

NAESCO opposes SB1287, an attempt by the professional associations of architects and engineers to change the way that school districts implement energy conservation projects through a “guaranteed energy savings contract” (GESC). We believe these changes are designed for the benefit of the architects and engineers, not for the benefit of the school districts, based on the following facts.

First, during the past twenty years, GESC projects have delivered hundreds of millions of dollars’ worth of improvements to Illinois schools and created thousands of good jobs for tradespeople across the state. The cost of these projects is paid from cost avoidance, by re-purposing operating dollars previously spent on wasted energy and the maintenance and replacement of failing, obsolete equipment into a payment stream for improvements that save energy, reduce environmental emissions and improve the learning environment. Given the current fiscal condition of the state and local school districts, GESC projects are often the best or only option available to school districts to implement necessary improvements.

Second, federal and state governments implement about \$6 billion in GESC-type projects each year, and many of these jurisdictions have lists of qualified providers. We know of no jurisdiction in which architecture or engineering firms, by virtue of their professional registration alone, are considered to be qualified providers, or are considered to be appropriate owners’ representatives of public sector customers in the development, implementation and/or monitoring of the savings from GESC-type projects.

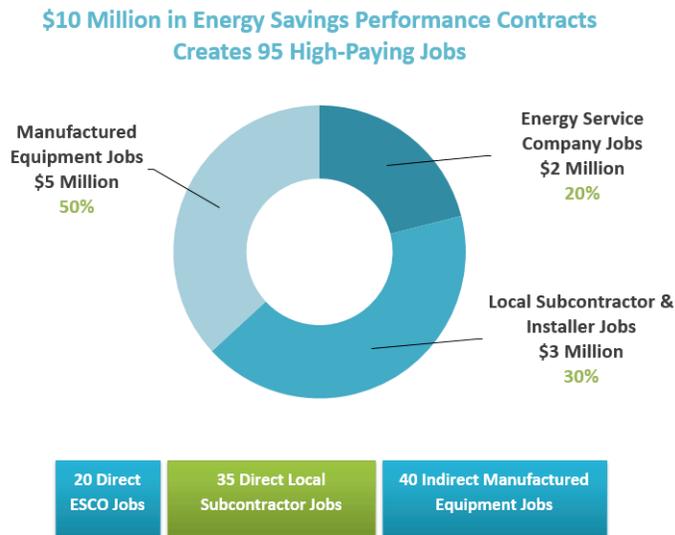
Third, eliminating the opportunity for school districts to use operating cost savings to pay for GESC projects shows that the architects and engineers are putting their own interests above the interests of the school districts and their constituents. Maintaining a failing and obsolete lighting or heating system not only burdens a school with unnecessary energy costs, but also with significant regular maintenance costs, costs for emergency calls to outside contractors, and the constant risk of catastrophic system failure during the school year. Bundling energy savings and operating cost savings into a single payment stream enables the school district to afford to replace the obsolete equipment and makes school districts good stewards of taxpayers’ money.

Fourth, reducing the maximum term of a GESC project in a school district from 20 to 8 years eliminates from GESC many of the new technologies, such as LED lighting and renewable energy systems, that make good economic sense for a school district on a life cycle cost basis. Why would Illinois legislators want to eliminate these technologies from a whole set of public buildings, especially when the equipment is manufactured and/or distributed by Illinois companies?

Finally, if architects want to access the market for energy and operational savings projects in schools, they don’t need to change the GESC process, they only need to compete in it. There is nothing that prevents an architectural firm from expanding its capabilities to include the skills required to develop and implement GESC projects, and to win projects by offering school districts better value projects than the other companies in the business. Or, they could try to convince school boards and administrators that need energy efficiency improvements to forgo the GESC process and use traditional spec-and-bid procurement instead.

## Capital Improvements and Illinois Job Creation without New Taxes

Most of these projects are Guaranteed Energy Savings Contracts, which don't require new taxes, because they re-purpose the money that a state or local government agency is currently spending on wasted energy and failing equipment into a payment stream for the energy-saving capital improvements.



*Jobs Means FTEs; Employment Multipliers from the RIMS II Model, see: <https://www.bea.gov/regional/rims/rimsii/>*

## Introduction to NAESCO

NAESCO is the leading national trade association of the energy services industry. NAESCO numbers among its members some of the world's leading energy services companies, including: ABM Energy, AECOM Energy, Ameresco, Brady Services, CM3 Building Solutions, Clark Energy Group, Clear Energy Solutions, Climatec BTG, ConEdison Solutions, Constellation New Energy, Control Technologies and Solutions, CMTA Consulting Engineers, CTI Energy Services, Energy Solutions Professionals, Energy Systems Group, Entegriy, Excel Energy Group, GEM Energy, Harshaw Trane, Indoor Environmental Services, Honeywell, Johnson Controls, Lockheed Martin, McClure Company, Navitas, NORESOCO, Onsite Energy, OpTerra Energy Services, Pepco Energy Services, Performance Services, Schneider Electric, Siemens Industry, Southland Energy, Synergy Companies, Trane, UCONS, Wendel Energy Services and Willdan Energy Services. Utility members include the New York Power Authority, Pacific Gas & Electric, and Southern California Edison.

During the past twenty years, NAESCO member companies have implemented several hundred million dollars worth of energy efficiency, demand response, renewable energy and distributed generation projects to Illinois industrial, commercial, institutional and residential customers. Nationally, NAESCO member projects have produced:

- \$50 billion in projects paid from operational savings
- \$55 billion in savings – guaranteed and verified
- 400,000 person-years of direct employment
- \$35 billion of infrastructure improvements in public facilities
- 450 million tons of CO2 savings at no additional cost

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