

# New Mexico

## Public Education Department (PED)

### *\$ FUNDING FOR CAPITAL IMPROVEMENTS \$*

through Qualified Providers

## *Energy Control Inc.*

The New Mexico Legislature has passed and amended an Act that addresses School Districts and could be the answer to funding those much needed energy efficiency and capital projects in your facilities.

#### **WHAT IS THE NEW LAW?**

The Public Building Energy Efficiency Act (Chapter 231, section 6-23-1 et. seq. NMSA 1978, Amended in 1999) allows School Districts to enter into contracts for up to ten years to finance, purchase and install Energy Conservation Measures (ECM), which also includes water conservation measures, in buildings and facility-wide. Projects must be done by “Qualified Providers” who must furnish a written guarantee, and performance bond, that energy and operational cost savings over a ten-year period will meet or exceed the cost of the ECM. The qualified provider must meet or exceed experience requirements developed by the Energy, Minerals and Natural Resources (EMNRD).

#### **WHAT CAN BE FUNDED?**

Energy Conservation Measures (ECM) such as computerized energy control systems, efficient lighting fixtures, efficient heating and cooling equipment, cogeneration and solar systems may be funded. Water conservation measures are also covered under the heading of ECM and may include; low flow toilets, water saving showerheads and irrigation controls. The most desirable ECMs not only save money, energy and water, but also reduce downtime by replacing older equipment and improve learning environments in school buildings.

#### **HOW DOES THE FINANCING WORK?**

The qualified provider offers to furnish up-front financing for conservation measures as part of the contract. School Districts pledge to pay back the provider with cost savings from ECMs. Agreements are revenue neutral because payments to providers are funded with dollars that would otherwise be paid to a utility. The source of funds used to make payments must be from a special fund including income of the permanent fund and land income of which School Districts are the beneficiaries.

#### **WHERE CAN I GET MORE INFORMATION?**

Contact Antonio Ortize, PED, 827 5850, Harold Trujillo, Energy Minerals and Natural Resources Department, 476 - 3318 or John J “Jack” Mc Gowan at Energy Control Inc. 505 890 2888

#### **WHAT STEPS DO I TAKE TO GET STARTED ON A PROJECT?**

These services are purchased in the same way as others for your entity, except that the vendor must be a “Qualified Provider” as defined by the Energy Minerals and Natural Resources Department. The Act provisions allow for Institutions of Higher Education to enter into multi-year agreements for guaranteed energy saving contracts and to retain the savings from these projects to repay the cost of

these projects. State procurement code must be followed. Before signing, Institutions must have their contracts reviewed and approved by the state and follow the steps outlined below.

- Step 1 **Review the Public Building Energy Efficiency Act and contact a Qualified Provider:** Identify opportunities for Energy and Water Saving projects and discuss:
  - performance contracting concept and process; and
  - capital improvement potential, costs, performance guarantees and pay back by entity.
- Step 2 **Harold Trujillo, Energy Minerals and Natural Resources Department:** questions on process.
- Step 3 **Preliminary Energy Audit:** Qualified provider determines which buildings or facilities would benefit from the program with in house professionals, who must be experienced in energy efficiency projects. The initial review simply identifies the opportunity including investment and cost savings possible. Tasks include:
  - Request and Review utility bills,
  - Provider conducts Energy Audit/walk-through to identify Energy Conservation Measure (ECM) projects targeting customer needs and define scope of investment & savings
- Step 4 **Issue Request for Qualification or use CES:** select Qualified Provider to analyze and implement projects. **List of Qualified Bidders available from CES at 505 344 5470**
- Step 5 **Select Qualified Provider:** following Act and all state procurement laws, rules and regulations.
- Step 6 **School Board meeting and resolution:** Provider presents results of Energy Audit and secures Resolution to sign a Detailed Study Agreement, and proceed through the Performance Contracting process with a study.
- Step 7 **Detailed study:** Provider conducts a study including engineering and financial analysis, and summarizes all ECM projects for the University or College
- Step 8 **District contract presentation and resolution:** Presentation of Detailed Study Results and contract package, selection of ECM Projects to implement and review of total agreement package. Resolution or Presidents authorization to proceed with the project and the State review.
- Step 9 **State Technical Review:** Institutions of Higher Education must have the Energy Minerals and Natural Resources Department perform a technical review and approve their Detailed Study and Water Measures are referred to the State Engineer.
- Step 10 **State Administrative Review and District Attorney Contract Review:** Districts must have the State Department of Education and their Counsel review and approve the entire performance contract including finance documents. The deadline to submit package for review is November 30.
- Step 11 **Final State Approval:** The complete document is submitted to the Legislature for final approval.
- Step 12 **Final School Board Approval:** A final presentation is made to the School Board for approval of the completed contract.
- Step 13 **Superintendent Sign-off:** The approved documents are signed and installation begins
- Step 14 **Guaranteed Savings begin:** Install all measures, training is provided on equipment as appropriate and the guaranteed savings period begins. The provider monitors utility bills to verify savings.