

Delegation of the Energy Savings Performance Contract (ESPC) Approval Process

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Background

- Statutory changes in the capital project approval process did not impact Energy Savings Performance Contracts (ESPC)
- Chapter 17 Board rules went through major modifications via negotiated rulemaking changes
- A delegation of authority previously existed for capital projects that met specified criteria
- This delegation was removed in Chapter 17



Current Situation

- Texas Education Code (TEC) 51.927 (i) requires the Board to, in consultation with the State Energy Conservation Office (SECO), “establish guidelines and an approval process for awarding energy savings performance contracts.”
- Key points of interest are the cost and term of the project
- Historical data back to 2001 show:
 - Over one-half of the projects (7 of 13) are under \$10 million in cost
 - The average term of the contracts is 11.5 years



Recommendation

- The Board delegates authority for approval of ESPC as described in the table below:

Delegation Matrix for Energy Savings Performance Contracts

		Payback Period		
		10 years or less	Greater than 10 to 15 years	Greater than 15 to 20 years ¹
Cost	\$10 million or less	Asst. Commissioner for Strategic Planning and Funding	Asst. Commissioner for Strategic Planning and Funding	Committee on Affordability, Accountability and Planning
	Greater than \$10 million to \$20 million	Asst. Commissioner for Strategic Planning and Funding	Committee on Affordability, Accountability and Planning	Committee on Affordability, Accountability and Planning
	Greater than \$20 million	Committee on Affordability, Accountability and Planning	Committee on Affordability, Accountability and Planning	Board of the THECB

Note 1 – ESPC may not exceed 20 years (TEC 51.927).



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