ENERGY SAVINGS PERFORMANCE CONTRACT
GRANT PROGRAM FREQUENTLY ASKED QUESTIONS

What is Energy Performance Contracting (ESPC)?

Energy Performance Contracting is a financing mechanism where your facility upgrades are paid for through contractually-guaranteed future energy savings—often over a period of up to 20 years. An Energy Service Company (ESCO) leads the project, assumes technical risk, and delivers long-term savings.

Why is Metroplan organizing an ESPC cohort?

Metroplan is organizing this ESPC (Energy Savings Performance Contracting) cohort as part of our implementation of the $49.25 million Central Arkansas Climate Pollution Reduction Grant (CPRG) award from the U.S. EPA. Specifically, $3.5 million has been dedicated to improving building efficiency in public-sector facilities. Through this cohort, we aim to equip local governments and public institutions with the education, technical assistance, and financial support needed to make impactful, cost-saving upgrades to aging infrastructure. By leveraging ESPCs, participants can achieve long-term energy and cost savings without upfront capital, while also advancing regional sustainability goals.

Is this program federally funded?

Yes, but it is a regional program. While ESPC originated in federal energy management programs, Metroplan's cohort is a regional initiative for local governments and public institutions in Central Arkansas. It draws on best practices from federal ESPC strategy and the Arkansas Energy Office's standards. It is funded by the EPA under the Climate Pollution Reduction Grant implementation award.

Who qualifies to participate?

Eligible participants include cities, counties, school districts, and public institutions within Metroplan's jurisdiction - the 6-county Little Rock-North Little Rock-Conway MSA. Your facility must have significant energy use, large building footprints, and/or aging systems to be a strong ESPC candidate. Participation does not require upfront local match funds.

Who is an ESCO, and why do I need one?

An ESCO is a qualified entity that manages the full ESPC process—auditing, design, construction, financing, training, and long-term performance guarantees. They assume performance risk and deliver the guaranteed energy savings that fund the improvements.

What types of measures (ECMs) are common in ESPC?

Common ECMs include lighting upgrades, HVAC system replacements or retrofits, boiler and chiller plant improvements, building automation and control systems, water savings measures, and building envelope improvements.

How does the financing work?

If the project meets cost-efficiency targets, you'll be eligible to receive half of the funds needed for facility upgrades (up to $500,000 per entity) from Metroplan's CPRG grant to reduce the amount financed by the performance contract. Additional financing is available from the AEPC Revolving Loan Lease Fund operated by the Arkansas Energy Office (15-year term loans of $250K–$2.5M), tax-exempt lease options, municipal bonds, green banks, and/or ESCO-arranged financing. Energy savings must cover debt service over the contract life.

What ongoing energy management is required?

Beyond the first year of state-required M&V reporting by the ESCO, participants are encouraged to track utility bills regularly and review all quarterly and annual M&V reports from the ESCO. Entities that are awarded CPRG grant funds will be required to report on energy savings through 2029 on the eProject Builder platform. Participants will be educated on internal energy monitoring for accountability and are encouraged to engage staff in energy management practices.

What is an Investment Grade Audit (IGA)?

An IGA is a detailed energy, engineering, and financial audit performed by the ESCO. It includes energy baselining, ECM recommendations, cost/savings projections, and a Measurement & Verification (M&V) plan. The IGA cost may be rolled into the ESPC if the project moves forward. If the IGA reveals that an ESPC is not possible, the Metroplan Board may approve covering the cost of the IGA with CPRG grant funding.

Who monitors project performance and ensures savings?

Arkansas law and ESPC standards require ESCOs to guarantee annual savings. If savings fall short, ESCOs must reimburse the difference. A performance bond is required.

What if the project scope changes post-IGA?

Arkansas AEO allows phased implementation or change orders for up to 7 years from the initial IGA contract execution, offering flexibility while staying within program timelines.

What does participation in the cohort cover?

Phase 1. Laying the Foundation: Building Your Team & Benchmarking
Phase 2. Charting Your Path: Scoping & Financial Planning
Phase 3. Finding Your Project Partner: Procurement & ESCO Selection
Phase 4. Crafting the Blueprint: IGA Contract, Process, & Review
Phase 5. Bringing the Plan to Life: Construction & Commissioning of ECMs
Phase 6. Sustaining the Savings: O&M Training, Ongoing M&V, and Reporting

What are the time commitments for the program?

The cohort will run August through December and meet monthly either in-person and virtually for 1.5 hour sessions. Estimated time commitments beyond meetings are outlined below by Phase.

August - September 2025
Phase 1. Laying the Foundation, 8-16 hours

October 2025
Phase 2. Charting Your Path, 6-8 hours

November - December 2025
Phase 3. Finding Your Project Partner, 16-20 hours

Early 2026
Phase 4. Crafting the Blueprint, 20+ hours

Mid to Late 2026
Phase 5. Bringing the Plan to Life, Time Varies by Project

2026 - 2029
Phase 6. Sustaining the Saving, 4-6 hours/month