Energy Savings Performance Contracts (ESPCs)
Monetizing Savings to Achieve Data Center Consolidation Objectives
President Obama announced on December 2, 2011, that the Federal government will “enter into a minimum of $2 billion in performance-based contracts in Federal building energy efficiency within 24 months.” This call to action creates an opportunity for Chief Information Officers (CIOs) to address key Administration priorities—migration to the cloud and the consolidation of more than 800 Federal data centers by 2015—despite intense budgetary pressures.

Working together, Federal CIOs and energy and facilities 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 (ESPC). The Department of Energy has pioneered this use of the ESPC to consolidate its own data centers, selecting Lockheed Martin as the Energy Service Company (ESCO) as its partner in the effort.

**ESPC Benefits**

The Department of Energy (DOE) Federal Energy Management Program (FEMP) created the ESPC IDIQ 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, which guarantees savings from the energy cost baseline and operations and maintenance (O&M) of the affected facilities. No upfront investment is required, and performance is measured & verified. DOE FEMP provides technical and contracts administration support throughout 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 to a cloud, server virtualization, thin clients, network storage optimization, 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. We employ highly skilled, experienced software and systems engineers who have in-depth knowledge of emerging technologies and quality standards, such as CMMI, ISO 9001, and IEEE, 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 Department of Energy at the Hanford Site in Richland, WA, 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 the 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 United States Air Force, the Department of Energy, and the Department of State.

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:

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