



The Deputy Secretary of Energy
Washington, DC 20585
September 13, 2016

MEMORANDUM FOR HEADS OF ALL DEPARTMENT ELEMENTS

FROM: ELIZABETH SHERWOOD-RANDALL

SUBJECT: Clarification of the Department's Oversight and Review Process
for Energy Savings Performance Contracts

Energy Savings Performance Contracts (ESPCs) are valuable and effective tools to upgrade the energy performance of Federal buildings and facilities. The Department is aggressively pursuing the use and implementation of ESPCs to reduce energy costs, drive down emissions, and create jobs in the construction and energy sectors.

This memorandum clarifies that ESPCs are not required to follow the project management requirements outlined in DOE Order 413.3B. The Department has several oversight and project control mechanisms in place related to ESPCs, including the Department's ESPC Review Board, contractual measurement and verification processes, and built-in protections such as the statutory cap on paying no more than the savings realized. These mechanisms help DOE ensure that ESPCs are managed in accordance with best practices and in a way that minimizes risk to the taxpayer.

The Office of Project Management Oversight and Assessments will ensure that it has appropriate representation on the Department's ESPC Review Board. ESPCs with significant complexity and risk will also be reviewed by the Project Management Risk Committee.

cc:

Timothy Unruh, FEMP
John Shonder, SPO

