

Statement from Mr. Maffei
Ranking Member, Subcommittee on Oversight
Committee on Science, Space & Technology

Joint Hearing with the Subcommittee on Energy titled:

“Green Buildings – An Evaluation of Energy Savings Performance Contracts.”

Thursday, June 27, 2013, 10:00 a.m., 2318 Rayburn

Thank you Chairman Broun and Chairwoman Lummis for holding this hearing today.

Energy Savings Performance Contracts or E-S-P-Cs are contracting vehicles that have permitted federal agencies to meet energy efficiency, renewable energy, water conservation and emissions reduction goals since they were first established by Congress in 1986. They allow federal agencies to implement energy efficient projects with limited up-front costs and significant long-term savings in unique public-private partnerships.

As part of these arrangements private sector Energy Service Companies (ESCOs) conduct comprehensive energy audits of federal facilities and identify long-term energy savings that will pay for the cost of the project over the term of the contract with the federal agency. The private contractor is responsible for paying for the building or facility’s modifications up front and once the contract ends the cost savings accrue to the federal agency.

E-S-P-Cs have been implemented primarily through the Department of Energy’s Federal Energy Management Program (FEMP) and since 1998 the program has awarded ESPC projects through 25 separate federal agencies for a total estimated savings of \$7.2 billion dollars.

At a time when all Federal agencies are fiscally constrained I believe ESPCs are an idea worth pursuing. ESPCs are widely seen as a good idea with potential large savings to the federal government and U.S. taxpayer. But like any government program they need to be properly managed and carefully overseen. A recent audit of NASA’s Energy Savings Contracts by the NASA Inspector General found that is not always the case.

While the NASA IG documented a case of poor government oversight, but I believe if properly managed Energy Savings Performance Contracts (ESPCs) are a win-win for the federal government, American taxpayer and U.S. business community.

I look forward to hearing from our witnesses today about how to ensure proper management and oversight of these contracts that improve federal energy efficiency while reaping potentially large federal cost savings.