

September 26, 2014

OK
-BES

Mr. Brandon Sharp
Administrator, DFA Office of Budget
4th Floor, DFA Building
Little Rock, AR 72201

Dear Mr. Sharp:

By this letter, I am requesting a cash fund appropriation for payments to be paid under the Arkansas Energy Performance Contracting Program (AEPC) within the Arkansas Economic Development Commission-Energy Office (AEO). The funding for this program will come via fees paid by Energy Service Companies, also known as "Qualified Providers", who participate in this program.

For the AEPC Program, we will need appropriations for the following line items:

- Professional Fees and Services (10) \$225,000.00
- Maintenance and General Operations (02) \$10,000.00

In 2013, the 89th General Assembly of the State of Arkansas amended the Guaranteed Energy Cost Savings Act, A.C.A. § 19-11-1201, with Act 554. Act 554 requires the Arkansas Economic Development Commission-Energy Office (AEO) to establish rules that set the standards and govern the process in which state agencies engage Energy Service Companies (ESCOs) who pursue guaranteed energy cost savings contracts, also known as energy performance contracts (EPCs) with state agencies.

As specified in Act 554, the AEO is responsible for:

- Administration of this subchapter (19-11-1207).
- Certifying companies that meet the required qualifications to provide these services to the State.
- Developing a standard Energy Performance Contract for use by State Agencies when contracting with qualified companies to perform the work and services.
- Determining the standards for the measurement and verification of energy cost savings measures; including the adoption of the IPMVP, as it existed on a certain date.
- The Arkansas Energy Office may establish and collect a reasonable fee to cover the costs of administering this subchapter.

AEO has developed the AEPC to provide the framework for Agencies to successfully complete comprehensive upgrades using EPC. The program includes program policies and procedures and standard documents and maintains a list of Pre-Qualified ESCOs that can be found on our website. The policies and procedures promulgated were successfully reviewed by Arkansas Legislative Council – Administrative Rules and Regulations Subcommittee on June 11, 2014.

In order to allow AEO to meet the obligations under the legislation, AEO has developed a fee schedule that can be found on page 40 of the Policies and Procedures. They have been attached for your review. This includes a fee that will be paid to AEO by "Qualified Providers." This fee will be applied directly to AEO's administrative costs related to the management of the AEPC. This includes the utilization of energy engineering consultant company, Trident Energy Services that has expertise in this area. This group will provide technical expertise and assist the AEO with the management of this program.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J.D. Lowery', with a long horizontal flourish extending to the right.

J.D. Lowery
Director
Arkansas Economic Development Commission – Energy Office