

**U.S. House of Representatives
Committee on Science, Space, and Technology
Subcommittee on Oversight
and
Subcommittee on Energy**

Green Buildings – An Evaluation of Energy Savings Performance Contracts

Thursday, June 27, 2013

Statement of Chairman Paul Broun, M.D.

Today's hearing is titled "Green Buildings – An Evaluation of Energy Savings Performance Contracts."

Energy Savings Performance Contracts, also known as ESPCs, are a unique mechanism by which the private sector pays for energy conservation measures at federal facilities, and are reimbursed for their work out of the resulting savings in utility costs. Each contract creates jobs in the private sector while the federal government benefits from valuable upgrades without putting taxpayers on the line. That last part is what makes the program particularly appealing, because during these constrained economic times, it is imperative we manage our limited funds as best we can, and be creative about accomplishing our goals while maximizing our strained resources.

However, as I have realized in my experience as a Member of Congress, when it comes to government programs, no matter how effective and efficient, they can all be improved. A couple of reports on ESPCs have raised some legitimate concerns about the complexity of these contracts. A 2005 GAO report, the most recent one on the subject, questioned whether agencies were getting the best deal possible from energy service companies in part based on the limited number of financiers available to the private sector for such projects. A NASA IG report from earlier this year raised specific concerns about an early contract involving Johnson Space Center. The report questioned if NASA employees were sufficiently trained in handling ESPCs because the Johnson contract did not require annual reports to verify that the energy conservation measures were generating savings.

I realize the GAO report is dated and that the NASA IG report focused on an early contract, but they raise important questions. The most important features of these contracts are their flexibility in *not* relying on taxpayer dollars for the services provided, and the ability to categorically identify and measure savings. To be assured of the success and effectiveness of ESPCs, we need meaningful transparency, accountability and oversight during the length of all contract terms.

Additionally, despite a 2011 memo from the President encouraging agencies to engage in \$2 billion worth of performance-based contracting by the end of this year, federal agencies continue to encounter challenges in their efforts to "green" their buildings. The White House Council on

Environmental Quality and the Office of Management and Budget recently released their annual agency energy and sustainability scorecards. Ironically, the green buildings category was notably problematic because out of 19 agencies that provided timely information, ten scored in the red and yellow categories, while five others could not even be scored.

Perhaps instead of continuing to announce new broad and sweeping policies related to global warming, the President could focus on his current costly regulations already in the books. Perhaps instead of bypassing Congress to implement a plan by executive order that launches a “war on coal” – as well as a war on jobs – this Administration could work with Congress on an “all of the above” energy approach that includes coal, energy efficiency, and everything in-between.

While my Democratic colleagues and I don’t always see eye-to-eye on the issues we review in this hearing room, I do believe we agree on the value and benefit of ESPCs, and I look forward to hearing from our witnesses on how we can help improve the program.