



The Solutions Network

Rochester, New York

**Energy Efficient Purchasing By State
and Local Governments:
Triggering a Landslide Down the Slippery Slope of
Market Transformation**

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Paper Format



- Open discussion of federal, state, and local efforts regarding purchasing standards
- Reference guide for lessons learned and examples around the country of program administrators
- Provide networking for future collaboration and lessons learned

Potential



- Potential savings of \$1 Billion/Year if all levels of government followed ENERGY STAR and FEMP standards
- State and local purchasing account for more than 75% of government purchasing
- State and local governments spend \$50-70 Billion each year on energy-related products and \$12 Billion on energy bills

Existing Purchasing Standards



- ENERGY STAR and FEMP
 - Designates products that are in the 25% most efficient
- Recycled content (paper, concrete, etc)
- Environmentally preferable products
 - “Green” buying, or attempting to include the life-cycle costs of producing, using and disposing of products

Energy-Efficient Purchasing



- Early experimentation began in the late 1970's
 - Though productive, none made a permanent change to purchasing standards or practices
- Required at the federal level with Energy Policy Act of 1992
- Modified and expanded by three Executive Orders and changes in the Federal Acquisition Regulations

Standards Expand



- Early 90s – Energy Efficient Procurement Collaborative
 - Purchasing experts and energy experts collaborate to expand effectiveness
- ENERGY STAR created labeling program and ENERGY STAR Tool Kit
- FEMP has evaluated and issued standards for nearly 45 energy-efficient product purchasing recommendations
 - From light bulbs to chillers
- CEE, NEMA and others continue to support standards

Examples of Energy-Efficient State and Local Purchasing



- More than 40 agencies contacted about their programs
- Not exhaustive, but is representative of existing programs
- Combination of legislative actions, executive orders, adoption of policy statements and persistent action by forward-looking program staff

Wisconsin



- Headed up by the Department of Administration (DOA)
 - Composed of three agencies: the Department of Energy, the purchasing authority and the office that builds and operates state buildings
- Cooperative purchasing provisions make the bulk purchasing benefits available to local governments

Wisconsin



- First requirements for motors, compact fluorescent lamps and light-emitting diode exit signs (early 90s – before ENERGY STAR)
- Expanded naturally to include additional building equipment, appliances, lighting and traffic signals
- Began to collaborate with University of Wisconsin, the Housing and Economic Development Authority and the Department of Transportation

Wisconsin



- Understanding how equipment is purchased has led to many successes
- Maintaining state control of bids
- Leveraging regional efforts
- Finding the “Energy Champion”
- Persistence – Don’t be afraid to revisit past issues

New York and New York City



- Guided by both administrative policy and legislative action
- Section 5-108-A of the New York State Energy Law (9/2000)
 - Requires minimum efficiency standards
- Governor Pataki's Executive Order No. 111, "*Green and Clean*" State Buildings and Vehicles

New York and New York City



- Executive Order No. 111
 - Directs State agencies to work with and assist local governments and schools
- Goals are set
 - Policies put in place to: reduce government operating costs; improve operations; increase knowledge of efficiency and green construction, reduce summer electric demand, strengthen state's economy

New York and New York City



- Understanding New York purchasing
 - Office of General Services
 - Dormitory Authority of the State of New York
 - Individual agency purchasing policies
 - Construction projects
 - Decentralized system
- Many local governments and not-for-profits may also access these services

New York and New York City



- Energy Law
 - Legislation specified a schedule that has expanded to provide ample time for stakeholders to comments
 - First group has been issued for: residential and commercial AC, room AC and fluorescent ballasts
 - Remaining standards forthcoming
- Executive Order No. 111 was immediate
 - ENERGY STAR, FEMP and life-cycle costing

New York and New York City



- Outreach is important
 - Purchasing and business officials as well as physical plant administrators and agency senior management
 - Many report informally that they “just needed the information sources and goals”
- New York Energy Smart Offices
 - Outreach program to local governments

New York and New York City



- Many long-standing programs at agencies
 - Office of General Services, the Dormitory Authority of the State of New York, the Office of Mental Health, the State University of New York
- In April of 2003, NYC enacted legislation to codify and extend earlier energy-efficient purchasing practices
 - Mayor Bloomberg signed Local Law No. 30 requiring ENERGY STAR products

Arizona



- Governor Janet Napolitano signed a law in April 2003 setting goals for reducing energy use in state government
- Requires ENERGY STAR and FEMP products
- Estimated to save \$90 million in next 12 years
- State Procurement Office is providing outreach and training

California



- Department of General Services issued a Management Memo for “Procurement of Energy-Efficient Products”
- Requires ENERGY STAR and FEMP
- Includes major capital projects
- New regional initiative also include more efficient tires

King County, WA



- Using Washington State's master contract to procure hybrid-electric vehicles
- Twice the fuel efficiency of regular vehicles
- Leading a cooperative national procurement for bulk-purchase of high-mileage hybrids

University of California



- Statewide UC system specifies ENERGY STAR office equipment
- Looking for ways to expand energy-efficient purchasing into laboratory equipment
- Building from Labs-21 conference

Discussion



- Many successes to date
- Still many obstacles
 - Risk aversion
 - Higher first cost
 - Training
 - Pre-approved lists
 - Divided responsibility
 - Lack of technical knowledge

When are Programs Successful?



- A statute, ordinance or policy statement requiring energy-efficient purchasing
- Staff involvement in program development
- Availability of easy-to-use tools and information sources
- Initial and periodic re-training on purchasing requirements and tools
- On-going political commitment and period progress reviews
- A “Program Champion”

Estimating and Tracking Program Savings



- Difficulty collecting data – especially in highly decentralized systems
- Massachusetts is notable exception
 - Vendors submit detailed sales and savings data as part of contract
 - FY 2001, total purchases of environmentally preferable products were \$92.5 (75% was recycled products, 25% was ENERGY STAR)

Conclusions and Recommendations



- No single path to a successful program
- “Program Champion”
- Sustained support
- More likely to succeed when linked with other goals (Lower taxes, economy, environment, etc)
- Life-cycle costing is good, but most programs need easily recognizable lists

Conclusions and Recommendations



- Still large untapped potential
 - Outsourcing and “indirect” procurement
 - Program “leverage”
 - School and institutional purchasing
 - e-Procurement
 - Tracking sales data or indicators
 - New-technology procurement

Intergovernmental Collaboration is a Key to Success



- Sharing experiences
- Avoids “reinventing the wheel” and reduces costs of cataloging compliant products
- Increased visibility and market aggregation

Thank You



- Comments or Questions
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