

PROCEDURES FOR USING AIR FORCE REGIONAL ENERGY SAVINGS PERFORMANCE CONTRACTS (RESPC) AND ASSOCIATED TASK ORDERS

May 2004

The Air Force Civil Engineer Support Agency (AFCESA) assisted in the award of the six Air Force Regional ESPC contracts (RESPC) which afford Air Force activities in all 50 states and some overseas areas (Osan and Kunsan Korea) access to an Air Force RESPC. (Map Attachment 1)

AFCESA is the facilitator for a base wanting to access an Air Force regional ESPC contract. The Regional Contracting Officer (RCO) will delegate ordering authority to contracting offices within their region after AFCESA coordination. These procedures are applicable for initial acceptance into a RESPC and the issuance of every task order under that ESPC.

NOTE: The agreement between the RCO and AFCESA/CESM is that AFCESA will handle as much of the interface/questions with the installations as possible. This is to reduce the overhead/workload on the RCO. Please contact the AFCESA/CESM POCs listed below **before** contacting the RCO. Direct mailing of certain documentation to the RCO is indicated to facilitate and speed the process of getting work done, not to put additional work on the regional office.

WHO

WHAT

Installation Contracting Officer and Civil Engineer	To access an Air Force Regional Energy Savings Performance Contract (RESPC), the installation contracting office forwards a request (coordinated with the Base Civil Engineer and Contracting Squadron Commander) to HQ AFCESA/CESM, 139 Barnes Drive Suite 1, Tyndall AFB FL, 32403-5319. The request should indicate interest in using the Air Force RESPC and request delegation of ordering authority for the designated contracting officer(s) (Sample – Attachment 2). Within base civil engineers the primary POC is typically the Base Energy Manager, the alternate may be anyone familiar with ESPC concepts and policies. The primary and alternate contracting POCs should be the contracting officer(s) (CO) responsible for issuing and the buyer/administrator responsible for administering RESPC task orders for the base. The CO must have a warrant sufficient enough to sign task orders.
HQ AFCESA/CESM	Ensure ESPC web base training is completed by installation contracting and engineering personnel. After training is completed, send memorandum to the Regional Contracting Officer (RCO), identifying the Contracting Officer to be delegated ordering authority and advising that personnel have been trained in ESPC concepts.
Regional Contracting Officer	Send memorandum delegating ordering authority (Sample Attachment 3) to the requesting installation contracting officer with a copy to AFCESA/CESM.
Installation Contracting Officer	Sign letter accepting delegation of ordering authority and returns it to RCO with a copy faxed to AFCESA/CESM, DSN 523-6219.
HQ AFCESA/CESM	Record acceptance of delegation and works with base installation contracting officer and civil engineer in scheduling a kick-off meeting.

Installation Contracting Officer	The Contracting Officer invites the ESCO to the base for a kick-off meeting to discuss base requirements. This kick-off meeting should include base, MAJCOM, AFCESA and ESCO personnel. The Best Business Practices (Attachment 4) are provided to help the installation implement an ESPC. These suggestions will help in translating the requirements and applying the lessons learned toward achieving a successful ESPC project. At this initial meeting, or at a future date, the Contracting Officer may direct the ESCO, by letter, to perform a Phase I – Preliminary Site Survey. Applicable wage decisions (wage rates) should be an attachment to this letter. The CO will provide AFCESA/CESM a copy of all letters directing Phase I work.
ESCO	Conducts a preliminary site survey and delivers four (4) copies of the Phase I Report to the installation’s contracting officer and provides one (1) copy to AFCESA/CESM. The Phase I Report shall only address those buildings/facilities authorized by the Contracting Officer for a Phase I study.
Installation Contracting/Engineering /AFCESA/CESM	Review and discuss each Phase I Report. After the civil engineer reviews and approves the Phase I report, the contracting officer requests authorization from AFCESA/CESM to proceed to Phase II and request a Phase II tracking number. AFCESA/CESM will review all Phase I Reports and provide review comments to the contracting officer, civil engineer and MAJCOM.
HQ AFCESA/CESM	Notify RCO of potential investment for the task order. In coordination with the RCO, determine if there is sufficient contract capacity to permit the base to proceed to Phase II. Notify requesting installation contracting officer of whether contract capacity is available, assign the Phase II tracking number and authorize the base to proceed to Phase II.
Installation Contracting Officer	Once authorized to proceed to Phase II, direct the ESCO in writing to perform a Phase II – Facility Energy Audit and Economic Analysis. (Updated wage decisions should be an attachment to the letter directing the ESCO to initiate Phase II work.) Provide AFCESA/CESM a copy of all letters directing Phase II work.
ESCO	Conducts a facility energy audit and economic analysis and delivers four (4) copies of the Phase II Report to the installation’s contracting officer and two (2) copies to AFCESA/CESM ((1) hard copy and (1) disk copy).
AFCESA/CESM, Installation Contracting and Engineering	Review the Phase II report, discuss and negotiate changes as necessary. AFCESA/CESM will review all Phase II Reports and provide review comments to the contracting officer, civil engineer and MAJCOM.
Installation Contracting Officer	Congressional reporting of ESPC contracts with cancellation ceilings in excess of \$10,000,000. In accordance with Attachment 5, at the conclusion of final negotiations, the contracting officer shall submit reports of intent to award an ESPC to the MAJCOM Civil Engineering directorate 45 days prior to contract award. The MAJCOM Civil Engineering directorate shall forward the notification to SAF/AQCK in the format provided in Attachment 6. A coordination sheet, Attachment 7, is provided to ensure all appropriate functions have reviewed and coordinated on the TO before the award. This sheet has been provided as a recommendation and should be modified to meet the base/MAJCOM requirements.

Installation Contracting Officer Unless notified to the contrary, the task order may be awarded after the notification period is complete and the ESCO has provided a revised Phase II report as a result of final negotiations. The Contracting Officer must include the RCO and AFCESA/CESM on the distribution list to receive a copy of each task order cover page (with appropriate dollar amounts included), Exhibit A, Exhibit B, Exhibit C, Exhibit K and all subsequent amendments/modifications. Task Order awards and numbering will follow the procedures outlined in the DOD FAR Supplement Appendix G for issuing orders against contracts awarded by other activities unless otherwise directed by the RCO.

HQ AFCESA/CESM Record appropriate data in the ESPC database.

Attachments:

1. RESPC Map
2. Letter to Request Ordering Authority
3. Sample Ordering Authority Letter
4. ETL 02-5, Rev 1- Best Practices
5. AFFARS 5317.108 - Congressional Notification
6. Sample Congressional Notification Letter
7. Coordination Sheet

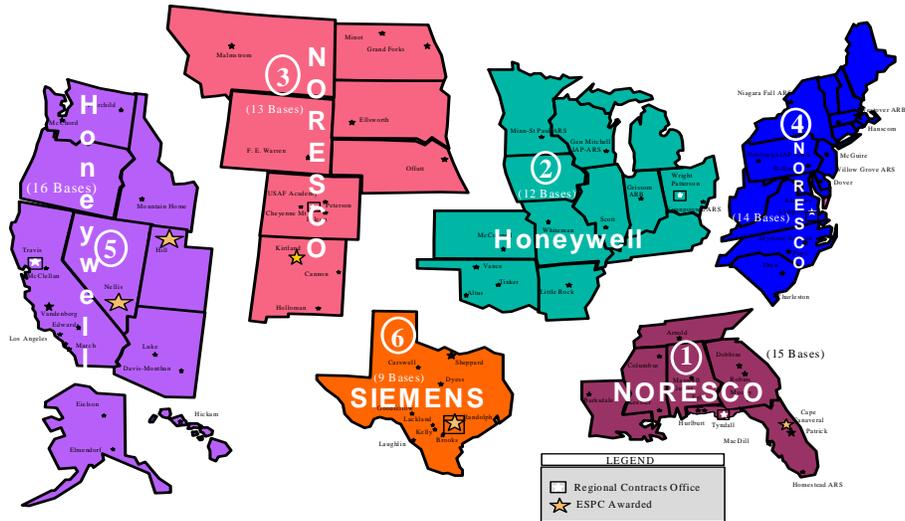
AFCESA POCs:

AF Energy Program Manager Mr. Pat Mumme DSN 523-6361 pat.mumme@tyndall.af.mil

Contract Support:

Mr. Gary Hein	DSN	523-6329	gary.hein@tyndall.af.mil
Mr. Tim Adams	DSN	523-6168	tim.adams@tyndall.af.mil
Ms. Lynda Sisk	DSN	523-6220	linda.sisk@tyndall.af.mil
Mr. Michael Cross	DSN	523-6481	michael.cross@tyndall.af.mil
Mr. Kevin Wahlstrom	DSN	523-6302	kevin.wahlstrom@tyndall.af.mil
Ms. Brenda Tipton	DSN	523-6012	brenda.tipton@tyndall.af.mil
Ms. Ebony Payton	DSN	523-6236	ebony.payton@tyndall.af.mil

AIR FORCE REGIONAL ESPC



Attachment 2

Sample Letter to Request Ordering Authority

Date

**MEMORANDUM FOR: HQ AFCEA/CESM
139 Barnes Drive Suite 1
Tyndall AFB FL 32403-5319**

**FROM: Base Contracting Officer
Address
City State Zip Code**

SUBJECT: DELEGATION OF ORDERING AUTHORITY FOR REGION X ESPC

1. (Name of Base) AFB, (State), requests delegation of Regional ESPC ordering authority for the contracting officer(s) identified below under the Air Force Region X ESPC.

NAME TITLE DSN # DSN FAX E-Mail Date Trained Method

Primary

Alternate

2. Civil Engineering points of contact for this effort are:

NAME TITLE DSN # DSN FAX E-Mail Date Trained Method

Primary

Alternate

3. Questions can be addressed to (Name) at DSN XXX-XXXX or e-mail XXXXXXXXXXXXXXXX.

Signature
Title

Attachment 3

Sample Decentralized Ordering Letter

MEMORANDUM FOR *Requesting Installation Contracting Officer*

FROM: *Regional Contracting Officer*

SUBJECT: Appointment of Decentralized Ordering Official – Contract # _____

1. Upon the recommendation of HQ AFCESA/CESM and in accordance with Section H, paragraph H-3 of subject contract, the attached Procedures for Implementing Air Force Regional Energy Savings Performance Contracts (RESPC) and Associated Task Orders, and AFFARS 5316.505-90 you are hereby appointed as a Decentralized Ordering Official for this contract (copy attached at enclosure 1). Your appointment will become effective upon your completing the receipt acknowledgment found at the end of this appointment letter. Your appointment will remain effective, unless sooner revoked, until expiration of the contract (twenty-five years from date of award or until reaching the contract maximum), or until you are reassigned or your employment is terminated. You are accountable to this office for all actions related to this contract. Technical oversight and assistance will be provided by AFCESA/CESM, the Air Force Regional Energy Savings Performance Contracts (RESPC) Program Manager.

2. Authority, Limitations and Requirements. Your appointment is subject to the following requirements and limitations:

(a) You will adhere to the procedures found in enclosure 2. Prior to allowing the contractor to proceed with any Phase II work you shall notify the Regional Contracting Officer (RCO) and AFCESA/CESM of the estimated total amount of the potential task order and request approval to proceed and assignment of a RESPC tracking number.

(b) You are responsible for ensuring funds are available for current year payments and actions are taken to ensure that out year funding is included in the annual budgeting process.

(c) Prior to issuing task orders in an amount greater than previously approved by the RCO, you must notify the RCO and AFCESA/CESM of the dollar amount to be cited on the task order. (NOTE: If task order modifications subsequently change the task order amount you must coordinate with the RCO and AFCESA/CESM).

(d) You may place task orders in accordance with your certificate of appointment as a contracting officer and within the maximum amount of approved contract headroom assigned for a specific task order by the RCO. Task order performance periods shall not extend beyond the contract expiration date.

(e) You are responsible for task order administration to include:

(1) Proper distribution of task order documents with the RCO receiving a copy of the task order cover sheet showing the assigned AFCESA RESPC tracking number, dollar amount and performance period.

(2) Implementing adequate controls to ensure that contractor performance is adequately monitored to fully ensure the safety and protection of Air Force personnel and property.

(3) Ensuring the procedures for measurement and verification of savings are adequate and followed, including the required annual reconciliation of projected versus actual equipment performance.

(4) Promptly reporting unsatisfactory contractor performance to the appropriate RCO and AFCESA/CESM.

(5) You may not make any modification or changes to contract **FOXXXX-XX-DXXXX**, nor may you include any terms or conditions in any task orders that conflicts with the basic contract. In the event of conflicts between a task order and contract **FOXXXX-XX-DXXXX**, the contract shall prevail.

(f) The authority granted in this appointment may not be re-delegated to any other person.

3. Standards of Conduct and Contracting Action Reporting Requirements.

(a) You shall comply with the standards of conduct prescribed in DoD 5500.7-R.

(b) You shall furnish the undersigned and the contracting officer such information as may be required for contracting action reporting purposes in the manner and the time specified.

4. Termination of Appointment.

(a) Your appointment may be revoked at any time by the undersigned authority or successor and shall be terminated in writing. Upon reaching the contract maximum of \$ **XXX,XXX,XXX** (This amount will change depending on Region, i.e., Region 5 is \$250,000,000) the RCO will notify you in writing that no future work may be directed that could result in contract cost.

(b) Should you be reassigned from your present position or separated from Government service while this appointment is in effect, you shall promptly notify the appointing authority in writing. Your appointment will be revoked if you are reassigned and shall automatically be terminated on the date of your reassignment or separation from Government service, if it is not sooner revoked.

5. Acknowledgment of Receipt. This delegation shall become effective upon receipt by the undersigned of your acknowledgment and acceptance of this appointment and the above outlined conditions. Your signature also serves as certification that you have read and understand the contents of DoD 5500.7-R.

You may fax the completed acknowledgment to the undersigned at DSN XXX-XXXX, with copy to HQ AFCESA/CESM, DSN 523-6219. The original copy of this designation should be retained for your file.

JOHN J. DOE
Regional Contracting Officer

2 Encl

- 1. Contract **F0XXXX-XX-DXXXX**
- 2. Procedures for Implementing Air Force Regional Energy Savings Performance Contracts (RESPC) and Associated Task Orders

Receipt of this appointment and the terms of the appointment is acknowledged. I understand, accept and agree to adhere to the authorities, limitations and restrictions stated herein.

NAME (Print or Type)

SIGNATURE

RANK/GRADE

DATE

TELEPHONE

FAX

Attachment 4

Best Practices

Best Practices. The following best business practices are provided as recommendations to help the installation implement an ESPC. These suggestions will help in translating the requirements and applying the lessons learned toward achieving a successful ECM.

1. M&V Plan. The M&V plan is the cornerstone of an ESPC, ensuring the installation's ability to confirm that actual energy savings are occurring and verified in a reasonable, cost-effective manner. Using this plan annually guarantees to the base that the equipment installed is performing as predicted. Using a good M&V plan will help mitigate risk to the base, eliminate conflicts when systems fail to meet their expected savings, and ensures that the ESCO remains engaged with the base over the full term of the contract. All M&V plans should be in agreement with the most current IPMVP. Whenever possible M&V, baseline development and testing should be presented in the AF M&V format using the prototypes. Current prototypes can be downloaded from the AFCESA Website at http://www.afcesa.af.mil/ces/cesm/energy/cesm_prototypes.asp.

1.1. Baseline Development. An energy baseline is a prediction of the amount of energy that would have been used if there had been no energy conservation equipment installed.

1.1.1. It is recommended that actual metering and data collection be performed by the ESCO but verified by the base to ensure the baseline reflects realistic energy consumption upon which the savings calculations will be based. Data collection requirements vary by ECP and M&V method but a minimum of three months' data is recommended for weather impacted ECPs. If the ESCO and AF determine that simulation is the preferred methodology, the models must be validated (calibrated).

1.1.2. All assumptions made in the Phase I report should be validated in Phase II by the ESCO. Validation includes all pertinent data and formulas, used to compute the energy savings, be documented so the base energy manager can easily explain these savings now or in the future.

1.1.3. It is recommended that baseline development and data collection begin immediately after the initial kickoff meeting. The longer the data collection period, the lower the risk to the base and ESCO (lower risks result in lower overall costs).

1.1.4. Review of the baseline by an independent party is recommended. The MAJCOM/base would pay the cost of these reviews.

1.2. Performance Tests.

1.2.1. A performance test is a process for achieving, verifying, and documenting the performance of equipment installed or modified as part of an ECP. The process begins in Phase II with the development and approval of a performance test plan and implemented after the TO award. Implementation is accomplished during construction to certify that all equipment is functioning and operating properly and the results approved before conducting the energy savings verification tests.

1.2.2. The performance test plan developed as part of Phase II is prepared for each ECP which describes all aspects of the test process, including schedules, responsibilities, documentation requirements, and functional performance test requirements. The functional performance tests should describe at what conditions or loads the tests are to be performed, location of test sensors, frequency of measurements, type of test equipment, test methods, and the acceptable range of results. The level of detail depends on the complexity of the ECP. The acceptance testing plan should be of sufficient detail such that the base knows exactly they type tests will be performed prior to signing the task order award.

1.2.3. After the performance test is performed, a final acceptance report should be submitted for approval in writing to the base contracting officer and base energy manager. The final acceptance report is submitted after all functional performance tests are completed. The final acceptance report should include the executive summary, ECP description, the performance plan, and all test results.

1.3. Energy Savings Validation.

1.3.1. It is recommended that a formal set of test procedures with the acceptable range of results be developed to validate energy savings. These energy savings validation test procedures should be submitted by the ESCO at Phase II and approved before awarding the TO. The tests should describe at what conditions or loads the tests are to be performed, location of test sensors, frequency of measurements, type of test equipment, test methods, and the acceptable range of results. The test procedures should verify all energy savings that are guaranteed under the ECP/ECM.

1.3.2. It is recommended that after approving the performance test results for each ECP, the ESCO perform the approved energy savings test procedures to validate the energy savings for each ECP.

1.3.3. Once the validated energy savings have been approved for all ECPs, payment will begin the first full month after acceptance of the ECM.

1.4. Annual Reconciliation Plan (Audit of Savings).

1.4.1. Each ECP in the TO should have a detailed annual (at a minimum) reconciliation plan approved before the TO award. The plan should describe a formal set of test procedures, acceptable range of results, schedule of how reconciliation payments will be assessed if savings fall below the guarantee, and a certification by the ESCO that all O&M requirements and conditions have been met for each ECP in the TO.

1.4.2. The test procedures should be similar to those developed to validate energy savings. The purpose is to test, validate, and document the energy savings.

1.4.3. The contracting officer must approve the annual reconciliation of savings after coordination by the base energy manager.

1.4.4. It is recommended that an independent audit of the ECP's savings be performed every five years, and a report sent to the base contracting officer, base energy manager, and MAJCOM energy manager. The MAJCOM/base will pay the cost of these reviews.

2. Maintenance Related to TO.

2.1. All maintenance is an ESCO responsibility and should be performed by the ESCO; however, in some cases the installation may have the capability to perform such maintenance. If maintenance is performed by the installation, the responsibility remains with the ESCO. Having the ESCO perform the maintenance eliminates the risk to the installation that a reduction of energy savings is the result of improper routine maintenance by the installation.

2.2. If the base agrees to perform the maintenance, it should carefully consider the consequences should it become unable to perform in accordance with the maintenance schedule. Since the ESCO is ultimately responsible, they will determine if the government is meeting TO requirements. If the base fails to perform proper maintenance, the ESCO may take over the maintenance and charge the base for performance. This will require modifying the TO, reworking the TO's financial provisions, and possibly extending the TO's term length or buying out if the TO term cannot be extended. When the base assumes maintenance, the ESCO must provide a detailed maintenance schedule reflecting by whom, when, and how often the maintenance is to be performed as detailed in the Phase II report. Since all costs must be accounted for, the estimated cost of the ESCO performing the maintenance should be captured in the proposal and reflected in the cost analysis, but may not have to be included as a cost to the ECM. Additional cost must be reflected in the cost analysis as a cost to the ECM if maintenance costs increase over pre-ECP levels.

3. Pricing of TO Work.

3.1. The installation should request the ESCO provide detailed supporting documentation needed to determine price reasonableness.

3.2. ESCO estimates for each ECP should identify all major costs (e.g., equipment, labor, design, maintenance, repair, parts, overhead and profit [OH&P], travel, M&V). The government should also prepare an independent estimate.

3.3. Contingencies should be clearly identified and negotiated for each ECP in the Phase II reports. Contingency costs mitigate a project's risk, which is a factor in the profit negotiated; therefore the level of contingencies needed for a project should be carefully considered. See FAR 31.205-7

3.4. Ancillary savings are those that are not attributed to utility savings, such as manpower, materials, or elimination of contract-operated functions. Ancillary savings are any savings attributable to the project other than energy savings. Maintenance, repair or operation costs for tasks currently being performed by the government or by a contractor hired by the Government are ancillary savings if the ESCO assumes the tasks, reduces the task, or eliminates the task. Operations costs for tasks currently being performed by the Government or by a contractor hired by the government are ancillary savings if the ESCO assumes the task, reduces the task, or eliminates the task. The Government will determine whether an ESCO

proposed task elimination or reduction would be considered an ancillary savings available for sharing. The Government will provide dollar value of the ancillary savings.

3.4.1. Government civilian positions must be deleted from the official manpower rosters or reallocated by the BCE to offset known manpower shortfalls before related savings can be added to the ESPC proposal. Caution is recommended since O&M funds will need to be expended if positions are reallocated and credit is taken for manpower reduction.

3.4.2. Reducing Contract-Operated Functions. Since only the final negotiated savings can be applied to the ESPC contract, it is recommended that all negotiated cost reductions due to the reduction or elimination of contract-operated functions be completed before those savings are accepted in the proposed TO.

4. Equipment Ownership. The ESCO retains ownership of all installed equipment for the term of the contract.

5. Infrastructure Privatization. Any utility system or family housing being considered for privatization should not be included in any ESPC efforts. Any utility system is defined as infrastructure outside the 1.5-meter (5-foot) line of the using facility, and includes production and distribution assets. If it is necessary to include a utility system in the ECP then the base needs to have a written agreement with the ESCO for the new utility systems owner to buyout that system should privatization take place.

Attachment 5

AFFARS Part 5317.191 Congressional Notification.

PART 5317 — SPECIAL CONTRACTING METHODS

[Revised 5 FEB 2004]



SUBPART 5317.1 — MULTI-YEAR CONTRACTING

5317.191 Congressional notification.

(b) An energy savings performance contract (ESPC) (see [FAR 23.204](#)) that includes an unfunded cancellation ceiling in excess of \$10,000,000 shall not be awarded until the agency provides a 30 day advance written notification of the proposed contract and the cancellation ceiling for that contract to the appropriate authorizing and appropriating committees of Congress (see [42 U.S.C. 8287](#)). The contracting officer shall submit reports of intent to award an ESPC to the MAJCOM Civil Engineering directorate 45 days prior to contract award. The MAJCOM Civil Engineering directorate shall forward the notification to SAF/AQCK to process the Congressional notification.

MEMORANDUM FOR: SAF/AQCO
1060 Air Force Pentagon
Washington DC 20330-1060
ATTN: Maj. Mimi Murphy

FROM: XYZth CONTRACTING SQUADRON
123 Purchasing and Procurement Street
Tyndall AFB FL 32403-5319

SUBJECT: Congressional Notification of Energy Savings Performance Contract (ESPC) Task Order Award

1. In accordance with 42 United States Code 8287, notification is given that **BASE NAME** AFB intends to issue a task order under the multiyear Energy Savings Program Contract No. **F0XXXX-XX-DXXXX** with a cancellation ceiling in excess of \$10,000,000.

2. The following information is provided in accordance with SAF/AQCO memorandum dated 3 Nov 97 and AFFARS Part 5317.108:

- a. Project Title and Brief Synopsis: **Example:** Miscellaneous lighting, Chiller, Variable Frequency Drives and Water Conserving retrofits in various buildings on **(Name of Base)**.
- b. Installation: **(Name of Base, State)** **Example:** Tyndall AFB, FL
- c. Anticipated Award Date: **(45 days after date this notification is sent to SAF/AQCO)**
- d. Task order period of performance: **(Number of Years)**
- e. Project cancellation Ceiling Maximum: \$0000 **(This is the final negotiated amount reflected in Exhibit K.)**
- f. Points of contact:

Contracting: CO Name	Civil Engineers: Name
Phone: DSN #	Phone: DSN #
E-mail:	E-mail:

3. If you have any questions, please contact the undersigned at DSN **XXX-XXXX**.

Name
Contracting Officer

Attachment 7

EXAMPLE COORDINATION SHEET				
Title of Project:				
Location:				
POC:				
Suspense Date:				
TO	Action	Signature (Surname), Date	Grade,	Date Suspense
BCE				
Funds Mgr	COORD			
Energy Mgr	COORD			
Design Chief	COORD			
Environ Mgr	COORD			
Ops Chief	COORD			
Planner	COORD			
MFH	COORD			
Real Estate	COORD			
BASE				
Comptroller	COORD			
Legal	COORD			
MAJCOM CE				
CEO/CEC	COORD			
Funds Mgr	COORD			
Energy Mgr	COORD			
Base Contracting Officer:				
<p>For Congressional Notifications: Send copy of completed coordination sheet to AFCESA/CES Send copy of signed task order to AFCESA/CESM</p>				
<p>Comments:</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>				

