins with a brief overview, followed by guidance on anticipated program duration, staffing, and funding):



CHAPTER TWO

Level I: A Basic Program for Energy-Efficiency Purchasing

A. Overview

This program level is designed for CEE member organizations with limited staff and budget, as well as members with little or no experience in this market, but with an interest developing at least a minimal program (e.g., pilot program).

See Section F for the suggested actions for meeting the numerous overall strategies for this basic level of effort. If this basic level of effort is implemented, the Program Administrator will 1) educate the state and local government procurement office about the benefits of purchasing efficient products and 2) facilitate incremental procurement process changes that promote such purchasing.

As should be the case with the initiation of any new program, the Program Administrator should first establish baseline information on procurement of energy-efficient equipment/products for use in eventual performance evaluation. Refer to the Evaluation Scoping Study [CEE 2001a].

B. Program Duration

The program should have a commitment of three years:

- One year to establish a presence with the target market;
- One year to work with the target market to identify achievable policy and process changes within the government agency or organization; and
- One year to facilitate and monitor the changes made.

C. Program Staffing and Funding

The program, at minimum, will require ½ FTE (Program Administrator) and ¼ FTE (administrative assistance). The Program Administrator should have basic marketing and sales aptitude and skills, plus basic technical knowledge of the simpler energy end-use technologies being addressed. Basic knowledge of procurement processes will help the Program Administrator to understand procurement staff with whom s/he will interact. The administrative person should also receive training and mentoring in order to occasionally substitute for the program administrator.

It is also possible that a portion of the time of existing FTEs dedicated to programs that may be readily extended to the state and local government sector (e.g., commercial lighting or HVAC) could be reassigned to design and implement this modest Level I program.

Annual funding will cover the loaded labor costs of the Program Administrator and administrative assistant, plus at least the following out-of-pocket funding:

D. Target Market

The target market for a Level I program is the state and local government procurement staff and management.

You should be able to reach and establish relationships with at least three or four large agencies in any combination of States, Counties and Large Cities (e.g., one state, one or two counties, and one or two large cities).

Furthermore, for the best leveraging of your time spent educating staff and management in these government agencies you should attempt to focus on increasing the procurement of specific and limited numbers of product types (e.g., lighting, HVAC, and office equipment).

The determination of such products will depend upon factors such as relative importance to the agency in terms of overall purchasing, funds, and energy savings.

Finally, you may also invite the involvement of two or three other state or local governments (in addition to those listed above) with experience in purchasing efficient products to serve as “role models.”

¹⁰ The contribution to national coordination could be used: to co-fund CEE activities in government procurement; to assist staff travel to CEE government procurement committee meetings; and to brief and assist state purchasing associations and offices in the incorporation of energy efficiency into the procurement process.

E. Market Entrance Strategy

The program targets procurement department staff and managers. The strategy is generally to establish contact with procurement offices; provide information and training on the benefits of energy-efficient procurement; and identify and advocate selective changes in procurement processes to incorporate consideration of energy-efficient products and equipment.

Specific guidance on how to accomplish the identified strategies is provided in Section F, below.

F. Strategies and Actions for Success

The following are suggested strategies, and actions to meet these strategies, which will help the Program Administrator effectively target the key people who purchase products and equipment for state and local government agencies. Actions are then listed to assist these individuals in making selected procurement process changes that promote efficiency.

1. Select Agencies to Target

Responsibility for purchasing products and equipment for use in state and local government agencies often resides with a central purchasing unit. [CEE 1999d]. These purchasing offices will be your most useful contact points.

To determine whether to work with one county or one state¹¹ over another, select government agencies that are likely to be the most receptive to energy-efficient procurement in your customer territory. Some of the criteria to examine in making a selection include:

- Centralized purchasing office (or co-op purchasing, that is, purchasing for other agencies)
- Size (total revenues, floor space, staffing or population)
- Readiness (political will, staff capability, likely champions)
- Existing activities as springboards (“Green” purchasing policy [USEPA 2000a], e-commerce developments¹², participation in various energy-efficiency programs, capital funding for retrofits available).

2. Meet With and Survey Experts within Targeted Agencies

- Set up a meeting with your contact to conduct a brief survey on procurement processes within the target office and specific information on energy-efficient

¹¹ For state agencies, you should aim for the top: contact the head of state purchasing, for example. Contact NASPO, the National Association of State Purchasing Officers, see References, Chapter V.

¹² Contact the state, county, or municipal purchasing office to see if they utilize web-based systems for purchasing commodities.

procurement (for sample meeting invitation letter see Appendix C).

- Encourage your contact to invite other knowledgeable staff to the meeting, especially those knowledgeable about energy efficiency and any new purchasing trends (e.g., “green purchasing”) as these provide opportunities for market transformation in the future).
- Ask survey questions to learn about purchasing processes and to determine opportunities for procurement process changes (Use Appendix D – Utility Interview Guide).
- Obtain information from staff with knowledge about successes of efficient products and equipment, and promote those commodities.
- Invite yourself to offer training on energy efficiency procurement – schedule a date quickly.

3. Follow up with Comprehensive Energy-Efficiency Seminars

- Using established contacts, invite yourself to speak and offer professional development seminars at any regularly scheduled meeting of purchasing or state purchasing organizations (For a sample training invitation letter, see Appendix E. See also the training modules on energy efficiency and ENERGY STAR [CEE 1999g and h]).
- Encourage your contact to invite other staff, energy-efficiency champions, public policy officials, etc.
- Be sure to invite any contacts in the state or local governments’ “buy green” or “environmentally preferable purchasing program” if such a program exists [USEPA. 2000a].
- Be sure to include environmental benefits in discussions on energy-efficient procurement. Emission reductions accomplished by reduction in energy consumption benefits air and water quality.
- Acknowledge the importance of other key priorities relevant to purchasing for state and local buildings (e.g., product performance requirements, reliability, ease of maintenance). Energy efficiency may not be at the top of the list but efficient products are not inconsistent with these other interests.
- Provide training at meetings of procurement officials and staff on energy-efficient procurement and on the EPA/DOE ENERGY STAR Purchasing Tool Kit¹³ (Contact the EPA’s ENERGY STAR Hotline at 1-888-STAR-YES to order Tool Kits).
- Solicit ideas during all meetings and training sessions with purchasing staff on ways to promote energy-efficient procurement as a permanent part of the purchasing process.

4. Promote Adoption of Sample Energy-Efficient Purchasing Policy Statement

- Introduce Sample Policy Statement to procurement staff. See example policy statement in Appendix F.
- Encourage adoption of Statement as part of procurement mission.

¹³ Use CEE’s “Generic Tool Kit Training Presentation” and “Purchasing For Energy Efficiency: State and Local Governments.” Both are available from CEE and are in Microsoft PowerPoint® format.

- Prepare to defend proposed policy if questions arise about it being unnecessarily restrictive. A solid response is that it is not restrictive because so many manufacturers make ENERGY STAR-qualified (or equivalent) high-efficiency products.

5. Provide Resources and Tools to Procurement Staff and Energy-Efficiency Champions

- USEPA/DOE ENERGY STAR Purchasing Tool Kit.
- CEE’s Guidebook for Purchasers [CEE 2000c].
- Fact sheets or other publications of utilities on financial or other assistance available.
- Promote the appointment of an “Energy-Efficiency Advocate (or Champion)” by the government customer to facilitate communications about energy efficiency and foster increased efficiency through procurement and other venues.

6. Develop Opportunities to Promote Pro-Efficiency Changes in Procurement Practices

- Suggest basic methods for incorporation of efficiency into purchasing processes including:
 - Reliance on ENERGY STAR Purchasing Tool Kit, FEMP criteria for efficiency, and CEE product specifications (See Web sites in Reference Chapter);
 - Review by purchasing officials/staff of purchasing policies for incorporation of efficiency specifications for ENERGY STAR-labeled products or other energy-efficient products
 - Encourage incorporation of the specifications for energy-efficient products as described in the Overview section (B) of Chapter One. These standards should be referred to by purchasing staff in all RFPs when seeking replacement of existing equipment and/or in bids for new construction or renovation projects; and
 - Incorporation of life cycle costing considerations in purchasing decisions. Existing purchasing policies/rules may limit contracts to the *lowest cost responsible and responsive bidder* (or similar words). If *lowest cost* may be based on life cycle cost (as is the case with *many* procurement policies), no policy change is needed. Otherwise, encourage modification of the policy. Some policies allow for exceptions to rules on lowest cost bids; if this is the case, inquire whether *lowest life cycle cost* is such an exception.

7. Leverage Existing State and Local Government Programs

- Emphasize existing state and local government programs that may be readily extended to energy-efficient procurement¹⁴:
 - “Environmentally preferable purchasing” [USEPA 2000a. for information on EPP generally] including existing policies or executive orders;

¹⁴ For information on whether any of the listed programs exist in the government agencies you are targeting, contact the applicable central procurement offices for the state, city, or county in which the agencies may be found.

- “Best value” buying [USEPA 2000a for general information];
- Life cycle costing methods; and
- E-commerce systems for purchasing via the Internet.

8. Leverage Existing Utility Programs

- Inform the customer of available end-use efficiency programs, if available. (Rebates, low-interest financing, utility energy service contracts [finance retrofit and replacement] and other incentives).
- Consider making the government customer eligible for financial incentives currently available to commercial and residential sectors.
- Consider utilizing staff in other utility programs (e.g., commercial lighting, HVAC, etc.) to develop and promote the state and local government program.
- Add a web page to your Internet site to provide basic promotional information and links to helpful resources.

9. Suggest a Pilot Project for Selected Equipment or Products

- Target the type of products and equipment you will encourage as the center of this base level procurement effort. The Program Administrator may choose to target these products (and equipment types) to a particular government agency or department.
- Select end-uses that utilize less complex technologies (e.g., office equipment, packaged AC or lighting retrofits) and can be purchased in a standardized manner using commonly defined efficiency criteria (i.e. ENERGY STAR, FEMP and CEE criteria).
- Lighting, packaged HVAC, and office equipment may be good examples to start with. Factors to consider when selecting focus products are: salience of commodity in the agency; number of purchases made of product type; and energy consumption and savings potential due to particular commodity¹⁵. The initial survey and follow-up interviews with key experts in purchasing and in other agency offices will help you to narrow the program to select products.
- Build upon successful encouragement of such purchases to include additional products (e.g., motors, appliances, chillers).

G. Exit Strategy

The basic exit strategy for this level is public recognition of the positive changes achieved with governments. Thus, upon exiting this program level, the Program Administrator should provide visible recognition to those procurement and facilities/property management officials and staff who have encouraged changes in procurement processes that promote energy efficiency. The nature of such recognition can be derived from an assessment of the success of this level (see the Evaluation

¹⁵ Utilize the Simple Savings Calculator (included as a diskette in the ENERGY STAR Purchasing Tool Kit; see also Appendix G) to demonstrate savings potential for a particular commodity.

Scoping Study [CEE 2001a]), which may also suggest expanding the effort to Levels II or III.

Some suggestions for public recognition are to:

- Announce efforts of government officials/staff in company newsletters or fliers. Provide copies to all government customers, illustrating “model” institutional behavior and encouraging replication of efforts by other agencies and departments.
- Provide a placard to participating government officials and staff commending the procurement process changes that further energy efficiency.

Finally, the Program Administrator should, after gauging the success of the initial effort in accordance with the Evaluation Scoping Study [CEE 2001a], follow up on the effort. The program could be expanded to include additional strategies or a broader scope (e.g., reaching more agencies or encompassing more products). Such additional strategies are described in Chapters Three and Four (Program Levels II and III).

CHAPTER THREE

Level II: An Intermediate Program for Energy-Efficiency Purchasing

A. Overview

This program level is designed for CEE member organizations with an interest in more than a basic level outreach effort aimed at central procurement offices within state and local governments.

A Level II program effort will enable the Program Administrator to reach not only the central procurement offices of states and local governments, as are targeted in Level I (Chapter Two), but also numerous other agencies. Among the agencies included in this expanded state and local purchasing program are public schools (K-12), institutes of higher education, facility/property management departments of both state/local government agencies and institutions of higher education¹⁶, and third-party consultants often hired by facility/property managers. In addition, the MPP will also provide guidance on reaching end-user agencies of the energy-consuming products and equipment.

The Program Administrator should be aware that central purchasing offices of state and local government agencies purchase for many different types of agencies, including public hospitals, police and fire departments, airports, public administration buildings, and more. However, several types of agencies are exempt from the requirement to go through the purchasing offices, although they may voluntarily elect to do so. Typically, exempted agencies include institutes of higher education (e.g., colleges and universities)¹⁷. For the most part, **exempt agencies** will each have some type of centralized or decentralized purchasing unit internal to that agency¹⁸.

Therefore, institutes of higher education will need to be targeted independently from central purchasing offices for other state and local government agencies. Guidance on reaching higher education institutes, and their facilities/property management offices, is also provided in this chapter.

As is the case with the other two levels of effort, this intermediate level of effort should begin with the Program Administrator establishing baseline information on procurement of energy-efficient equipment and products for use in eventual performance evaluation. Refer to the Evaluation Scoping Study [CEE 2001a].

¹⁶ Generally, institutes of higher education have their own facility management offices, separate from the ones that are responsible for management of other state and local government buildings.

¹⁷ Legislative bodies are also exempted.

¹⁸ CEE 1999e.

B. Program Duration

The program should have a minimum commitment of three to four years:

- Year 1 would be spent in two types of activities. First, develop and launch the program's promotional strategy, contact customers and begin to establish a presence in the target market. The second type of activity is to establish coordination with other end-use efficiency programs for which government customers are eligible, to begin leveraging other resources.
- Year 2 is used to pursue the actions necessary to implement a fully operational program.
- Year 3 is an expansion of efforts beyond Year 2, to include greater numbers of customers and customer groups (e.g., schools and universities) and the beginning of more formal evaluation work¹⁹.
- Year 4 expands the program reach to additional state and local government offices, including facility/property management offices responsible for new construction and renovation projects and architects and engineers, and end-users of energy-efficient products.

C. Program Staffing and Funding

The program should be staffed with a minimum of 1 FTE (Program Administrator) and ½ FTE (administrative assistance). The program administrator should have a combination of intermediate-to-advanced marketing and sales aptitude and skills, plus basic technical knowledge of the energy end-use technologies they will be addressing. Knowledge of government organizational structure, especially of purchasing offices and facility/property management offices, is useful.

While the administrative person should be encouraged to mentor with and observe the Program Administrator, it is a good idea to designate another staff member as a backup Program Administrator. In addition to the core program staff, other program staff (i.e., managers of other end-use programs; field representatives) should be available part-time (10-20%) to assist the Program Administrator²⁰. Also, plan to retain a nominal amount of outside technical support to help estimate energy and cost savings of potential options, and to assist with evaluation.

Funding each year will need to cover the loaded labor costs of the Program Administrator and Administrative Assistant, plus a portion of the labor costs of various end-use program administrators. Minimum out-of-pocket annual funding is estimated for the following items:

¹⁹ Less formal evaluation efforts will be made in years one and two to monitor program progress.

²⁰ This time commitment should be somewhat offset by the return efforts of the government procurement program administrator in helping to promote the goals of the various end-use programs.

• Promotional materials/web page	\$15,000
• Training (staff and customer)	15,000
• Travel, supplies	6,000
• Contribution to national coordination ²¹	4,000
• Technical analysis support	20,000
• Miscellaneous and contingencies	<u>10,000</u>
Total annual out-of-pocket	\$70,000

It is assumed here that the costs for rebates and other incentives, plus costs for other programs' promotional materials used by the government procurement program, are handled by the various other program budgets²².

If your organization has marketing representatives in the field to promote end-use programs, consider organizing a dedicated field staff for this government purchasing effort (numbers will depend on the size of your existing marketing effort and organization, and your broader retail development and market strategy).

D. Target Market

The target market for this program includes not only the central procurement offices of state, county, and municipal governments (the focus of the basic program effort in Level I), but also:

- Public schools (K-12);
- Institutes of higher education (e.g., universities/colleges);
- Facility/property management offices²³ for state and local government agencies, and for institutes of higher education²⁴;
- Third-party consultants hired by facility/property managers; and
- Selected end-user offices²⁵ (i.e., those offices that are the recipients of the energy-consuming products purchased by central procurement).

Funding and staffing estimations for this level of effort will allow the Program Administrator to reach one or two states, three to five counties, and up to 10 large or medium-sized municipalities. This also could include the targeting of school districts and institutions of higher education (e.g., universities/colleges) as part of the state and local

²¹ This contribution could include: co-funding CEE activities in state and local government procurement; enabling staff travel to CEE government procurement committee meetings; and providing technical outreach to purchasing associations and offices in the incorporation of energy efficiency into the procurement process.

²² There are various ways to handle the cost accounting relative to how impact accounting (i.e., therm or kWh goals) is handled. It is assumed that such details will be handled by each organization individually.

²³ Facility and property management offices are responsible for managing capital projects including new facility construction and renovation of existing facilities.

²⁴ Generally, colleges and universities have their own facility/property management offices. [CEE 1999e.]

²⁵ End-users are often those individuals who, rather than central purchasing office staff, actually specify the products they will purchase. [CEE 1999e.]

government outreach effort. Tradeoffs will be needed, however, if additional customers, customer staff, or additional end-uses are to be pursued. For example, the Program Administrator may pursue one or two school districts or colleges instead of a municipality; depending on the relative sizes, the costs and time involved with addressing schools may be more or less than the cost of municipal customer efforts.

E. Market Entrance Strategy

The program employs a customer relationship management strategy. Customer relationship management is a strategy based on ongoing, relatively personal interaction rather than one-directional, often media-driven promotion. Thus, the strategy is to build an understanding of the needs and resources of customers as the basis for suggesting products or services. In many cases, only incremental changes are suggested at first; over time, these can develop into a broader solution that employs a portfolio of products or services. This effort goes beyond increasing the awareness of energy efficiency as an important purchasing criterion, and encouraging only those changes that can be made without substantial effort or cost, as is the case in the basic level program (Level I).

This program level should have at least one full-time employee dedicated to the design and implementation of a state and local government purchasing program. Therefore, this level of effort will enable the Program Administrator to reach not only more agencies or departments, but also different ones than are targeted in a Level I effort. This means that in addition to reaching the central procurement offices, the Program Administrator will market efficiency in facility/property management departments, schools and universities, and selected end-users.

The Program Administrator (and any supporting field representatives) will:

- Establish relationships with this expanded target market of state and local government agencies;
- Advocate selective changes in procurement processes to promote energy efficiency at state and local government agencies, public schools, and institutes of higher education;
- Advocate selective changes in products and bid specifications among facility/property management offices. (Facility/property managers for institutes of higher education are often separate from those offices for other state and local government agencies. Strategies for reaching both sectors are presented in this chapter); and
- Provide targeted markets with the necessary tools, research materials, case studies, and technical and other support and follow-up assistance to facilitate desired changes in procurement processes and product/bid specifications.

F. Strategies and Actions for Success

The following suggested strategies, and actions to meet these strategies, expand upon the market targeted in Level I (central procurement offices of state and local governments). Level II encompasses public schools (K-12); institutes of higher education; facility/property management departments; and third-party consultants (e.g., architects and engineers) hired by facility/property management departments. In addition, this level of effort provides strategies for reaching selected end-users. The strategies for targeting these markets are:

1. Select Agencies to Target

- Aim to reach one or two states, three to five counties, and up to 10 large or medium-sized municipalities. Targeted agencies should include: school districts; institutes of higher education (universities/colleges)²⁶; and facility/property management offices for state/local agencies, and for universities/colleges.²⁷
- Determine which – and how many – states, counties, municipalities, school districts, and universities to target by examining the following criteria²⁸:
 - Centralized purchasing office (or co-op purchasing, that is, purchasing for other agencies);
 - Size of school districts, universities/colleges, and facility/property management departments, and any additional targeted state or local government agencies²⁹. Determine number of buildings, total revenues, floor space, staffing or population);
 - Readiness (political will, staff capability, likely efficiency champions); and
 - Existing activities as springboards (e.g., “Green” purchasing policy [USEPA 2000a], e-commerce developments³⁰, participation in various energy efficiency programs, and the availability of capital funding for retrofits).

2. Arrange for Meeting with and Interviewing Experts within Targeted Agencies

- Guidance on whom to contact within each target agency (school districts, institutes of higher education, and facility/property management departments) is provided under the general strategy section individual to each specific target agency; see below.

²⁶ See case studies developed by CEE on the procurement processes of selected universities and one school district. [CEE 1999f.]

²⁷ Institutes of higher education generally have their own facility/property management offices. [CEE 1999e.]

²⁸ It is a good idea for the Program Administrator to examine the official web site of any potential target market [state or local government, school district, university] before making initial contacts with the market. Useful background information on size, financial status, energy use, etc. is often available.

²⁹ Keep in mind that Level II allows for reaching state and local government agencies targeted in Level I in addition to the expanded target market of Level II (e.g., school districts, facility/property management).

³⁰ Contact the state, county, or municipal purchasing office to see if it utilizes web-based systems for purchasing commodities.

- For each targeted market, the Program Administrator should conduct initial interviews with contacts to gain background information on energy-efficient purchasing or specifications of energy-efficient products and equipment³¹.

3. Urge Designation of an “Energy Champion”³² for Each Target Agency

- To “spread the efficiency word”;
- To ensure that procurement policies promote efficiency;
- To assist those wanting to specify/buy ENERGY STAR-labeled products;
- To provide recognition to offices/individuals specifying efficient products; representing the agency at seminars/meetings/before the media;
- To work with partner agencies and associations (e.g., purchasing associations).

4. Promote Adoption of Sample Energy-Efficient Purchasing Policy Statement

- Introduce Sample Policy Statement (sample in Appendix F) to purchasing staff of institutes of higher education, school district purchasing officials, and facility/property management offices for state and local agencies and for institutes of higher education.
- Encourage adoption of Statement.
- Prepare to defend proposed policy if questions arise about it being unnecessarily restrictive. A solid response is that it is not restrictive because so many manufacturers make ENERGY STAR-qualified (or equivalent) high efficiency products.

5. Promote Energy Efficient Procurement in Universities/Colleges

- Arrange to meet with university/college procurement department managers, top management from budget offices, and other high-ranking officials from the institutes of higher education.
- Ask each contact for the names of other potentially interested individuals who should be invited to the meeting and follow up on suggestions.
- Offer energy-efficiency presentations³³ to large group meetings of all suggested contacts.
- Ask meeting participants whether they are aware of ENERGY STAR-labeled products or other energy-efficient products and whether they have any experience in purchasing/specifying such equipment in their jobs (or at home).
- Encourage purchasing and specification of ENERGY STAR-labeled products for their specific school agencies or offices.
- Provide copies of the Sample Purchasing Policy (Appendix F) or include it in the slide presentation on energy efficiency.
- Offer an energy audit as a follow-up to meeting and pursue leads to set date for audit. After the audit, offer suggestions on reducing energy consumption and

³¹ Make minor modifications to, and utilize, the Utility Interview Guide (Appendix D) to interview purchasers from universities, school districts, and central procurement offices for state/local government agencies.

³² [CEE 2000b, c.]

³³ [CEE 1999h.]

steps to be taken to accomplish reduction, including replacement of equipment/products.

- Urge meeting participants to review success stories about savings achieved in higher education facilities by examining the EPA/DOE ENERGY STAR web site³⁴.
- Encourage benchmarking of school buildings³⁵ and striving for an ENERGY STAR Label for buildings.
- Encourage entrance into a performance contract to realize savings through building upgrades. Explain that performance contracting involves reimbursing the energy service company (ESCO) from savings realized due to upgrades, and that once the contract is completed, future savings accrue to the facility.

6. Promote Energy-Efficient Procurement in Public Schools and School Districts³⁶

- Arrange to meet with school superintendents; school administrators; school boards; other high ranking school district or school representatives; central purchasing office responsible for purchasing for the school/district; and Parent-Teacher Associations³⁷.
- Offer presentation on energy efficiency [CEE 1999h].
- Arrange for additional follow-up meeting with purchasers for the school or district. Offer training specifically on the ENERGY STAR Purchasing Tool Kit to this group of contacts [CEE 1999g].
- Include cost, energy, and environmental benefits of energy efficiency in presentation, and information on student performance in relationship to green buildings. This is a tremendous amount of information on benefits of purchasing efficient equipment and should be helpful in garnering support to increased efficiency.
- Urge meeting participants to review success stories about savings achieved in higher education facilities by examining the ENERGY STAR web site³⁸.
- Provide informational resources to meeting participants³⁹.
- Encourage benchmarking of school buildings⁴⁰ and striving for an ENERGY STAR Label for buildings.

³⁴ www.energystar.gov. – Click on "schools," then select "higher education." The link includes tools and software on energy efficiency; and product information for classrooms, administrative buildings, student housing and computer labs. The site also contains success stories about particular colleges and universities.

³⁵ For benchmarking a building, refer to www.energystar.gov and click on schools, then "Benchmark Your Building."

³⁶ In many states, schools are grouped in districts and coordinated on a state level. The potential for energy-efficient purchasing is very large (there are over 109,000 schools in the U.S.). Successful efforts to promote energy-efficient procurement can be replicated across the nation. A recent market analysis estimates that schools occupy approximately 5 million square feet and consume over 2.9 million kWh annually. [CEE 1999f, Final Report on Harlandale School District, Texas.]

³⁷ How energy-consuming (and other) products are purchased for public K-12 schools varies from state to state. Oftentimes, central procurement offices that purchase for other state or local agencies also purchase for schools. If this is so, the Program Administrator will need to have central procurement officials present at educational seminars and other meetings to promote efficiency procurement.

³⁸ Go to www.energystar.gov and click on schools, then "K-12."

³⁹ USDOE 2001a, b, c, d.– includes basic information on the EnergySmart schools campaign of Rebuild America and three brochures on efficient schools for school facility managers, school administrators, school board members, and parents and teachers.

- Encourage entrance into a performance contract to realize savings through building upgrades⁴¹. Explain that performance contracting involves reimbursing the ESCo from savings realized due to upgrades, and that once the contract is completed, future savings accrue to the facility.

7. Promote Energy-Efficient Specifications and Purchasing to Facility and Property Management Departments⁴²

- Arrange to meet directors or top management of facility/property management departments⁴³.
- Offer presentation on energy efficiency [CEE 1999h].
- Encourage facility/property managers to include energy-efficient specifications in RFPs or other solicitations for construction and renovation projects.
- Encourage facility/property managers to ask perspective bidders (perhaps as part of a pre-qualification process) about bidder knowledge and appreciation of energy-efficient technologies.
- Urge that facility/property management departments require that third-party contractors (e.g., architects and engineers) who design capital projects specify energy-efficient products wherever possible.
- Offer to perform an energy audit or encourage use of an ESCo for an audit of any facility managed by the particular facility management department. Even the facility management building itself could be audited.
- Offer special financing arrangements for upgrades to buildings or referrals to lending institutions that offer low-rate or zero-interest financing.
- Encourage benchmarking of buildings and striving for an ENERGY STAR Building Label⁴⁴.
- Urge that any building lease signed by universities, colleges, or other state or local government agencies include energy-efficient maintenance and operation practices.

⁴⁰ For benchmarking a building, refer to www.energystar.gov and click on schools, then “Benchmark Your Building.”

⁴¹ In 1999, US EPA recognized schools in Wyandotte Michigan for being “green.” Ten school buildings were the subjects of a performance contract. The schools were guaranteed savings of almost \$900,000 due to replacement of old HVAC and lighting systems with efficient ones.

⁴² Other organizations – such as third-party contractors, architects and engineers – often have a direct role in decisions to use or not to use energy-efficient equipment. As the Program Administrator, you will need to meet with such organizations to facilitate energy-efficient specifications. This strategy is covered later in this chapter.

⁴³ As previously mentioned, colleges/universities have their own facility/property management departments. General tips for reaching these and other facility/property managers will be the same, but where there are differences, they will be identified in the strategy for reaching the particular facility managers. See “Contact” information for APPA (association representing higher education facilities), in Chapter V (Resources).

⁴⁴ Go to www.energystar.gov and click on schools, then “Label Your Building.”

8. Meet with Associations of Designers/Architects/Engineers and Third-Party Consultants

- Arrange to meet with designers/architects and other third-party consultants involved with new construction and/or renovation for state and local governments⁴⁵.
- Offer presentation on energy efficiency [CEE 1999h].
- Encourage such associations to offer training and certification program for energy-efficient facility design.
- Emphasize that when third-party consultants include – through equipment specifications – energy-efficient products in capital projects, they help the government client to realize cost savings, achieve better performance, and save energy. In addition, the consultants strengthen their client relationships. [CEE 2000d.]

9. Train End-Users/Customer Agencies⁴⁶

- Provide training on energy efficiency to larger and identifiable user/customer agencies of the procurement office⁴⁷.
- Invite the testimony of energy-efficiency champions and known purchasers of ENERGY STAR-labeled products (or of other energy-efficient products) in other agencies to meetings of “uninitiated” end-users.
- Utilize the ENERGY STAR training module [CEE 1999g] and the general energy-efficiency training module.
- Urge end-user/customer agencies of the procurement offices to specify energy-efficient products when requesting purchases: ENERGY STAR-labeled products may be asked for by name. Often, for purchases under a certain dollar amount, end-user offices purchase products on their own.
- Encourage central procurement offices and end-users to work cooperatively to specify energy-efficient products when making purchases. Very often, end-user offices specify products ordered through central purchasing offices.
- Offer to use actual and recent purchasing examples from the end-user agency (for instance, 20 computers or 10 printers just purchased or about to be purchased by the agency) to illustrate savings through the use of Simple Savings Calculator⁴⁸.

⁴⁵ Such associations can reduce state and local government energy use by including efficient products in projects they design.

⁴⁶ End-user offices/individuals often specify the products they will use, sometimes in conjunction with central purchasing offices. End-users are numerous, diverse, and not organized into “associations,” so are difficult to reach.

⁴⁷ Ask the procurement officers to invite representatives of large user/customer agencies to staff meetings, seminars, conferences at which you, the Program Administrator, will present. The Program Administrator should follow up by inviting identified end-users to training seminars using member letterhead. Use Appendix C as model.

⁴⁸ Provide copies of, and explain, Appendix F on calculating savings from the purchase of products with the ENERGY STAR label.

10. Utilize Promotional Support and Resources

- Prepare promotional materials (both printed and web-based), including a brochure customized for the state and local government segment.
- Prepare several versions, if possible, for each of the target markets (e.g., school districts, institutes of higher education, and facility/property management departments).
- Refer in the brochure to the various applicable end-use programs that can be useful to customers.
- Utilize the resources of other programs in your portfolio, and augment those resources with an independent expert, such as a consulting engineer.

G. Exit Strategy

As with Level I, this program plan suggests a public recognition exit strategy. Recognition activities complement the customer relationship management strategy of this plan, to enhance the relationship with customers and confirm the value of their procurement process changes. Provide visible recognition in the following ways:

- Announce efforts of government officials/staff in company newsletters or fliers. Provide copies to all government customers, illustrating “model” institutional behavior and encouraging replication of efforts by other agencies and departments.
- Provide a plaque to participating government officials and staff commending the procurement process changes that further energy efficiency. For significant projects, or where procurement processes have been noticeably upgraded, organize a public awards ceremony and invite media representatives.
- Consider a “challenge” program that invites government customers to compete for a “best practices” award in developing and implementing procurement practices that incorporate energy efficiency, or for efficiency improvement projects the customer undertakes.

The Program Administrator should undertake a follow-up strategy that expands the effort in the target market to build upon successes. Look to strategies suggested in Level III (Chapter Four) for an expanded program. This should be initiated in a subsequent year after assessing the success of this initial effort as determined by program evaluation in accordance with CEE’s Evaluation Scoping Study [CEE 2001a].

CHAPTER FOUR

Level III: An Advanced Program for Energy Efficiency

A. Overview

This program level is designed for CEE member organizations interested in the most comprehensive program promoting the specification and procurement of energy-efficient equipment and products in the state and local government sector. A Level III program effort will enable the Program Administrator to reach not only the agencies and third parties targeted in Levels I⁴⁹ and II⁵⁰ (Chapters Two and Three, respectively), but numerous other agencies, government branches and third parties.

The program scope is now expanded to include: additional departments and agencies with selected state, county, and municipal governments; selected smaller government (i.e., townships); budget and finance departments of state and local governments; web-developers and managers of e-commerce systems utilized by government purchasers; trade allies (e.g., vendors and manufacturers); and key decision-makers in state and local government (e.g., state governors, regulatory and legislative officials).

This level of effort will facilitate, to the greatest degree possible, the actual transformation of the market. Over time, ongoing program activities can be more cost-effectively directed to maintaining these changes. This level of effort should be a self-sustaining one that will forward market transformation and enable eventual withdrawal from the program so that procurement of energy efficiency may proceed on its own in the marketplace.

As with Levels One and II, this advanced level of effort should begin with the Program Administrator establishing baseline information on energy efficiency procurement in the state and local government sector. This information will provide a clear picture of the market before intervention, allowing for better assessment of market transformation impacts. Refer to the CEE Evaluation Scoping Study [CEE 2001a].

B. Program Duration

In general, this level of effort assumes an evolving presence in the market. It will enable eventual withdrawal from the program as the market is transformed to encourage efficiency procurement as a routine part of state and local government business with

⁴⁹ Central procurement offices of state, county, and municipal governments.

⁵⁰ Facility/property management offices; institutes of higher education; end-users; and third-party contractors.

targeted agencies and governments. To accomplish this, the Program Administrator should assume a five-year program at minimum.

- The first year will establish the program, train staff, conduct a baseline evaluation, identify target customers, and start qualifying customers based on initial contacts at selected governments.
- Years 2 and 3 establish relations with and promote changes to various government segments including end users, facilities and property managers, procurement staffs and government leaders. Outreach to secondary markets will be initiated, for example to vendors manufacturers and legislative bodies.
- Year 4 will extend efforts to additional customers and deepen the effort within established customers.
- Year 5 will evaluate the program while maintaining efforts to additional new customers. It will also be used to begin exiting the initial change strategy, transitioning to the maintenance of efficiency procurement practices successfully promoted, and to introduce ongoing new developments in efficiency potential.

To some extent, the suggested duration of this program effort depends on whether it is a newly established program or an expansion of a lower level of effort. If it is an expansion effort, most likely there have been one or two years of reasonably successful work already accomplished, suggesting an exit from that initial, basic strategy to one that broadens the effort. That being the case, this effort may only need two years of initial commitment, with continuation depending on evaluations of both the ongoing previous efforts and this expanded effort.

C. Program Staffing and Funding

Plan to commit three program-administration FTEs to this advanced level of effort, plus one to three field representatives. The program administration team will consist of a senior program administrator, a junior program administrator, and an administrative assistant. The senior staff person should have extensive marketing experience and knowledge of the government market. The junior program administrator should have basic marketing knowledge and skills, and demonstrate an aptitude for developing additional knowledge and skills so s/he can handle the increasing customer relations that will come with the growth of the program.

In addition, commit part-time support from other program administrators (particularly end-use program staff) and assign one to three FTEs of field representatives to handle customer relations. For utilities, these will likely be field (and perhaps “inside”) sales staff. For other organizations, the concept of a cooperative extension service agent may be a useful model to follow for staffing in the field. In either case, the function is the same: to have a direct staff link on call (and on site) as needed to work with customers as they address their own particular situations.

Annual out-of pocket expenses of at least the following amounts will fund a variety of activities (rebates or other financial incentives would be additional and come from any respective end-use programs):

• Promotional materials/web site	\$20,000
• Training/seminars (staff & customer)	25,000
• Travel, supplies	10,000
• National coordination (CEE activities, etc)	5,000
• Technical analysis support	35,000
• Evaluation (Year 3 or 4)	50,000
• Miscellaneous and contingencies	<u>15,000</u>
Total Annual w/ Evaluation:	\$160,000
Total Annual w/o Evaluation:	\$110,000

D. Target Market

For this level of effort, the Program Administrator will reach not only the procurement offices of state and local governments (targeted in Level I) and the facility/property management departments and institutes of higher education (targeted in Level II), but numerous other agencies and government branches, including:

- Additional state, county, and municipal government departments – three to five states, five or more counties and 10 or more large or medium-sized municipalities.
- Selected townships⁵¹.
- Budget, financing, and capital planning offices of state and local governments.
- Web-developers and managers of on-line procurement systems available to state and local government purchasers.
- Trade allies (e.g., vendors and manufacturers).
- Key decision-makers in the state and local government sector (e.g., state governors, regulatory and legislative officials).

Even with the greater funding and staffing resources committed to this level of effort, the market will need to be approached selectively. This may mean that tradeoffs may be necessary to focus on particular customers and trade allies that show the most promise for implementing changes encouraging greater efficiency purchasing among state and local government customers.

⁵¹ Townships can take the lead from large governmental units (e.g., cities and counties) relying upon successful efficiency purchasing programs in place in these other governmental subdivisions.

E. Market Entrance Strategy

Given the greater resources available, this program level should employ a relatively high-visibility market leadership strategy. This is a strategy of utilizing a variety of activities that are purposefully visible to the public. While it has a higher risk because of the increased visibility of marketing activities, it also has a higher reward potential in terms of the leverage it can exert – both within targeted customers and across the market generally. This strategy expands the customer relationship management strategy of the lower-level efforts by including a visible role for high-level government leaders, plus other relatively visible activities as suggested in the section on Strategies and Actions for Success. An important part of this strategy, given its increased visibility, is to ensure your own organization is itself incorporating energy efficiency in its procurement practices.

The Program Administrator (and any supporting field representatives) will:

- Establish relationships with this expanded target market of state and local government agencies;
- Advocate selective changes in procurement processes to promote energy efficiency at state and local government agencies, townships, and budget/financing and capital planning offices;
- Advocate selective changes in web development and management for on-line systems designed for use by state and local government procurement officials and staff, and end-users;
- Advocate selective changes in procurement by state and local government agencies through outreach to key government decision-makers, including governors' offices, legislative officials, and regulatory agency officials; and
- Provide targeted markets with the necessary tools, research materials, case studies and technical and other support and follow-up assistance to facilitate desired changes in procurement processes, capital planning and budgeting, and e-commerce systems.

F. Strategies and Actions for Success

The following suggested strategies, and actions to meet these strategies, expand upon the strategies suggested in Level II (Chapter Three, Facility/Property Management Departments, Institutes of Higher Education, etc.). The expanded efforts of this program will enable the Program Administrator to reach the broadest segment of state and local governments, legislative and regulatory officials, state and local government budget and planning offices, and more.

1. Institute energy efficiency procurement policies and practices in your own organization

- Encourage your organization's leadership to institute a policy of efficiency procurement similar to that being advocated to customers.

- Work with your own procurement staff and selected equipment end users to incorporate ENERGY STAR, FEMP and CEE efficiency levels in equipment purchases.

2. Select Agencies to Target and Build Upon Relationships Already Established with the State and Local Government

- Aim to reach at least three states, five counties, and ten municipalities. Also, the Program Administrator should target several (three to five) townships.⁵² (This is in addition to the other organizations and individuals to be targeted in Level III, as described in strategies 3-11).
- Plan to contact and establish relationships with the budget and financial offices of the targeted state and local governments.
- Utilize any or all of the criteria listed below to select the state and local governments to be targeted:
 - Centralized purchasing office (or co-op purchasing, that is, purchasing for other agencies);
 - Size of state and local governments (e.g., utility bills; population; total revenues, floor space⁵³);
 - Readiness (political will, staff capability, likely efficiency champions);
 - Existing activities as springboards (“Green” purchasing policy [USEPA 2000a], e-commerce developments, participation in various energy efficiency programs, capital funding for retrofits available);
 - Existence of web-based (e-commerce) purchasing systems;⁵⁴
 - Existence of any regular or occasional meetings between vendors and procurement officials (“vendor fairs”) and/or facility/property manager departments for state and local governments; and
 - Meetings of state legislators and regulatory agency heads, as this level of effort will target key decision makers at the state and/or local level.

3. Arrange for Meeting with Targeted Agencies

- Guidance on whom to contact within each target agency or organization (e.g., state and local government budget and finance departments; designers of government purchasing web-sites; vendor and manufacturer organizations, and key policy-makers) is provided as part of the strategy for that specific agency or organization below.

⁵² If relationships with central purchasing offices in state and local governments already exist, utilize them to expand efforts to reach additional agencies and departments.

⁵³ Size of state and/or local governments will be especially important indicators when targeting budget and planning offices as the Program Administrator should aim for the largest offices in order to have the biggest impact. Other factors such as the tax base for any targeted communities should also be examined. Higher income communities may have additional funds to spend on higher first cost products. Likewise, lower income communities – if they purchase such products – may have an impact on the spending of taxes to subsidize covering energy costs. For example, public housing officials can save taxpayer dollars if these officials procure efficient products.

⁵⁴ Central purchasing offices of state and local governments will have this information.

- For each target agency or organization, the Program Administrator should inquire about knowledge of energy-efficient products and state and local government procurement processes, plus experience with purchasing such products or specifying such products, or selling such products⁵⁵.
- Cross-sell end-use efficiency programs by informing all targeted state and local governments⁵⁶ and trade allies (e.g., vendors and manufacturers) of the availability of end-use assistance programs from CEE member organizations (e.g., rebates, low-interest loans for efficient equipment and products).
- Provide information on any incentives available from utilities for energy-efficient products. Work with vendors to identify equipment they offer that meets ENERGY STAR, FEMP, CEE and regional utility incentive levels.

4. Urge Designation of an “Energy Champion”⁵⁷ for Each Target Agency or Organization

- To “spread the efficiency word;”
- To ensure that procurement policies promote efficiency;
- To assist those wanting to specify/buy, or to make available for purchase, ENERGY STAR-labeled products and other energy-efficient products; and
- To provide recognition to agencies/organizations/individuals specifying, procuring, or offering efficient products for sale to state and local governments.

5. Promote Adoption of Sample Energy-Efficient Purchasing Policy Statement

- Introduce Sample Policy Statement (Appendix F) to contacts at state and local government agencies, state and local government budget and financial offices and planning offices; and key decision-makers in the state and local government sector (e.g., state governors, and regulatory and legislative officials).
- Encourage adoption of Statement as official policy of agency or organization.
- Prepare to defend proposed policy if questions arise about it being unnecessarily restrictive. A solid response is that it is not restrictive because so many manufacturers make ENERGY STAR-qualified (or equivalent) high-efficiency products.

⁵⁵ For each agency or organization, the Program Administrator should gain background information on the particular entity’s experience regarding energy-efficient products. For example, for vendor groups, the Program Administrator should learn whether such products are carried by the vendor and should encourage the offering of such products. For designers of purchasing web sites, the Program Administrator should ascertain whether efficient products are easily identifiable. Additional tips are provided within the strategy covering the individual target agency or organization.

⁵⁶ State, county, municipal and town purchasing offices, facility/property management offices, state and local government budget and finance offices, planning offices, and web managers of sites utilized by state and local government purchasers and end-users, etc.

⁵⁷ [CEE 2000b, c]

6. Promote Energy Efficiency Among Expanded State, County, Municipal Governments, and Townships

- Include expanded numbers of state, county, and municipal agencies and departments in efforts to increase efficiency purchasing.
- Provide greater levels of technical and educational support to state and local government customers.
- Invite technical and financial experts from CEE member organizations' internal staff (or consultants hired by CEE member organizations) to assist in presenting to target agencies and organizations on reliability and performance of end-use products and on long-term savings from efficient purchasing.
- Ensure that related utility or other organizations' end-use efficiency programs are fully coordinated and applied in support of the government procurement effort.
- Incorporate into training seminars testimonials about successes with efficient purchasing from other state and local government customers.
- Aim to include towns in efforts to promote energy-efficient procurement⁵⁸
- Host energy-efficient awareness seminars for town purchasing officials and end-user agencies, energy champions and advocates (if they exist).
- Make explicit connections with broader national efforts such as Green Lights, ENERGY STAR Buildings, Rebuild America®, and the FEMP efforts by facilitating contacts with the staffs supporting those efforts.
- Promote experience sharing and encourage peer group leadership among governments that have begun to address efficiency in procurement by hosting "lessons learned" workshops.
- Facilitate organization of a "Bridge the Efficiency Gap" meeting, bringing together state and local government agencies and offices responsible for paying the energy bills with actual end-user and procurement offices in state and local government agencies. Provide comprehensive training to mixed, broad-based audience illustrating the barrier between "bill-payer" and end-user. Each party must understand the importance of energy efficiency and the connection between efficiency and energy use (and cost) reduction⁵⁹.

7. Promote Energy Efficiency Among the Capital Budget, Financing, and Planning Offices of State and Local Governments

- Meet with the capital budget/financing offices, and planning offices, of any targeted government (e.g., states, counties, municipalities, and towns).

⁵⁸ Focus on either larger towns or towns with apparent readiness to purchase efficient products. For example, focus on towns with "buy green" policies, or ordinances or other policies recognizing the importance of energy efficiency, conservation, or natural resource protection. Another tip is to aim for towns with the largest utility bills, and, therefore, the potential for the greatest savings. Finally, the Program Administrator should contact the central procurement office of the state in which potentially targeted towns are located and ask whether any towns are purchasing from state contracts. These towns are good ones to focus on because if the contracts include efficient products, the Program Administrator can work to encourage specification by towns of such efficient products.

⁵⁹ This relates to CEE's research revealing a substantial problem with the "split incentive." With a split incentive, one party in the state and local government pays the bill, while the other procures the energy-consuming product. [CEE 1999e]

- Offer training seminar on energy-efficient procurement and ENERGY STAR Purchasing Tool Kit to all audiences⁶⁰.
- Contribute directly to capital improvement and operating budget processes by offering to conduct an “*Energy-Efficient Screening*” of products and services listed for budget consideration or considered for inclusion in capital improvement projects⁶¹.
- Encourage internalization of the screening process by working with budget and other staff to demonstrate the process and teach them about it.
- Emphasize the connection between early capital planning and the need for ensuring that financing is available for the incorporation of efficient equipment in capital improvement projects.
- Promote experience sharing and encourage peer group leadership among budget/financing offices and planning offices on including efficiency in budget and planning stages.
- Host a “lessons learned” workshop.
- Meet with associations of certified public accountants (including state societies of CPAs) and encourage, as part of continuing education of CPAs, life cycle costing training and education about energy-efficiency benefits. Offer to present at training seminars of such organizations. Suggest that this activity be given credit as part of CPA continuing education.

8. Incorporate Energy Efficiency into E-Commerce Systems Used By State and Local Government Purchasers and End-Users

- Meet with developers and managers of web sites utilized by state and local governments for purchasing energy-consuming products⁶².
- Encourage leadership from central purchasing offices and outspoken end-use offices on all efforts to incorporate efficiency into web-based purchasing systems.
- Gather suggestions from purchasers and from end-users⁶³ on facilitating the purchasing of ENERGY STAR-labeled (and other energy-efficient products) from on-line catalogues or purchasing systems.
- Facilitate a cooperative meeting among central purchasers, vendors, and e-commerce system developers⁶⁴ to bring together purchasers (and end-users),

⁶⁰ [CEE 1999g and h.]

⁶¹ Offer to identify energy and cost savings opportunities for budget and planning offices by assisting such offices in spotting where in capital projects and the planning process energy consuming products will be called for. Savings opportunities can then be calculated using the ENERGY STAR Savings Calculator.

⁶² If the Program Administrator cannot isolate e-commerce sites offering energy-consuming products from ones offering other products, focus on any sites offering products to state and local government purchasers. Many offer energy-consuming products or may carry them in the future.

⁶³ Keep in mind that end-users often purchase without going through central purchasing offices when the purchasing price is below a certain amount that. This amount varies from state to state, and city to city. Also, remember that end-users often specify the products they want purchased by central purchasing. Do not overlook end-users!

⁶⁴ Check with central purchasing offices of state, county, municipal governments to see if there already exists an on-line procurement system available for use by state and/or local government purchasers. If so, contact the manager of the on-line system to explore opportunities for incorporating energy efficient

vendors (offering energy efficient products for sale to government agencies) and designers of web-based procurement systems to ensure incorporation of energy-efficient product identification in the early stages of e-commerce system development.

- Include operators and designers of web sites that are targeted specifically to green products, or especially to energy-efficient products⁶⁵, for guidance on incorporation of such products into existing systems available to state and/or local governments.

9. Promote Energy-Efficient Products Among Trade Allies

- Attend vendor fairs or trade shows organized by vendors to government agencies.
- Secure a place on speakers' list and present information on the importance of energy-efficient products to vendor organizations.
- Emphasize spending power of state and local governments⁶⁶.
- Emphasize ability of vendors and other allies to gain positive publicity by helping state and local governments to reduce energy consumption and save taxpayer dollars.
- Secure a booth for material distribution at the trade shows/exhibits. Produce display boards on energy-efficient products and purchasing⁶⁷
- Encourage vendors and other trade allies to include in any web-based catalogue the ready and easy identification of any energy-efficient products for quick accessing by state and local purchasing offices and end-users.
- Obtain permission from central procurement offices of state and/or local governments to contact trade allies known/used by the government organization in order to promote availability of ENERGY STAR, FEMP and CEE-qualified products. Promote the meeting with vendors and other trade allies as an opportunity for them to increase sales to state and local governments and to obtain positive publicity for saving taxpayer dollars and for reducing energy consumption.
- Facilitate a cooperative meeting among Purchasers, Vendors, and e-commerce system developers to bring together purchasers (and end-users), vendors (offering energy-efficient products for sale to government agencies) and designers of web-based procurement systems to ensure incorporation of energy-efficient product identification in the early stages of e-commerce system development.

products and for ready identification of energy-efficient products available on-line.

⁶⁵ See Contacts list in Reference Chapter.

⁶⁶ State and local governments annually spend an estimated \$900 billion on goods and services, \$50-70 billion on energy-consuming goods, and \$12 billion on energy bills. Estimated energy savings with a 50% market penetration on energy-consuming goods is \$1.2 billion per year.

⁶⁷ Draw upon information included in the training modules for use in display boards. [CEE 1999g and h]

10. Promote Energy-Efficiency Procurement by Key State and Local Government

Decision-makers

- Review public notices of state legislative actions and legislative committee hearings for opportunities to speak favorably on energy-efficient purchasing by state and local government agencies. If targeting county, city, or town councils, check official notices and/or bulletins of upcoming hearings or public meetings on proposed ordinances or by-laws for opportunities to suggest amendments or measures to promote energy-efficient purchasing, or specifications for capital projects.
- Review existing laws and executive orders at the state and/or local government level for measures addressing energy-efficient purchasing or specifications⁶⁸.
- Meet with the chairs of state, county, and municipal legislative committees on energy and the environment to encourage legislation or ordinances mandating that any and all energy-consuming products purchased by state and/or local governments be energy efficient⁶⁹.
- Meet with regulatory officials of state and county agencies including energy offices⁷⁰, environmental departments, and planning offices to encourage policy development promoting the procurement of energy-efficient products.
- Meet with state governor's office to encourage formal adoption of a Model Purchasing Policy⁷¹.
- Leverage existing successes during follow-up contacts by incorporating written or in-person testimonials from successful government efforts to increase efficiency procurement⁷².
- If the target market is a state legislature, encourage appointment by the governor of an energy champion (see item 3 above). If the target market is a county or municipality, encourage appointment by the county supervisor or mayor, respectively, of an energy champion.

11. Provide Targeted Markets with Useful Tools on Energy-Efficient Procurement, Specifications, and Policies

- Inform target agencies and organizations about CEE's research on state and local government purchasing and availability of tools on efficiency procurement⁷³.

⁶⁸ This EPA web site link provides information of existing laws and executive orders promoting energy efficiency among state and local governments: www.epa.gov/nrgvstar/purchasing/3e_p&r.html. Be aware that this may not be up to date and that you should check with the state and local government offices (e.g., central purchasing, state or local departments of energy, state or local environmental protection agencies) to determine whether such measures exist or have been modified.

⁶⁹ Numerous states now have such a requirement, including New York and Utah. Colorado is awaiting the signature of the Governor on a similar measure.

⁷⁰ See Resources (Chapter Five), contact for NASEO.

⁷¹ See Appendix F.

⁷² Oftentimes, bringing an eloquent and motivated individual along (for example, an Energy Champion) from a state or local government agency, to meet the legislative or regulatory official is very helpful to provide personal perspective.

⁷³ The Program Administrator should especially promote the CEE training modules to interested state and local government agencies and other organizations (e.g., budget/finance offices and planning offices of state and local governments; web designers developing sites for state and local purchasers). [CEE 1999g

- Provide copies of the Model Purchasing Policy (Appendix F).
- Refer agencies and organizations to the ENERGY STAR web site⁷⁴.

G. Exit Strategy

The central outcome of the program is to transform the process of government procurement so that purchases of equipment and facilities incorporate the highest practical levels of energy efficiency. The measure of market transformation in this market is the number of state and local governments implementing ongoing initiatives on their own – and that these initiatives not only incorporate energy efficiency into procurement processes generally, but also continue to “raise the bar” of efficiency levels as technologies, economics and social policies and values evolve. The program should be continued as long as it continues to make progress toward that end. The program’s evaluation process will help determine whether enough progress has been made such that the program should change in response to the market being transformed. Based on previous evaluations, the point at which the market is transformed can be difficult to predict. Defined in terms of the market share of efficiency procurement practices versus standard practices, it may be said that the market has transformed if only an influential minority of practices has been changed. However, in other cases, a substantial majority of practices will need to change to claim that the market has been transformed.

In general, though, as evaluations measure the extent and momentum of procurement process changes – and whether, then, to change or phase out the program – there can be one of three exit strategies. Assuming the program is successful, one strategy is to phase out the program: Declare victory and shift the program’s resources to other, more incrementally effective efforts. The second strategy could be to change the program focus to the maintenance of gains made in government procurement processes. This strategy assumes that market transformation needs maintenance efforts to keep it at the leading edge of technological, economic or other developments. This second strategy also could be the basis for a third strategy: to refocus the program on transforming private sector procurement practices.

and 1999h, on ENERGY STAR Purchasing Tool Kit, and Energy Efficiency generally]

⁷⁴ www.energystar.gov.

CHAPTER FIVE

Resources

A. Web sites

- Consortium for Energy Efficiency State and Local Government Purchasing Initiative Web Site: <http://www.ceeformt.org/gov/purch/purch-main.php3>
 - Link to listing of Energy-Efficient Specifications developed by CEE, from CEE's web site: <http://www.ceeformt.org/resrc/specs-main.php3>

- ENERGY STAR web sites, U.S. Environmental Protection Agency. Key site addresses:
 - ENERGY STAR Home Page: <http://www.energystar.gov/>
Also, <http://www.energystar.gov/products>
(for a list of compliant models)
 - ENERGY STAR for Government Home Page:
<http://yosemite1.epa.gov/estar/business.nsf/webmenus/Government>
 - Commercial Purchasing Savings Calculator:
http://www.epa.gov/nrgystar/purchasing/2c_savings_calc.html
 - The US Environmental Protection Agency's Energy Star® office offers presentations delivered via conference call and the Internet. The link to view a schedule and to register is:
http://yosemite1.epa.gov/estar/business.nsf/content/govt_resources_IP.htm

- U.S. Department of Energy web sites:
 - Federal Energy Management Program Home Page:
<http://www.eren.doe.gov/femp/procurement>
 - Office of Building Technology, State and Community Programs:
<http://www.eren.doe.gov/buildings/>
 - Energy Efficiency and Renewable Energy Network Home Page:
<http://www.eren.doe.gov/>
 - Legislation and Executive Orders (incomplete but good starting point):
http://www.epa.gov/nrgystar/purchasing/3e_p&r.html

- The American Council for an Energy-Efficient Economy has a web site with references to numerous ACEEE technical and policy studies and reports, as well as links to various efficiency-related organizations. See <http://www.aceee.org/>. The ACEEE also sponsors biennial conferences on both buildings efficiency and industrial efficiency:
<http://www.aceee.org/conf/01ss/about.htm>
<http://www.aceee.org/conf/bldindex.htm>

- **GreenOrder**
9 Desbrosses Street
New York, NY 10013
www.greenorder.com
<http://www.greenorder.com/>

Gregory Crew
Chief Operating Officer
212-925-9140, x241
gcrew@greenorder.com

Purpose/Membership:

GreenOrder is a procurement services firm. Its mission is to help enterprises source and procure products that reduce energy use, minimize environmental harm, and save money. GreenOrder offers a range of tools and services that make it easier and more economical for buyers to purchase energy- and water-efficient, recycled-content, and other environmentally preferable products. Through its expertise in environmentally preferable products and purchasing strategies, aggregation of information across a broad range of product categories and environmental attribute measures, and deep supplier relationships, GreenOrder is a unique service provider and an indispensable partner for large-scale buyers seeking guidance on resource-efficient products.

B. Bibliography

References to additional reading that may be very useful to the energy efficiency Program Administrator are provided below:

1. Documents available from CEE: for each of the following, contact Jody Hart Lehrer, 617-589-3949 ext. 202, JLehrer@ceeforamt.org:

- CEE. 1999a. CEE's Government Procurement Initiative (initiative overview), Consortium for Energy Efficiency, Boston, MA, November, 1999; 11 pp.
- CEE. 1999b. Final Report to CEE Regarding State and Local Government Purchasing Initiative: Program Evaluation Scoping Study, Consortium for Energy Efficiency, March 13, 2001. This document is available on CEE's web site at:
http://www.ceeforamt.org/eval/Purch_scope.pdf
- CEE. 1999c. State and Local Government Procurement Project (Final Summary Report), Pat Barnes, Consortium for Energy Efficiency in cooperation with the Energy Efficient Procurement Collaborative,

- U.S. EPA and U.S. DOE, September, 1999; 13 pp. Report on the initial phase of the State and Local Government Purchasing Initiative.
- CEE. 1999d. Evaluation of the ENERGY STAR Purchasing Tool Kit for State and Local Governments (Final Report), Katherine Johnson, prepared for the Consortium for Energy Efficiency, May, 1999; 48 pp.
 - CEE. 1999e. Segmentation of the State and Local Government Procurement Functions, Paul P. Hlavac and Associates, prepared for the Consortium for Energy Efficiency, July, 1999, draft final report; 25 pp.
 - CEE. 1999f. Government Procurement Pilot and Case Study Reports (various contractors), prepared by various contractors for the Consortium for Energy Efficiency, 1999-2000. These reports describe purchasing processes and energy efficient purchasing (where it exists) in 14 state, county, and municipal governments and at two universities.
 - CEE. 1999g. Generic ENERGY STAR Purchasing Tool Kit Presentation, Consortium for Energy Efficiency, 1999, 23 slides.
 - CEE. 1999h. Purchasing for Energy Efficiency: State and Local Governments, Consortium for Energy Efficiency, 1999, 32 slides.
 - CEE. 2000a. Specifying Energy-Efficient Products: A Guidebook for State and Local Government Property and Facility Management Organizations, Paul P. Hlavac and Associates, prepared for the Consortium for Energy Efficiency, April, 2000, 8 pp.
 - CEE. 2000b.. Procuring Energy-Efficient Products: A Guidebook for State and Local Government Policymakers, Paul P. Hlavac and Associates, April, 2000, 8 pp.
 - CEE. 2000c. Procuring Energy-Efficient Products: A Guidebook for State and Local Government Purchasing Organizations, Paul P. Hlavac and Associates, April, 2000, 11 pp.
 - CEE. 2000d. Specifying Energy-Efficient Products: A Guidebook for Architects/Engineers Who Work with State and Local Government Property/Facility Management Organizations, Paul P. Hlavac and Associates, April, 2000, 8 pp.
 - Kunkle. 1999a. Public Procurement and Energy Efficiency in the Pacific Northwest, Rick Kunkle, et al, August, 1999, final report to the Northwest Energy Efficiency Alliance; 50 pp.

2. Evaluation and Performance Measurement Resources

- CEE. 2001a. Final Report to Consortium for Energy Efficiency: Regarding State and Local Government Purchasing Initiative – Program Evaluation Scoping Study, GDS Associates, Inc. and Patricia Barnes Consulting, for CEE, March 13, 2001, 41 pp. plus Appendices. Contact: CEE, Jody Hart Lehrer, 617-589-3949 ext. 202, JLehrer@ceeformt.org.
- CEE. 2001b. International Energy Program Evaluation Conference, see, e.g., 1999Conference Proceedings of conference held in Denver, CO: “Evaluation in Transition: Working in a Competitive Energy Industry Environment,” proceedings available from Mary McCarthy Hall, Conference Coordinator, 827 Shady Oaks Lane, Oregon, WI 53575 (608-835-6880; MaryMcC@tdsnet.com). The 2001 conference will be held August 21-24 in Salt Lake City. On-line registration at: WWW.IEPEC.ORG

3. Other Documents:

- Raynolds. 1997. ENERGY STAR Purchasing for State & Local Governments, Ned Raynolds, Lawrence Berkeley National Laboratory, December, 1997.
- U.GA. 1992a. Energy-Efficient Procurement for Local Governments; Paul E. Glick et al, Office of Energy Resources, Carl Vincent Institute of Government, University of Georgia, Athens, GA 30602-5482; 1992.
- USEPA. 2000a. State and Local Government Pioneers: How State and Local Governments are Implementing Environmentally Preferable Purchasing Practices, United States Environmental Protection Agency, November, 2000. EPA742-R-00-004.
- USDOE. 2001a. EnergySmart Building Choices: How School Facility Managers and Business Officials are Reducing Operating Costs and Saving Money, United States Department of Energy, Office of Energy Efficiency and Renewable Energy, January 2001.
- USDOE. 2001b. EnergySmart Building Choices: How School Administrators and Board Members are Improving Learning and Saving Money. United States Department of Energy, Office of Energy Efficiency and Renewable Energy, January 2001.
- USDOE. 2001c. EnergySmart Building Choices: How Parents and Teachers are Helping to Create Better Environments for Learning, United States Department of Energy, Office of Energy Efficiency and Renewable Energy, January 2001.

- . USDOE. 2001d. Get Smart About Energy, United States Department of Energy, Office of Energy Efficiency and Renewable Energy, January 2001. DOE/GO-102001-1196.

C. Contacts

These organizations may be able to provide useful background information on purchasing in general or on the topic of energy efficiency as it relates to agencies referenced. The Consortium for Energy Efficiency makes no claims as to the accuracy of the information offered by these resources, nor does it endorse any particular company or organization listed.

1. Government Associations

- **National Association of State Energy Officials (NASEO)**

www.naseo.org

1414 Prince Street, Suite 200
Alexandria, Virginia 22314

Purpose/membership:

NASEO, a non-profit corporation made up of energy officials from the state and territory energy offices and private and public sector affiliates, serves as the Washington voice for members on national energy issues. NASEO provides information to Congress, the President, and various national organizations about energy priorities among NASEO members.

Contact:

Melanie Minesinger, (703) 299-8800
Minesing@erols.com

- **National Governors Association (NGA)**

www.nga.org

National Governors' Association
Hall of States
444 North Capitol Street
Washington, D.C. 20001-1512
Phone: (202) 624-5300

Purpose/membership:

NGA is a bi-partisan national organization made up of the Governors of the fifty states, the commonwealths of the Northern Mariana Islands and Puerto Rico, the territories of American Samoa, Guam, and the Virgin Islands.

Contact:

Joel Hirschhorn, Dir. Of Natural Resource Policy
(202) 624-5300
www@webmaster.nga.org

➤ **National Association of Counties (NACo)**

www.naco.org

440 First Street, N.W.
Suite #800
Washington, D.C. 20001
Phone: (202) 393.6226
Fax: (202) 393.2630

Purpose/membership:

NACo, founded in 1935, ensures that the nation's 3066 counties have a voice before Congress and the President of the United States. NACo's membership totals almost 2,000 counties, representing more than 75 percent of country's population.

Contact:

Lou Witt, Senior Program Manager
(202) 942-4261

➤ **US Conference of Mayors**

www.usmayors.org

1620 Eye Street, NW
Washington, DC 20006
Government Purchasing Alliance:
<http://uscmcitysavings.com/GPA.html>

Purpose/membership:

The USCM is a nonpartisan organization of cities with populations of 30,000 or more. There are about 1,100 such cities in the United States, out of over 19,000 cities. The USCM was created in 1933. Each June, the USCM holds its annual meeting.

Contact:

Ed Somers, Assistant Executive Director, (202) 293-7330
J. Thomas Cochran, Executive Director, (202) 293-7330
FAX (202) 293-2352

2. Purchasing Associations

➤ **National Association of State Procurement Officials (NASPO)**

www.naspo.org

167 West Main Street, Suite 600
Lexington, Kentucky 40507

Purpose/membership:

The National Association of State Procurement Officials (NASPO) is a professional organization made up of the directors of the central purchasing offices in each of the 50 states, the District of Columbia and the territories of the United States.

Contact:

Michelle Sisler
Msisler@amrinc.net

➤ **Airport Purchasers Group**

This organization is made up of purchasers who buy for airports. The APG is 2 years old. There are 100 members from 75 different agencies.

Contact:

Tammy Ma
Tma@goaa.org

➤ **The National Institute of Governmental Purchasing**

www.nigp.org

151 Spring Street, Suite 300
Herndon, VA 20170-5223
Phone: 703-736-8900
Fax: 703-736-9644

Purpose/membership:

The NIGP provides its members with opportunities for education, research, technical assistance and networking in public purchasing. Membership is available to individuals engaged in purchasing for federal, state, county, and municipal governments.

Contact:

Carole Hodes
Chodes@nigp.org

➤ **National Association of Purchasing Management (NAPM)**

www.napm.org

P.O. Box 22160

Tempe, AZ

85285-2160

480-752-6276

800-888-6276

Fax: 480-752-7890

Purpose/members:

Founded in 1915, the NAPM is made up of more than 47,000 purchasing and supply management professionals. NAPM's mission is to provide national and international leadership in purchasing and materials management, especially in the areas of education, research and standards of excellence.

Contact:

Rhonda LaTondress

Rlatondr@napm.org

➤ **National Purchasing Institute (NPI)**

<http://npi.purchasing.co.harris.tx.us>

P.O. Box 2777

Reno, NV 89505

Tel: (775)332-1674

Fax:(775)323-0648

Purpose/membership:

NPI is composed of over 400 purchasing agents , buyers and procurement managers from across the nation in the areas of governmental, educational, and institutional procurement. NPI membership is available to those persons that purchase for federal, state, county, and municipal governments, and is an affiliate member of NAPM.

Contact:

Johnny Richardson, Program Chair

johnny.richardson@co.orange.fl.us

3. Other Contacts

➤ **Public Technologies, Inc. (PTI)**

www.PTI.org

1301 Pennsylvania Avenue, NW

Washington, DC 20004-1793

Tel.: (202) 626-2428

Fax: (202) 626-2498

Purpose/membership:

PTI is a non-profit technology organization that is dedicated towards promoting the use of technology by municipal and county governments. PTI obtains its policy direction from the National Association of Counties (NACo), the National League of Cities, and the International City/County Management Association (ICMA).

Contact:

Sharron Brown, Director

Energy Programs

SBrown@PTI.NW.DC.US

➤ **The Association of Higher Education Facilities Officers (APPA)**

www.appa.org

1643 Prince Street

Alexandria, VA 22314-2818

Tel. (703) 684-1446

Fax. (703) 549-2772

Purpose/membership:

Founded in 1914, the APPA is an international association that maintains, promotes, and protects the quality of education facilities, by serving and assisting facilities officers and physical plant administrators at colleges, universities, and other educational institutes throughout the United States and other countries.

Contact:

E. Lander Medlin

Executive Vice President

➤ **The eProcurement Project**

2802 27th St. NW
Washington DC 20008
202-297-0871

Purpose/Membership:

The eProcurement Project seeks to complement existing research on the benefits of energy-efficient procurement by harnessing the power of mainstream e-commerce in order to increase the sale of energy-efficient equipment. By partnering with institutions engaged in buying and selling on-line, the Project will empower purchasers to incorporate energy efficiency into procurement choices for many products, including efficient lighting, HVAC equipment, insulation, appliances, office equipment and other supplies. Existing procurement processes are often highly inefficient⁷⁵. Corporate partners, including state and local governments, will be able to integrate into their existing e-commerce sites and systems: product-specific energy consumption information for thousands of products; support tools such as savings calculators and technical assistance to help utilize these tools; energy-efficient success stories; and much more. Integration – at a relatively low cost – of these energy-related data into existing e-commerce systems is made possible by the proliferation of XML and other e-commerce enabling technologies.

Contact:

Cliff Majersik
(202-297-0871 cliff@eprocurementproject.org)

⁷⁵ For instance, one national office supply company found that a typical large customer spent \$1.29 on the process of purchasing office supplies for every \$1 spent on the actual purchase. – Corporate Executive Board, *Perfecting Channel Strategy*, September 1999

CHAPTER SIX

Appendices

Appendix A – The Broader Energy Market Context

Energy industry restructuring is a fundamental issue for energy-efficiency marketers to understand. It adds to the utility context and problems efficiency marketers have been facing since the rise of demand-side management in the late 1970s. Efficiency marketers all along have had to deal with their customers' historical concerns about energy reliability (including power quality), pricing and affordability to the customer. As experienced efficiency marketers know, these issues usually are more important to customers than energy conservation. They must now also deal with the financial and organizational restructuring of the gas and electric utility industry as it proceeds piecemeal across the country and internationally.

Getting customers to focus on energy efficiency is no small task. But there are opportunities marketers can exploit to help customers concentrate on efficiency. The following brief discussion reviews the situation by discussing efficiency's threats, strengths and opportunities.

1. Threats to Efficiency

There are some threats to efficiency, and the following seem to be most critical:

- Restructuring
- Reliability
- Pricing
- Visibility

a. Restructuring. Restructuring, even in places where it has not yet been fully implemented, puts efficiency on hold because state and local governments' attention is diverted to the problem of how they will buy energy at all – much less on how they will use it. There may be an influence on various procurement functions in governments because governments in other ways are key players in that restructuring process. State governments, especially, are in this position because some of their departments are heavily involved with devising the new market rules that will dictate how retail and wholesale energy services will be rendered. Municipal governments are often the target of prospective aggregators for energy commodities, with commodity marketers already seeking out aggregation opportunities. The distractions caused by state-level restructuring and municipal aggregation activities can be significant for governments and can affect the ability of efficiency marketers to gain access and make their case.

b. Reliability. Reliability issues have long been an impediment to efficiency, in two different ways. First is the focus on basic energy supply reliability that for government customers, like other customers, is a major concern. If these customers have been experiencing more than one or two significant outages in a given facility each year (and “significant” may only have to be for a few seconds), then they are not going to be as interested in efficiency improvements.

Secondly, reliability of the more efficient option being offered by an efficiency marketer is an issue. While it may be an excuse to not change, customers need to know whether the efficient option can perform just as reliably as the old “tried and true” equipment or building designs they have known in the past. Unfortunately, reliability has been a valid concern at times; just mention compact fluorescent lamps to many people and all they can think about is what the early technology brought them (e.g., poor visual reliability, poor starting).

Another impediment to meaningful efficiency is the extent to which it relies on behavioral changes that can easily be abandoned. For example, where equipment needs extraordinary maintenance to keep its efficiency level up, customers are not likely to opt for efficient technologies.

c. Pricing. Pricing is a threat to efficiency. Even the highest priced gas and electricity, if reliable, is still more affordable than some efficiency options. Many of the more innovative efficiency options are not traditionally cost-effective (that is, simple payback exceeds two years, because energy prices are not high enough to justify the risk of purchasing more efficient options).

Of course, one major reason for restructuring is the energy price disparities customers have historically seen across the country. Regardless of the reasons for disparities, customers tend to think all energy prices should be as low as the lowest prices they know. Many customers believe that competitive restructuring, by definition, will result in lower prices. Furthermore, customers assume that price reductions likely to be gained by restructuring surely will bring greater bill savings than would any conservation measures.

d. Visibility. Efficiency has the weakness of not being visible and, therefore, appearing to have very diffuse effects. People see the effects of price changes fairly clearly, in part because these changes are widely reported in the news media and because the government departments responsible for paying energy bills usually are on tight, fixed budgets predicated on certain commodity price assumptions. Much of the consternation over energy prices is not because the value of energy consumption is lessened by higher prices. Customers are willing to pay high prices to ensure a reliable supply, but the problem is they have not budgeted for the higher costs. City councils or county commissions are unwilling to ask for additional money from taxpayers, particularly given many competing needs in the community.

In summary, energy efficiency marketers should first be fully aware of the priority which restructuring, reliability and pricing all have with customers. By understanding those issues and how they may affect customers’ thinking about efficiency, efficiency marketers may be better able to empathize with the overall situation in which customers find themselves. By doing so, efficiency marketers can start looking for opportunities to promote efficiency as part of the solution to the problems of restructuring, reliability and pricing that eventually will come to light. Indeed, some of those problems already are apparent.

2. Strengths and Opportunities

It may seem to the efficiency marketer that s/he is facing insurmountable obstacles, being up against traditional perceptions of customers and the kinds of threats efficiency faces. However, it is important to balance this perception with an understanding of the real strengths and opportunities efficiency brings to the table. Here are the key issues that work in favor of the efficiency marketer:

- Control
- Affordability
- Environmental protection
- Innovation
- Productivity

a. Control. Control over costs has both economic and psychological aspects. Psychologically, efficiency can help customers feel as though they have more control of their energy costs. Efficiency certainly can reduce the uncertainty over costs, because it makes the energy usage pie smaller so increases in energy prices have less impact. Economically, this means energy budgets are more predictable and that is critical to government agencies operating on slim, fixed budgets. This point can create opportunities for efficiency not otherwise possible, if efficiency is promoted only on its economic merits.

b. Affordability. It should be apparent to anyone that efficiency makes energy more affordable. It should also be stressed that savings realized through purchasing efficient products may be used to buy more energy-consuming goods and services for government customers. The efficiency marketer can provide an invaluable service to customers by helping them to realize that, through the savings, government agencies may also be better able to afford other important programs like education or open space preservation. Thus, affordability is a proposition that helps the efficiency marketer leverage the marketing position and is another way of creating opportunities for efficiency.

c. Environmental protection. Environmental protection is an obvious benefit of energy efficiency. Marketers should emphasize that energy efficiency helps to reduce emissions of pollutants such as carbon dioxide, sulfur dioxide, and nitrous oxides.

d. Innovation. Innovation can be an appealing point for some customers. While most government agencies are not necessarily known for promoting innovation, in times of tight budgets and when other approaches do not seem workable, the notion of efficiency investments as a prudent form of innovation could be persuasive. For example, governments are looking at aggregation as an innovating idea, except that there are too few energy retailers to make the concept successful. Efficiency provides another solution.

e. Productivity. Productivity is an issue that always seems to be overlooked. Research has begun to demonstrate that efficiency, done properly, can make facilities more comfortable, better lit and more attractive – in short, more productive.

As noted by Mike Byars of the Trane Company at the 2001 ACEEE-CEE Symposium on Market Transformation⁷⁶, improving productivity by one percentage point can impact costs more than the total energy bill for the space occupied by the employee. This, then, is perhaps the single best opportunity brought by energy efficiency, but it is fairly high risk (e.g., if the building doesn't work, efficiency gets the blame). But increasingly, facilities are being designed, built and operated using fairly radical efficiency improvements that result in a building that is better for the people working in it. After all, is this not an important objective of any employer (private sector or government), getting the most out of its employees?

Thus, summarizing the strengths and opportunities efficiency brings to the market, the efficiency marketer can tout an ability to convince customers psychologically, economically and environmentally of the merits of efficiency. By positioning efficiency as a way to improve productivity, the efficiency marketer can address the woes customers are feeling from uncertainties brought on by restructuring, price increases that now seem inevitable, and the threat to reliability induced by increased energy use.

No doubt the efficiency marketer can add his or her own ideas to this analysis and, therefore, be even better able to relate marketing efforts to the problems customers are facing in the broader world around them. This will help the efficiency marketer to counter the numerous reasons customers will have for not buying more efficient equipment and facilities.

⁷⁶ March 2001, Washington, DC

Appendix B – Proposing and Getting Approval for the Plan

The following outline is intended to help the Program Administrator get from the initial idea of implementing a government efficiency procurement program to the point of gaining approval to proceed with a particular level of effort as this Model Program Plan offers. Based on such product development concepts as the “stage/gate” process, there are several steps that may be taken to facilitate approval for the concept of state and local government program implementation:

1. Screen the idea qualitatively against other opportunities. On its face, and using the organization’s experience with programs, does the idea make sense given one’s mission, past successes and failures, and current commitments?
2. If the qualitative review suggests proceeding with additional planning, move on to preliminary development research, including the following “rough-draft” tasks:
 - Identify available internal resources (staff, time, linking programs-rebates, audits, financing...)
 - Identify market targets and rank in highest-to-lowest potential order.
 - Identify efficiency measures to promote – Prepare a list of known applicable measures, ranked, again, in order of highest-to-lowest potential.
 - Determine goal achievable with:
 - available identified resources
 - highest potential targets, and
 - highest potential measures.
 - Review levels 1-3 in MPP and propose the most appropriate plan level.
3. Review the above information in comparison to other program opportunities. Conduct additional market and other developmental research (e.g., resource tradeoffs) if needed to answer questions about the relative value of the MPP vs. other opportunities.
4. If interest develops but uncertainties prevent a final decision, consider proposing a pilot effort such as Level 1.

Appendix C – Sample Invitation Letter to Purchasing Officials

Utility (or Service Provider)
Address
Phone Number

Purchasing Official
Agency Name
Address
City, State ZIP

Dear Purchasing Official:

On behalf of XYZ Utility, I would like to invite you to attend an informational meeting discussing a new ENERGY STAR® Purchasing Initiative designed to help state and local governments save money on equipment purchases.

Incorporating energy efficient purchasing strategies into your procurement decisions can help organizations like yours:

- Save significant money annually through reduced energy costs
- Lower maintenance and operating costs
- Demonstrate a public commitment as a wise steward of taxpayer dollars.
- Promote environmental responsibility.

This session will provide you with ways to help your organization learn more about the benefits of energy efficient purchasing. This informational session will be (location, date, and time). Please call (contact representative) before (RSVP Date) so we can save you a seat.

We look forward to seeing you.

Sincerely,

Account Representative

Appendix D – Utility Interview Guide

Identifying, Evaluating and Quantifying Governmental Markets

NOTE: This document includes two parts. Part One contains questions for state and local government purchasing officials and staff. Part Two contains questions for facility/property management officials and staff.

Part One: (Purchasing Officials)

I. Background/Demographics

1. Name of Respondent: _____
2. Title: _____
3. Responsibilities: _____
4. Telephone Number: _____
5. Name of Organization: _____
6. Number of employees in the organization: _____
7. Number of employees responsible for making procurement decisions:

8. Approximate dollar amount of annual purchases:

9. Approximate dollar amount of annual purchases of products that use energy: _____
10. Types of equipment your organization purchases
 - Office equipment _____
 - Commercial lighting products _____
 - Commercial HVAC _____
 - Commercial ice cube machines _____
 - Electric motors _____
 - Residential appliances _____
 - Residential HVAC _____
 - TVs and VCRs _____
 - Residential lighting products _____
 - Other: _____

II. Organization Structure and Purchasing Processes

11. Which aspects of the procurement function is your organization responsible for?

12. How frequently are procurement contracts reviewed?

13. Who is responsible for reviewing, and rewriting, specifications for new contracts?

14. Does your organization rely on other “technical” experts to assist in developing new specifications for purchasing contracts? If so, what types of experts are used?

15. How does your organization select winning bids? Is it?
 1. Lowest price
 2. Reputation
 3. Delivery/terms
 4. Payback
 5. Other criteria (If so, what?)

III. Role of Energy Efficiency in Procurement

16. Has your organization participated in previous utility conservation programs?

17. If yes, what kind of programs were they?

18. Currently, does your organization consider energy efficiency when evaluating equipment purchases?

19. If so, what factors does your organization consider when selecting new energy-using equipment?

- A. Initial cost
- B. Energy usage
- C. Payback
- D. Lifecycle Costing
- E. Other (Describe)

20. If not, why not?

IV. Role of Utility in Energy Efficient Procurement

21. How can energy providers, such as the local utility, assist your organization in making equipment purchases?

22. What types of assistance would be the most valuable? The least valuable? (For each one listed, circle a number between 5 and 1)

	<i>Most Valuable</i>			<i>Least Valuable</i>	
1. Energy Information	5	4	3	2	1
2. Energy Costing	5	4	3	2	1
3. Lifecycle Analysis	5	4	3	2	1
4. Equipment Identification	5	4	3	2	1
5. Assistance in Writing Specifications	5	4	3	2	1
6. Rebates/Equip Financing	5	4	3	2	1
7. Information on Equipment Vendors	5	4	3	2	1
8. Information on Equipment Manufacturers	5	4	3	2	1
9. Promotion of Energy-Efficient Equipment Internally	5	4	3	2	1
10. Sponsoring energy-efficient Vendor Fairs for Purchasing Organizations	5	4	3	2	1
11. Providing training on energy-efficiency purchasing to procuring organizations	5	4	3	2	1
12. Other (Describe)					

V. Next Steps

23. Of the types of energy-using equipment your organization currently purchases, which contracts are scheduled for review/revision? When?

Office Equipment: Type _____
(i.e., computers, monitors, copiers, scanners, fax machines)

Non-Residential Lighting Equipment:

Type _____
(i.e., ballasts, cfl's, exit signs, lighting controls, etc)

Non-Residential HVAC:

Type _____
(i.e., boilers, CAC, chillers, heat pumps, furnaces, etc)

Other:

Type _____

(Commercial ice cube machines; electric motors, roof products; transformers, etc.)

Residential Appliances:

Type _____
(clothes dryers, clothes washers, dishwashers, refrigerators, etc.)

Residential Construction Materials:

Type _____
(insulation, roof products, windows)

Consumer Electronics:

Type _____
(TVs, VCRs, etc.)

Residential Lighting Products:

Type _____
(Indoor/outdoor lighting fixtures)

24. Conclude by determining when a follow-up proposal can be made to the purchasing organization by the utility, suggesting an approach to try to incorporate energy efficient purchasing. Determine the timetable, and what other individuals need to be included in a follow up meeting.

Thank you for your time!

VI. Post-Interview Follow Up

Relying on the information provided, the utility should propose initiating:

An ENERGY STAR Purchasing Tool Kit Pilot Project:

Components of a purchasing pilot project:

1. Select a technology up for review (Week 1)
2. Assist with specification revision (Weeks 2-3)
3. Assist with vendor identification (Weeks 3-4)
4. Provide life cycle costing for product selected (Week 5)
5. Provide tool kit training sessions on site for purchasing officials/decision makers (Week 6)
6. Let out bids (Weeks 7-9)
7. Evaluate the responses (Weeks 10-11)
8. Evaluate the overall purchasing pilot project (Week 12)

This 12-week introduction will help a state or local government agency essentially “walk through” the process with the utility or other promoting organization. This will help introduce the concept, integrate the approach, and eventually make it a seamless transition for the purchasing department. The promoting organization will be viewed a true objective partner, able to provide unbiased and credible information.

Part Two: (Facility/Property Management Officials)

1. Background/Demographics

1. Name of Respondent: _____
2. Title: _____
3. Responsibilities: _____
4. Telephone Number: _____
5. Name of Organization: _____
6. Number of employees in the organization: _____
7. Number of employees responsible for making procurement decisions:

8. Approximate dollar amount spent annually on renovating existing facilities: _____

9. Approximate dollar amount spent annually on new construction:

II. Organization Structure and Bid Processes

10. Describe briefly the bidding process for new construction projects and for renovations projects.
11. Do you ever specify energy-efficient equipment in the bid specifications for new construction or renovation projects?
12. How often and for what types of facilities?
13. Who manages the projects (in house staff or third parties)?
14. How do you select who will manage the projects – if done by third parties?
15. Can you supply the names of third parties used to manage the project so we can offer training on energy-efficient specifications or would you be willing to send out a letter drafted by me (Program Manager) asking for a meeting to provide such training?
16. Do you utilize any third parties other than or in addition to project managers (e.g., architects and engineers) to design the projects?
17. Can we obtain the names of such firms or organizations, again for the purpose of providing training on energy-efficient specifications? Would you send out a letter supplied by me to this effect to such third parties?
18. Who can you suggest that I may contact to encourage energy-efficient equipment to be included in capital projects (names of individuals and organizations and phone numbers, if possible).
19. How does your organization select winning bids? Is it ...
 1. Lowest price
 2. Reputation
 3. Delivery/terms
 4. Payback
 5. Other criteria (If so, what?)

20. Is there any flexibility for electing contractors based upon utilization or specification of energy efficient equipment in responses or in past projects?

III. Role of Utility in Energy-Efficient Procurement

21. How can energy providers, such as the local utility, assist your organization in including energy efficient products in bid processes and in specifications for capital projects?

22. What types of assistance would be the most valuable? The least valuable? (For each one listed, circle a number between 5 and 1)

	<i>Most Valuable</i>			<i>Least Valuable</i>	
1. Energy Information	5	4	3	2	1
2. Energy Costing	5	4	3	2	1
3. Lifecycle Analysis	5	4	3	2	1
4. Equipment Identification	5	4	3	2	1
5. Assistance in Writing Specifications	5	4	3	2	1
6. Rebates/Equip Financing	5	4	3	2	1
7. Information on Equipment Vendors	5	4	3	2	1
8. Information on Equipment Manufacturers	5	4	3	2	1
9. Promotion of Energy Efficient Equipment Internally	5	4	3	2	1
10. Sponsoring energy efficient Vendor Fairs for Purchasing Organizations	5	4	3	2	1
11. Providing training on energy efficiency purchasing to procuring organizations	5	4	3	2	1
12. Other (Describe)					

IV. Equipment installed in facilities

22. Which of the following types of energy-using equipment does your organization currently install, or have installed by a third-party contractor, in new construction or renovation projects?

Commercial HVAC

(chillers, boilers [gas-fired or oil], furnaces [gas-fired or oil], heat pumps [air source], heat pumps [geothermal], package terminal air conditioners, package terminate heat pumps)

Electric Motors

Commercial Lighting

(ballasts [dimming electronic or fluorescent non-dimming], CFLs and ballasts, exit signs, fluorescent ballasts, fluorescent tube lamps, HID accent lighting systems, lighting controls, luminaries [CFL downlights, fluorescent tube lamps, parking lots], reflector lamps)

Other: _____

(Commercial ice cube machines; electric motors, roof products; transformers, insulation, etc.)

23. Can I follow up with you with proposals by the utility, suggesting an approach to incorporate energy-efficient equipment into your bidding process?
24. Whom should I contact on your staff to help your organization to realize cost and energy savings in facilities you manage?

Appendix E – Sample Training Invitation Letter to Purchasing Staff

Date:

Dear _____:

(CEE member organization's name) would like to provide a presentation introducing the ENERGY STAR Purchasing Tool Kit. We would like to hold a meeting with your staff to introduce this tool kit and answer questions about its use. The presentation will cover the following topics:

- ◆ **Information** regarding products, efficiency levels, and energy and cost-savings potential for the most commonly types of products and services purchased for state and local governments.
- ◆ **Criteria** for evaluating ENERGY STAR and other energy-efficient products, their model numbers, and names of manufacturers.
- ◆ **Model Procurement Language** to use in bid specifications.
- ◆ **Interactive product cost calculation disks.** The presentation will include a demonstration of how to use life cycle costing when comparing standard and energy efficient products.
- ◆ **Communication tools, ideas, and materials** to help your organization promote and publicize your energy efficient procurement practices.

Presentation Logistics:

When: The presentations will be held at a mutually agreeable date and location. Ideally, it would be best to schedule the presentations in _____.

We envision presentations targeting the following audiences:

- ◆ _____ procurement officials and representatives, including those individuals new to energy efficient product procurement and those familiar with such products who can provide insight and experience with these commodities.
- ◆ Other groups or parties that may benefit from learning more about procurement activities targeting state and local governments, such as individuals interested in energy efficiency.

Who Should Attend: Individuals who are interested in or involved in the procurement or evaluation of equipment purchases. The tool kit has specific sections on office equipment, lighting, HVAC, residential appliances, construction materials,

consumer electronics, and other equipment such as ice cube machines, roof products, motors, and transformers.

A copy of the ENERGY STAR Purchasing Tool Kit will be available for review. .
If you have additional questions, please call me at _____ or you can reach me via email at _____.

Thank you for your help. I look forward to seeing you soon.

Sincerely,

Appendix F - Model Purchasing Policy

It is the policy of [JURISDICTION] that all [local, state] agencies purchase energy-efficient products in order to conserve electrical power and natural gas, reduce peak power consumption, lower energy costs to state agencies, provide market leadership and support energy-efficient purchasing by [local jurisdictions, schools, universities, etc.].

The Federal Energy Management Program (FEMP) of the U.S. Department of Energy (DOE) publishes Product Energy Efficiency Recommendations for many energy-consuming products. These Recommendations are available on the web for viewing and downloading at: <http://www.eren.doe.gov/femp/procurement/>. Currently, FEMP Efficiency Recommendations cover the following product categories, several of which are also covered by ENERGY STAR labels:

Office Technologies: Computers, Monitors, Printers, Copiers, and Fax Machines.

Lighting Technologies: Fluorescent Tube Lamps, Fluorescent Ballasts, Industrial HID Luminaires, Downlight Luminaires, Fluorescent Luminaires, Compact Fluorescent Lamps, and Exit Signs.

Commercial/Industrial Equipment and Appliances: Air or Water-Cooled Electric Chillers, Air Conditioners, Heat Pumps, Boilers, Ice Cube Machines, Clothes Washers, Motors, Distribution Transformers, Centrifugal Pumping Systems.

Construction Products: Residential Windows, Roof Products.

Residential Equipment and Appliances: Room Air Conditioners, Dishwashers, Refrigerators, Clothes Washers, Central Air Conditioners, Gas Furnaces, Electric Water Heaters, Gas Water Heaters, Air Source Heat Pumps.

Water Saving Technologies: Low-flow Faucets, Showerheads, Toilets, and Urinals.

Where FEMP recommended standards are available, all state agencies shall purchase only those products that meet the recommended standards.

The ENERGY STAR labeling program is a partnership between the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE). All products displaying the ENERGY STAR label meet the FEMP standards. Purchasing an ENERGY STAR labeled product automatically complies with this directive. A list of ENERGY STAR products is available on-line at www.energystar.gov/products.

This directive applies to all purchases of energy consuming products, including those made using [INSERT RELEVANT CATEGORIES - e.g., delegation authority, statewide contracts, multiple award schedules, small business preferences, state price schedules, master agreements and other contracts and agency-issued credit cards].

For energy consuming products where there are no FEMP recommended criteria or ENERGY STAR labels, agencies shall purchase products that conserve electrical power and/or natural gas to the maximum extent possible, based on minimum life-cycle costs.

Exceptions to this directive must be approved in writing by [INSERT NAME OF OFFICIAL] (see contact information below) prior to issuing a contract or purchase order.

The [JURISDICTION] contact for implementation of this policy is [INSERT NAME]. [She/He] is available to assist you with your energy consuming product purchases at [INSERT PHONE + EMAIL].

Appendix G – ENERGY STAR® Savings Calculator

Calculating ENERGY STAR Product Cost Savings Using Life Cycle Cost and the Simple Savings Calculator

Products that meet high-efficiency standards are given the ENERGY STAR rating by the Environmental Protection Agency and the Department of Energy. Typically, this means that they are in the top 25% of all similar products when ranked by energy efficiency.

The ENERGY STAR web site contains data on many ENERGY STAR-labeled products, and it also references other web sites that contain additional product information. The web site contains a savings calculator (which is also included on a disk that comes with the ENERGY STAR Tool Kit) that calculates the cost savings resulting from purchasing energy-efficient products.

Some energy-efficient products have a higher purchase price than their less efficient counterparts. Nonetheless, these products usually save you money because they use less energy, often have a longer life, and typically incur less maintenance cost. These savings, such as from lower energy bills, are achieved throughout the entire lifetime of the product. Thus, when deciding how much money an ENERGY STAR-labeled product will save you, it is necessary to consider both initial cost (the purchase price) and the costs that will be incurred throughout the life of the product (such as energy and maintenance costs). This type of calculation is called *life cycle cost* analysis because it takes into account all costs incurred by the product throughout its useful life. Life cycle analysis determines the present value of all of these costs, i.e., what they would be if they were all incurred right now. The savings calculator does this using a spreadsheet. Comparing the *life cycle cost* of an ENERGY STAR-labeled product with that of a less efficient product determines the savings that will be achieved.

The savings calculator has numerous user-determined parameters, such as energy cost per kWh, number of units being purchased, initial cost per unit, energy usage, and so forth. This information is required for both the ENERGY STAR-labeled and the less efficient product. The savings calculator then determines the net savings that will be achieved from buying the energy-efficient product, and it also measures how much carbon emissions will be reduced because less energy is consumed.

The following table summarizes the results from using the savings calculator. It shows the savings that would be achieved from buying energy-efficient computers and monitors. The EPA's default parameters were used for energy cost, discount value of money, and so forth.

Computers and Monitors

	Energy-Efficient product	Non-Energy Efficient product
Number of units	50	50
Watts per unit (in sleep mode)	45	N/A
Initial cost per unit	\$1,400	\$1,400
Product life (years)	4	4
Total annual operating cost	\$868	\$1,950
Lifetime operating cost	\$3,150	\$7,080
Purchase cost	\$70,000	\$70,000
Total life cycle cost	\$73,150	\$77,080
Net savings over product lifetime	\$3,930	N/A
Carbon emission savings (1)	8.42	N/A

Note: (1) This is the number of cars that would have to be removed from the road for one year to equal the carbon emission savings generated by the energy-efficient product.

What this calculation says is that if you buy 50 computers that have a sleep mode, and you keep them 4 years, then using the sleep mode will save you (in current dollars) \$3,930. Also, the energy savings result in carbon emission reductions that are equivalent to taking 8.42 cars off the road for one year. (It should be noted that most computers sold today have a sleep mode and are therefore potentially energy efficient. The issue is that the sleep mode is very often disabled, especially when the computers are networked, and then the energy savings are lost.)