

## Innovative Financing Solutions For State Building Energy Strategies

### AGENDA

October 3-4, 2019

Graduate Hotel  
11 Dorrance Street  
Providence, Rhode Island 02903

The National Governors Association is hosting this Lead-by-Example (LBE) workshop to support governors' initiatives to reduce energy consumption and expenses in public buildings, enhance the use of renewable energy and improve facility resilience. This workshop will bring together states and experts to focus on LBE financing best practices. It is part of a long-standing program of technical support that NGA has provided governors' staff on this topic.

#### Day 1 • October 3, 2019, 7:30 AM – 5:30 PM

7:30-8:30 AM      **Registration and Breakfast**

*Location:*                      *All meeting locations are on the 2<sup>nd</sup> floor of the hotel, except for the evening reception*  
*Atrium Ballroom*

8:30-8:45 AM      **Welcome and NGA Updates**

NGA staff will frame the discussion for the next day-and-a-half. Introductions:

- Capital Ballroom*  
*(for all General Sessions)*
- Jessica Rackley, Program Director, Energy, Infrastructure and Environment Division, NGA
  - Dan Lauf, Program Director, Energy, Infrastructure and Environment Division, NGA

8:45-9:30 AM      **State Introductions: Lead-by-Example Priorities**

*Capital Ballroom*                      *State participants will introduce themselves and share highlights from 2 to 3 recent lead-by-example activities and upcoming priorities for their governors*

Moderator: Matt Rogotzke, Policy Analyst, Energy, Infrastructure and Environment Division, NGA

9:30-10:00 AM      **LBE 101: Setting Statewide Targets & Implementation**

*Capital Ballroom*                      State governments operate numerous facilities whose energy costs can account for as much as 10 percent of a government's annual operating budget as of 2018. More than half of all states have an energy savings target in place for state owned or operated buildings; however, the level, applicability, and other features of these targets can vary widely. NGA will provide participants with a background on states that have established robust energy savings targets for state facilities along with insights on setting initial target levels and revising target levels. Attendees will hear from Connecticut about its new LBE executive order and about the implementation of their goals.

Introduction: Jessica Rackley, NGA

Speaker:

- Mary Sotos, Senior Policy Advisor, Connecticut Department of Energy and Environmental Protection

- 10:00-10:30 AM  
*Capital Ballroom*
- LBE 101: Benchmarking**  
Benchmarking facility energy consumption is a critical first step to prioritizing investments and identifying opportunities for cost-effective energy savings. Buildings that consistently benchmark energy performance achieve average annual energy savings estimated at 2.4 percent. Twelve states use EPA's ENERGY STAR Portfolio Manager tool while other states, like Minnesota and Kentucky, use their own benchmarking tools. NGA will provide an overview of state benchmarking models and tools for consideration, including challenges in analyzing data. Pennsylvania will then present highlights of their benchmarking program.
- Introduction: Dan Lauf, NGA  
Speaker:
- Julien Gaudion, Deputy Secretary, Property and Asset Management, Pennsylvania Department of General Services
- 10:30-11:00 AM  
**BREAK**
- 11:00-11:30 AM  
*Capital Ballroom*
- LBE 101: Financing State LBE Efforts**  
Financing options for energy efficiency improvements in state owned or operated buildings differ from state to state and depend upon the structure of the state. This session will provide an overview of the main financing options available for state facilities, explore the pros and cons of various financing methods and highlight emerging opportunities.
- Introduction: Matt Rogotzke, NGA  
Speaker:
- Sean Williamson, Advisor, U.S. Department of Energy
- 11:30-12:15 PM  
*Capital Ballroom*
- Tried and True: Traditional Financing Options for State Buildings**  
While innovative financing methods such as green bonds or energy savings agreements may get more attention, more traditional funding methods offer tried and true opportunities. Options include tax-exempt leasing, internal financing and bonds. These financing mechanisms may be a good fit for small-scale projects, whereas energy savings performance contracts and other less traditional options are a better fit for larger or aggregated projects. This session will provide perspectives on how states can best align their needs with traditional options.
- Moderator: Jessica Rackley, NGA  
Speakers:
- Matthew Brown, Principal, Harcourt Brown & Carey
  - Jeff Diehl, Executive Director and CEO, Rhode Island Infrastructure Bank
- 12:15-1:30 PM  
*Ocean State Suite B*
- Lunch & Keynote Case Study**  
The City of Boston will share information on their Renew Boston Trust financing program and highlight other key considerations for advancing energy efficiency and clean energy projects.
- Introduction: Dan Lauf, NGA  
Speaker:
- Brad Swing, Director of Energy Policy & Programs, City of Boston
- 1:30-1:45 PM  
**Break**

1:45-2:45 PM

*Capital Ballroom*

## **Demystifying Energy Savings Performance Contracts (ESPCs)**

ESPCs are a key tool for states to implement budget neutral energy efficiency projects by utilizing an Energy Services Company (ESCO). States may enter into a performance-based contract and use project savings to pay for energy services. States take different approaches to financing ESPCs by using leasing agreements, internal financing, loans, grants or a combination of options. Some states have a prequalified list of eligible ESCOs and contract and financial terms to ensure that arrangements are fair. Speakers will present state and ESCO perspectives about the successes and challenges faced with ESPCs.

Moderator: Matt Rogotzke, NGA

Speakers:

- Taylor Lewis, Senior Program Engineer, Commercial and Industrial Energy Services, Colorado Energy Office
- Alice Dasek, Advisor, U.S. Department of Energy
- Donald Gilligan, President, NAESCO

2:45-3:30 PM

*Capital Ballroom*

## **Beyond Low-Hanging Fruit: Methods to Incentivize State Agency Participation**

Program administrators have a range of tools at their disposal to incentivize agency participation in lead-by-example programs. However, getting full buy-in from agencies remains a challenge. States can leverage a range of solutions, such as governor mandates, shared savings mechanisms, public recognition and addressing deferred maintenance. Speakers from Maryland and Massachusetts will describe two leading programs and how they successfully work with agencies across state government to reduce energy use and expenses.

Moderator: Dan Lauf, NGA

Speakers:

- David St. Jean, Director Office of Energy Performance and Conservation, Maryland Department of General Services
- Krista Lillis, Program Manager, Energy Efficiency and Sustainable Buildings, Massachusetts Division of Capital Asset Maintenance and Management

3:30-3:50 PM

## **BREAK**

3:50-4:10 PM

*Ocean State Suite B*

## **Financing Better Buildings: Themes and Trends from Day 1**

The U.S. Green Building Council (USGBC) will summarize common themes and ideas that are helpful to all states in advancing their Lead-by-Example programs. Recent state Lead-by-Example policies and approaches will be highlighted along with emerging opportunities.

Introduction: Jessica Rackley, NGA

Speaker:

- Elizabeth (Liz) Beardsley, Senior Policy Counsel, U.S. Green Building Council

4:10-4:45 PM

*Ocean State Suite B*

## **Breakout Session**

Participants will divide into small groups to discuss ideas heard during Day 1, including concepts mentioned that were particularly useful and areas in which they need more information and additional assistance.

4:45-5:00 PM

## **Breakout Session Recap**

Meeting participants will share highlights from their small group discussions.

Moderator: Jessica Rackley, NGA

5:00-6:30 PM

*Terrace (18<sup>th</sup> floor)*

## **Reception**

Day 2 • October 4, 2019, 7:30 AM – 1:30 PM

<p>7:30-8:30 AM <i>Atrium Ballroom</i></p>	<p><b>Registration and Breakfast</b></p>
<p>8:30-9:30 AM  <i>Capital Ballroom</i></p>	<p><b>Shades of Green in Financing: Green Bonds Defined</b> Green Bonds are financial instruments that fund projects with environmental or climate benefits such as energy efficiency or renewable energy projects. The market share of this financing solution is growing rapidly. Cumulative green bond issuance in the U.S. from 2007 to 2017 was valued at \$118.6 billion; an estimated 20 percent of that went to energy efficiency projects.<sup>1</sup> The advantages of green bonds are that they may attract new types of investors and stronger demand, allowing the issuer to raise more capital, receive better pricing or arrange longer repayment terms. Speakers in this session will provide an overview of state recent green bonds issued to finance energy efficiency or clean energy projects.</p> <p>Moderator: Jessica Rackley, NGA Speakers:</p> <ul style="list-style-type: none"> <li>• Mike Paparian, Senior Advisor, Climate Bonds Initiative</li> <li>• Bert Hunter, EVP &amp; Chief Investment Officer, Connecticut Green Bank</li> <li>• Tony DePrima, Executive Director, Delaware Sustainable Energy Utility, Inc.</li> </ul>
<p>9:30-10:30 AM  <i>Capital Ballroom</i></p>	<p><b>Emerging Opportunities: Models Such as Energy-as-a-Service</b> Energy-as-a-Service (EaaS) is a financing solution that's gaining in popularity among companies and large facilities in the U.S. The market share for EaaS projects is expected to grow to \$2.6 billion by 2026 (Navigant). EaaS can work for any sector but has not been used much for government facilities. However, some federal government projects are examining using EaaS. EaaS is a pay-for-performance, off-balance sheet financing option in which the customer typically pays one service provider for the project and all required services such as maintenance costs. This session will explore the potential for EaaS for state owned or operated buildings.</p> <p>Moderator: Matt Rogotzke, NGA Speakers:</p> <ul style="list-style-type: none"> <li>• Anastasia Beckett, Senior Vice President of Business Development, Metrus Energy</li> <li>• Shawn Bennett, Advisor, US Air Force Office of Energy Assurance</li> </ul>
<p>10:30-11:00 AM</p>	<p><b>BREAK</b></p>
<p>11:00-12:00 PM  <i>Ocean State Suite B</i></p>	<p><b>Breakout Session</b> Participants will have time for small group discussions on 3 financing options: green bonds, EaaS, and a choose-your-own topic. This rotating session will allow participants 20 minutes per topic to discuss the most pertinent issues from the morning sessions. Participants will also begin to think about top takeaways and future needs for LBE financing efforts.</p>
<p>  <i>Ocean State Suite B</i></p>	<p>12:00-1:00 PM      <b>Lunch &amp; Top Takeaways</b> State participants will discuss top takeaways.</p> <p>Moderator: Dan Lauf, NGA Final Remarks: Jessica Rackley, NGA</p>

<sup>1</sup> Key comparison: the U.S. market size for ESPCs was valued at \$7.6 billion in 2017 (LBL).