



Frequently asked questions
about
Energy-Efficient Purchasing by
State and Local Governments

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FAQs

Energy-Efficient Procurement and Product Specification by State and Local Governments

1. Do state and local government agencies have an interest in procuring energy-efficient products?

Absolutely. In fact, interest is on the rise. By promoting energy efficiency in the procurement process (as well as in capital improvement projects, such as new construction and renovation), governments set an example for others to follow. More and more state and local governments are now paying close attention to energy efficiency because of ...

- Rising energy costs
- The need for cost and energy savings
- Greater availability of many energy-efficient technologies
- Recognition of the benefits of efficient products (lower utility bills, environmental benefits, energy use reduction, etc.)

2. What is the spending power of state and local governments?

Each year, state and local governments spend

\$50-70 billion on energy consuming products

\$900 billion on total goods and services

\$12 billion on energy bills

Energy bills are the second largest budget item for counties nationwide, after salaries.

3. Are state and local government agencies currently promoting procurement of efficient products within their own agencies?

Yes. For details, see the CEE document entitled "States with Programs Promoting Energy Efficiency in State Agencies; Schools; Universities and Colleges; and State Procurement Offices." This document is available in the Program Committee Meeting book for the December 12 Program Committee Meeting.

4. What are the barriers that exist for the procurement of energy-efficient products?

In 1998, the Consortium for Energy Efficiency conducted pilot studies in various locales (including states, local governments and universities) to gain an understanding of procurement processes and whether energy efficiency was being considered in the process.

In general, the research showed that barriers include, but are not limited to:

- Higher first cost of some energy-efficiency equipment conflicts with policies requiring "least-cost" purchasing
- Lack of understanding by purchasers of the benefits of energy-efficient purchasing
- No experience with energy-efficient purchasing
- Lack of information about energy-efficient products & technologies
- Purchasing staff has no time to research new products
- “Split incentive” exists for energy efficiency (i.e., purchasing officers don't pay energy bills so they don't know how much energy they use).

5. How can you overcome these barriers?

Many barriers can be overcome through outreach, education and training. CEE is recognized as a leader in providing this type of outreach to national organizations. Through CEE's State and Local Government Purchasing Initiative, informative and helpful tools are available. These tools help utilities and energy-efficiency organizations promote procurement, specification and installation of energy-efficient products by state and local governments.

6. What specific tools has CEE developed?

Procurement Guidebooks guide A/E firms; policy-makers, procurement officials, and facility operators on increasing purchasing and specification of efficient products.

Interview Guide provides questions that utility Program Administrators can use to gain an understanding of the procurement process at a government site.

Tool Kit Training Modules (PowerPoint® presentations) are available in two presentations: one instructs on the use of the ENERGY STAR® Purchasing Tool Kit¹ and the second educates on the importance of energy efficiency.

Energy-Efficiency Training Module (PowerPoint® presentation) explains why energy efficiency should be incorporated into government purchasing.

Evaluation Scoping Study assists Program Administrators of CEE utility members in gauging the impact of their procurement programs aimed at state and local governments. The study also helps in establishing baseline data to measure impacts.

Model Program Plan helps Program Administrators design a program to encourage state and local government agencies both to *increase the purchase of efficient-products and to increase the specification of such products in all contracts, including ones for new construction or renovation of facilities.*

¹ The ENERGY STAR® Purchasing Tool Kit was developed by EPA and DOE and is a comprehensive guide for purchasing energy-efficient products.

7. Which governments are the most efficient – and why?

Determining which government is the most energy efficient is difficult because of the numerous agencies within any particular government that play a role in defining energy policies.

For example, in a particular state there may be:

- an energy office that defines overall policies on conservation
- a central procurement office that has policies promoting the purchase of efficient products
- a governor's office that has issued an executive order regarding energy efficiency
- a facilities management department that oversees capital projects and requires energy-efficient equipment in bid specifications
- school districts that are authorized to engage the services of energy performance contractors

Gathering all the data, even in one state, and assessing impact is very difficult, especially since the collection by the state of energy savings data may not be comprehensive or even available.

New York is a leader

New York, however, is one state that is engaged extensively in the promotion of energy efficiency by its own agencies. New York has enacted a law that requires the New York State Energy Research Development Authority (NYSERDA) to promulgate minimum energy-efficiency standards for 18 types of appliances and energy-using products purchased by or for the state or any agency.

NYSERDA also manages a project that is aimed at increasing the availability and sale of energy-efficient office equipment New York's 62 counties. NYSERDA may expand this program to other local governments and other energy-efficient products.

Finally, New York Governor George Pataki signed an executive order that directs state agencies to be more energy efficient and environmentally aware. The order requires that all state agencies shall select ENERGY STAR energy-efficient products when acquiring new energy-using products or replacing existing equipment.

New York has a comprehensive approach to energy efficiency. The state is addressing efficiency in state agencies through the establishment of minimum-efficiency standards, *and* by an outright requirement that only products meeting such standards may be purchased. In addition, New York is implementing efficiency in procurement practices in its counties – an effort that may be expanded both to other products and to other levels of government.

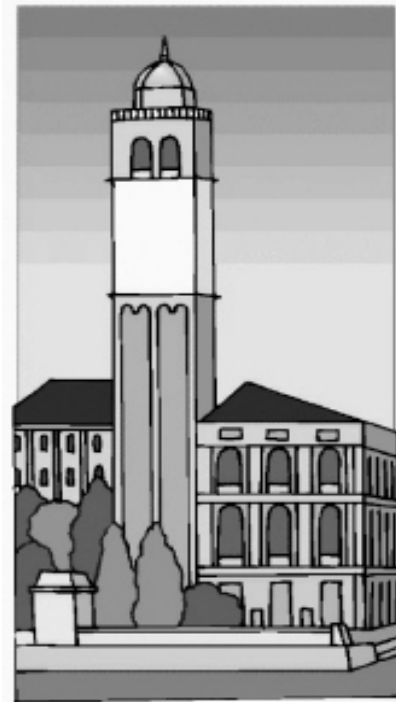
8. What departments and/or individuals in state (or local) governments are responsible for selecting and procuring energy-consuming products?

The responsibility for procuring energy-using products usually resides in a ...

CENTRAL PURCHASING UNIT² that, among other activities, makes commodity purchases; and

PROPERTY OR FACILITY MANAGEMENT OFFICE³, responsible for facility construction and renovation. The facility management organization may also be responsible for facility renovations, otherwise a separate unit may handle this function, or it may be decentralized among the building management personnel who oversee and maintain the facilities.

The critical fact is to realize that the procurement of energy-consuming products is not limited merely to replacement of failed commodities (e.g., an office needs a new computer) but includes installation of major systems into capital projects (e.g., HVAC, boilers, lighting, appliances).



State purchasers (and local government purchasers) may generally be reached through trade associations. Some states have associations of state purchasers. There are also national associations made up of the various state associations of public purchases. (See Question 10 for the names of useful associations for reaching broad audiences of procurement officials.)

Note: While the central procurement department will make many procurement decisions, oftentimes the “end-user” (e.g., the particular office that will utilize the purchased item) will make such decisions. End-users are not generally “organized” or unified into any trade association or advocacy group. Therefore, end-users (as a “group”) are usually very difficult to reach. It is more effective and efficient to focus on central procurement offices.

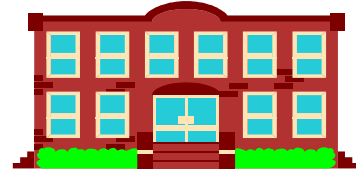
² Typically, the central purchasing unit is responsible for preparing, administering, and (sometimes) using purchasing contracts applying to the entire state, county, or local municipality. Often other governmental bodies in the state can use state contracts.

³ This office is normally responsible for hiring **third-party architects/engineers** who develop plans for the new facility. Such third parties are important because energy-efficiency (e.g., in product choices and facility design) must be accounted for at this early design stage. These third parties often belong to **architectural/engineering associations**.

9. What are the most effective ways to communicate with these individuals?

Based on CEE's research projects, the steps for communicating effectively with key procurement and facility management officials are to:

Arrange for an interview appointment with procurement director or designated staff and with facility management personnel (usually separate meetings since procurement and capital projects are separate areas of responsibility).



Schedule a training session (typically two hours) for purchasing staff on energy efficiency in purchasing. There is also a separate two-hour training module on energy-efficiency technologies that is available for use with specifiers for building construction/renovations. Both PowerPoint training modules are available as part of CEE's program template. This can be offered in conjunction with the follow-up meeting (described below).

Meet with staff and officials responsible for procurement and then for specifying purchases for building construction/renovation projects

Obtain basic information on how procurement decisions are made (utilize interview guide referred to in Question 6, above)

Introduce the ENERGY STAR Tool Kit and the ENERGY STAR web site (the kit is now available only on-line). The Tool Kit can be ordered, at no charge, from the ENERGY STAR hotline at 1-888-STAR-YES, or can be downloaded from the web site at www.energystar.gov.

Prepare an action plan, a list of suggested methods for improving energy-efficient procurement practices in the state or local government. This can be presented at a follow-up meeting. *This step should take place within a week or two after the initial interview.* In developing the action plan, utilize ideas contained in the Model Program Plan (MPP), referred to in Question 6, for development of the action plan.

Schedule a follow-up meeting(s) with the procurement director, facility management director, and key staff to follow up on the initial interview and to introduce the action plan. This can be tied into the training session. The plan should be sent to the key individuals a few days ahead of the follow up meeting.

Schedule periodic meetings (perhaps every six months) to document progress in implementing the action plan.

Document success stories and share with agencies, CEE and utility staff to publicize results.

10. What professional associations serve these decision-makers?

National Association of State Procurement Officials (NASPO) www.naspo.org

NASPO is a professional organization made up of the directors of the central purchasing offices in each of the 50 states, the District of Columbia and US territories. Members provide leadership in professional public purchasing, improve the quality of purchasing and procurement, exchange information to attain greater efficiency and economy.

The National Institute of Governmental Purchasing (NIGP) www.nigp.org

NIGP provides members with opportunities for education, research, technical assistance and networking in public purchasing. Membership is available to individuals engaged in purchasing for federal, state, county, and municipal governments.

National Association of Purchasing Management (NAPM) www.napm.org

NAPM is made up of more than 47,000 purchasing and supply management professionals. NAPM's mission is to provide national and international leadership in purchasing and materials management, especially in the areas of education, research and standards of excellence.

National Purchasing Institute (NPI) <http://npi.purchasing.co.harris.tx.us>

NPI includes more than 400 purchasing agents, buyers and procurement managers from across the nation in the areas of governmental, educational and institutional procurement. NPI membership is available to purchasers for federal, state, county, and municipal governments. NPI is an affiliate member of NAPM.

State chapters of purchasing officials

Many states have state purchasing associations. Contact state procurement offices to locate the association of purchasers for the particular state. You may also contact NASPO (see above).

11. Which specification-based programs are the best match for this market?

Some of the product categories well suited to this market, and for which there are energy-efficient models (based on ENERGY STAR, CEE or FEMP specifications) include:

fluorescent lamp ballasts	refrigerators, freezers and combinations
central air conditioners	water heaters
room air conditioners	lamps
package terminal air conditioners	luminaires
heat pumps	furnaces, boilers, and chillers ⁴
electric motors	office equipment

⁴ These products are drawn from many of the product categories for which NYSERDA must develop minimum energy efficiency standards for products purchased by the State of New York. Other products for which such standards must be developed include dishwashers, clothes washers, and dryers.

12. What are the top 10 products/measures (from an energy-saving perspective) a governmental organization should adopt⁵?

- Fluorescent lamps, ballasts and luminaires
- Compact fluorescents
- Exit signs
- Office equipment (personal computers, monitors, printers, copiers, and fax machines)
- Motors
- Room air conditioners
- Packaged air conditioners
- Boilers
- Refrigerators and commercial coin clothes washers (if considering housing authorities)

⁵ Harris, Jeffrey. 2000. "Potential Energy, Cost, and CO₂ Savings from Energy Efficient Government Purchasing." In *Proceedings of the 2000 ACEEE Summer Study on Efficiency and Sustainability*. Volume 4. Washington, D.C.: American Council for an Energy-Efficient Economy. These products are not listed in order but are examples of the product categories with high energy savings capabilities.