



# ENERGY SAVINGS PERFORMANCE CONTRACTS (ESPCs)

MONETIZING SAVINGS TO ACHIEVE DATA CENTER  
CONSOLIDATION OBJECTIVES

**LOCKHEED MARTIN**

*We never forget who we're working for®*





# ENERGY SAVINGS PERFORMANCE CONTRACTS (ESPCs)

## An Opportunity for Progress



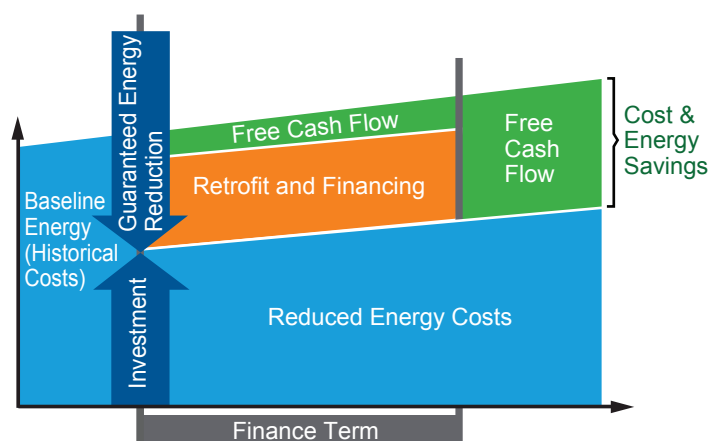
On May 9, 2014, President Obama pledged an additional \$2 billion goal in federal energy efficiency upgrades to federal buildings over the next three years. The president's challenge, in combination with the initial commitment of \$2 billion in 2011, will result in a total of \$4 billion in energy efficiency performance contracts in the federal sector through 2016. This call to action creates an opportunity for chief information officers to address key administration priorities for cloud migration and federal data center consolidation despite budgetary pressures.

Working together, federal CIOs and energy and facility managers can leverage energy and infrastructure cost savings to finance both data center consolidation and IT modernization in a secure, sustainable manner via energy savings performance contracts (ESPCs). The Department of Energy (DOE) has pioneered this use of the ESPC to consolidate its own data centers, selecting Lockheed Martin as the energy service company (ESCO) to partner in the effort.

### ESPC Benefits

The DOE Federal Energy Management Program (FEMP) created the ESPC indefinite delivery/indefinite quantity contracting vehicle to help federal agencies meet energy efficiency, renewable energy, water conservation, and emissions reduction goals by enabling them to leverage private capital to finance energy projects.

Projects are developed in partnership with the selected ESCO to guarantee savings from the energy cost baseline, and operations and maintenance of the affected facilities. No up-front investment is required; performance is measured and verified. DOE FEMP provides technical and contract administration support during the project.



ESPC Cost Reduction Model.

The federal government never pays more for a retrofit than the mutually agreed upon baseline energy costs at the affected facilities.

In addition to traditional facility improvements (HVAC, lighting, etc.), in-scope energy conservation measures include migration optimization to a cloud, server virtualization, thin clients, network storage IT system power management software, workgroup printers, scanners and fax systems, enterprise IT services consolidation, and other innovative means of reducing the footprint and cost of enterprise IT infrastructure.

### Why Lockheed Martin

**Mission Assurance:** Lockheed Martin has been the federal government's top information technology (IT) provider for almost two decades. Our highly skilled, experienced software and systems engineers have in-depth knowledge of emerging technologies and standards to ensure quality processes for delivery.

#### Data Center Consolidation and Energy Engineering:

Lockheed Martin has reduced environmental impacts, energy usage, and operating costs through data center consolidation efforts both internally and in support of federal customers. For example, in support of the DOE at the Hanford site in Richland, Washington, Lockheed Martin managed a transition from an antiquated IT architecture to a 21st-century architecture that is smart, green, flexible, scalable, and able to deliver information anywhere on the Hanford site at any time. DOE designated this Data Center Energy & Equipment Reduction Project a "best-in-class" initiative.

**Energy Performance Contracting:** As one of the nation's largest implementers of energy efficiency programs for utility customers, Lockheed Martin has a long history of providing a full range of energy solutions to government, commercial, and industrial sectors as well as state entities and investor-owned utilities. Lockheed Martin is developing and implementing extensive energy retrofits for the Department of State, the Department of Energy, and the United States Air Force.

This blend of capabilities and expertise makes Lockheed Martin an excellent resource for budget-neutral, sustainable, data center consolidation and modernization.

For more information about ESPC best practices and how to initiate an ESPC for your agency, please contact Lockheed Martin Energy Solutions at [energy.solutions@lmco.com](mailto:energy.solutions@lmco.com)