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LEADING BY EXAMPLE



***Improving Energy Productivity
in Federal Government Facilities***



**ALLIANCE TO
SAVE ENERGY**



ALLIANCE TO SAVE ENERGY

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Phillip R. Sharp
Lecturer in Public Policy
Harvard University

MEMORANDUM

To: Roger Ballentine

From: David Nemtzw *DN*

Date: May 27, 1999

Subject: Global Climate Change and Federal Energy Management

As the nation's largest energy consumer, the federal government is in a unique position to lead the United States' response to global climate change. The government spends \$4.2 billion annually to power and fuel half a million buildings and facilities – creating almost 1% of the U.S. carbon emissions. (In addition, the government spends almost another \$4 billion each year on non-facility energy use, such as vehicles.)

Federal buildings use on average 32% more energy per square foot than private sector buildings – effective federal energy management can reduce greenhouse gas emissions as well as agency expenditures. Existing federal energy management practices are in fact responsible for reducing carbon emissions by 9.1 million metric tons between 1985 and 1995, but this is only a fraction of the savings potential. Our new report, *Leading by Example, Improving Energy Productivity in Federal Government Facilities*, conducted by our task force of 50 leading companies, describes how to realize those savings.

An Executive Order can be the vehicle for making federal energy management effective - *if it includes the following elements:*

- **Carbon targets** – While agencies have targets to cut their energy use per square foot, no target exists for them to manage or cut their carbon emissions. Since Kyoto calls for the nation to reduce carbon emissions 7% below 1990 levels by 2012 we believe strongly that agencies should be given a formal carbon reduction target that outdoes – or at least meets – Kyoto.
- **Efficiency-driven Procurement** – Requiring agencies to purchase energy efficient products and equipment will significantly reduce energy use and GHG emissions. All purchases of equipment that do not comply with Executive Order 12902 should require justification. Federal supply organizations (GSA and DLA) should remove equipment that doesn't comply with EO 12902 from their schedules and Energy Star equipment should be required.
- **No-Loophole Energy Accounting and Accountability** – The existing exemptions to federal energy management requirements are overly broad, undermining efforts to accurately track and reduce federal energy use; currently agencies self-exempt 10% of federal buildings, equal to 17% of energy use. The "energy-intensive buildings" exclusion needs to be revised to establish uniform criteria for excluding facilities from agencies' energy

Memo to Rober Ballentine

May 27, 1999

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books. Consistent oversight, including consequences for noncompliance, is key to ensuring that agencies are meeting their energy management obligations.

- **Alternative Financing Options and Expertise** – Agencies need flexibility in the procurement process to finance efficiency upgrades. Expanded availability of energy saving performance contracts (ESPCs) and Super ESPCs will enable more agencies to proceed with efficiency improvements using third-party money rather than appropriations. In addition, each agency needs a financing office staffed by personnel with expertise in performance contracting and area-wide agreements.

Leading by Example (attached) contains numerous policy recommendations in addition to the above that I would be happy to talk with you about helping the Executive Order succeed.

Please do not hesitate to contact either Mark Hopkins or myself at the Alliance (202/857-0666).
Thanks.



Mindy E. Myers

06/03/99 02:09:08 PM

Record Type: Record

To: Lisa M. Kountoupes/WHO/EOP@EOP, Roger S. Ballentine/WHO/EOP@EOP

cc:

Subject: Executive Order: Greening the Government Through Efficient Energy Management

----- Forwarded by Mindy E. Myers/WHO/EOP on 06/03/99 02:09 PM -----



Jason H. Schechter
06/03/99 01:38:40 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Executive Order: Greening the Government Through Efficient Energy Management

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 3, 1999

EXECUTIVE ORDER

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GREENING THE GOVERNMENT THROUGH EFFICIENT ENERGY MANAGEMENT

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the National Energy Conservation Policy Act (Public Law 95-619, 92 Stat. 3206, 42 U.S.C. 8252 et seq.), as amended by the Energy Policy Act of 1992 (EPACT) (Public Law 102-486, 106 Stat. 2776), and section 301 of title 3, United States Code, it is hereby ordered as follows:

PART 1 - PREAMBLE

Section 101. Federal Leadership. The Federal Government, as

the Nation's largest energy consumer, shall significantly improve its energy management in order to save taxpayer dollars and reduce emissions that contribute to air pollution and global climate change. With more than 500,000 buildings, the Federal Government can lead the Nation in energy efficient building design, construction, and operation. As a major consumer that spends \$200 billion annually on products and services, the Federal Government can promote energy efficiency, water conservation, and the use of renewable energy products, and help foster markets for emerging technologies. In encouraging effective energy management in the Federal Government, this order builds on work begun under EPACT and previous Executive orders.

PART 2 - GOALS

Sec. 201. Greenhouse Gases Reduction Goal. Through life-cycle cost-effective energy measures, each agency shall reduce its greenhouse gas emissions attributed to facility energy use by 30 percent by 2010 compared to such emissions levels in 1990. In order to encourage optimal investment in energy improvements, agencies can count greenhouse gas reductions from improvements in nonfacility energy use toward this goal to the extent that these reductions are approved by the Office of Management and Budget (OMB).

Sec. 202. Energy Efficiency Improvement Goals. Through life-cycle cost-effective measures, each agency shall reduce energy consumption per gross square foot of its facilities, excluding facilities covered in section 203 of this order, by 30 percent by 2005 and 35 percent by 2010 relative to 1985. No facilities will be exempt from these goals unless they meet new criteria for exemptions, to be issued by the Department of Energy (DOE).

Sec. 203. Industrial and Laboratory Facilities. Through life-cycle cost-effective measures, each agency shall reduce energy consumption per square foot, per unit of production, or per other unit as applicable by 20 percent by 2005 and 25 percent by 2010 relative to 1990. No facilities will be exempt from these goals unless they meet new criteria for exemptions, as issued by DOE.

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Sec. 204. Renewable Energy. Each agency shall strive to expand the use of renewable energy within its facilities and in its activities by implementing renewable energy projects and by purchasing electricity from renewable energy sources. In support of the Million Solar Roofs initiative, the Federal Government shall strive to install 2,000 solar energy systems at Federal facilities by the end of 2000, and 20,000 solar energy systems at Federal facilities by 2010.

Sec. 205. Petroleum. Through life-cycle cost-effective measures, each agency shall reduce the use of petroleum within its facilities. Agencies may accomplish this reduction by switching to a less greenhouse gas-intensive, nonpetroleum energy source, such as natural gas or renewable energy sources; by eliminating unnecessary fuel use; or by other appropriate methods. Where alternative fuels are not practical or life-cycle cost-effective, agencies shall strive to improve the efficiency of their facilities.

Sec. 206. Source Energy. The Federal Government shall strive to reduce total energy use and associated greenhouse gas and other air emissions, as measured at the source. To that end, agencies shall undertake life-cycle cost-effective projects in which source energy decreases, even if site energy use increases. In such cases, agencies will receive credit toward energy reduction goals through guidelines developed by DOE.

Sec. 207. Water Conservation. Through life-cycle cost-effective measures, agencies shall reduce water consumption and associated energy use in their facilities to reach the goals set under section 503(f) of this order. Where possible, water cost savings and associated energy cost savings shall be included in Energy Savings-Performance Contracts and other financing mechanisms.

PART 3 - ORGANIZATION AND ACCOUNTABILITY

Sec. 301. Annual Budget Submission. Each agency's budget submission to OMB shall specifically request funding necessary to achieve the goals of this order. Budget submissions shall include the costs associated with: encouraging the use of, administering, and fulfilling agency responsibilities under Energy-Savings Performance Contracts, utility energy-efficiency service contracts, and other contractual platforms for achieving conservation goals; implementing life-cycle cost-effective measures; procuring life-cycle cost-effective products; and constructing sustainably designed new buildings, among other energy costs. OMB shall issue guidelines to assist agencies in developing appropriate requests that support sound investments in energy improvements and energy-using products. OMB shall explore the feasibility of establishing a fund that agencies

could draw on to finance exemplary energy management activities and investments with higher initial costs but lower life-cycle costs. Budget requests to OMB in support of this order must be within each agency's planning guidance level.

Sec. 302. Annual Implementation Plan. Each agency shall develop an annual implementation plan for fulfilling the requirements of this order. Such plans shall be included in the annual reports to the President under section 303 of this order.

Sec. 303. Annual Reports to the President. (a) Each agency shall measure and report its progress in meeting the goals and requirements of this order on an annual basis. Agencies shall follow reporting guidelines as developed under section 306(b) of this order. In order to minimize additional

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reporting requirements, the guidelines will clarify how the annual report to the President should build on each agency's annual Federal energy reports submitted to DOE and the Congress. Annual reports to the President are due on January 1 of each year beginning in the year 2000.

(b) Each agency's annual report to the President shall describe how the agency is using each of the strategies described in Part 4 of this order to help meet energy and greenhouse gas reduction goals. The annual report to the President shall explain why certain strategies, if any, have not been used. It shall also include a listing and explanation of exempt facilities.

Sec. 304. Designation of Senior Agency Official. Each agency shall designate a senior official, at the Assistant Secretary level or above, to be responsible for meeting the goals and requirements of this order, including preparing the annual report to the President. Such designation shall be reported by each Cabinet Secretary or agency head to the Deputy Director for Management of OMB within 30 days of the date of this order. Designated officials shall participate in the Interagency Energy Policy Committee, described in section 306(d) of this order. The Committee shall communicate its activities to all designated officials to assure proper coordination and achievement of the goals and requirements of this order.

Sec. 305. Designation of Agency Energy Teams. Within 90 days of the date of this order, each agency shall form a technical support team consisting of appropriate procurement, legal, budget, management, and technical representatives to expedite and encourage the agency's use of appropriations, Energy-Savings Performance Contracts, and other alternative financing mechanisms necessary to meet the goals and requirements of this order. Agency energy team activities shall be undertaken in collaboration with each agency's representative to the Interagency Energy Management Task Force, as described in section 306(e) of this order.

Sec. 306. Interagency Coordination. (a) Office of Management and Budget. The Deputy Director for Management of OMB, in consultation with DOE, shall be responsible for evaluating each agency's progress in improving energy management and for submitting agency energy scorecards to the President to report progress.

(1) OMB, in consultation with DOE and other agencies, shall develop the agency energy scorecards and scoring system to evaluate each agency's progress in meeting the goals of this order. The scoring criteria shall include the extent to which agencies are taking advantage of key tools to save energy and

reduce greenhouse gas emissions, such as Energy Savings Performance Contracts, utility energy-efficiency service contracts, ENERGY STAR® and other energy efficient products, renewable energy technologies, electricity from renewable energy sources, and other strategies and requirements listed in Part 4 of this order, as well as overall efficiency and greenhouse gas metrics and use of other innovative energy efficiency practices. The scorecards shall be based on the annual energy reports submitted to the President under section 303 of this order.

(2) The Deputy Director for Management of OMB shall also select outstanding agency energy management team(s), from among candidates nominated by DOE, for a new annual Presidential award for energy efficiency.

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(b) Federal Energy Management Program. The DOE's Federal Energy Management Program (FEMP) shall be responsible for working with the agencies to ensure that they meet the goals of this order and report their progress. FEMP, in consultation with OMB, shall develop and issue guidelines for agencies' preparation of their annual reports to the President on energy management, as required in section 303 of this order. FEMP shall also have primary responsibility for collecting and analyzing the data, and shall assist OMB in ensuring that agency reports are received in a timely manner.

(c) President's Management Council. The President's Management Council (PMC), chaired by the Deputy Director for Management of OMB and consisting of the Chief Operating Officers (usually the Deputy Secretary) of the largest Federal departments and agencies, will periodically discuss agencies' progress in improving Federal energy management.

(d) Interagency Energy Policy Committee. This Committee was established by the Department of Energy Organization Act. It consists of senior agency officials designated in accordance with section 304 of this order. The Committee is responsible for encouraging implementation of energy efficiency policies and practices. The major energy-consuming agencies designated by DOE are required to participate in the Committee. The Committee shall communicate its activities to all designated senior agency officials to promote coordination and achievement of the goals of this order.

(e) Interagency Energy Management Task Force. The Task Force was established by the National Energy Conservation Policy Act. It consists of each agency's chief energy manager. The Committee shall continue to work toward improving agencies' use of energy management tools and sharing information on Federal energy management across agencies.

Sec. 307. Public/Private Advisory Committee. The Secretary of Energy will appoint an advisory committee consisting of representatives from Federal agencies, State governments, energy service companies, utility companies, equipment manufacturers, construction and architectural companies, environmental, energy and consumer groups, and other energy-related organizations. The committee will provide input on Federal energy management, including how to improve use of Energy-Savings Performance Contracts and utility energy-efficiency service contracts, improve procurement of ENERGY STAR® and other energy efficient products, improve building design, reduce process energy use, and enhance applications of efficient and renewable energy technologies at Federal facilities.

Sec. 308. Applicability. This order applies to all Federal

departments and agencies. General Services Administration (GSA) is responsible for working with agencies to meet the requirements of this order for those facilities for which GSA has delegated operations and maintenance authority. The Department of Defense (DOD) is subject to this order to the extent that it does not impair or adversely affect military operations and training (including tactical aircraft, ships, weapons systems, combat training, and border security).

PART 4 - PROMOTING FEDERAL LEADERSHIP IN ENERGY MANAGEMENT

Sec. 401. Life-Cycle Cost Analysis. Agencies shall use life-cycle cost analysis in making decisions about their investments in products, services, construction, and other projects to lower the Federal Government's costs and to reduce

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energy and water consumption. Where appropriate, agencies shall consider the life-cycle costs of combinations of projects, particularly to encourage bundling of energy efficiency projects with renewable energy projects. Agencies shall also retire inefficient equipment on an accelerated basis where replacement results in lower life-cycle costs. Agencies that minimize life-cycle costs with efficiency measures will be recognized in their scorecard evaluations.

Sec. 402. Facility Energy Audits. Agencies shall continue to conduct energy and water audits for approximately 10 percent of their facilities each year, either independently or through Energy-Savings Performance Contracts or utility energy-efficiency service contracts.

Sec. 403. Energy Management Strategies and Tools. Agencies shall use a variety of energy management strategies and tools, where life-cycle cost-effective, to meet the goals of this order. An agency's use of these strategies and tools shall be taken into account in assessing the agency's progress and formulating its score card.

(a) Financing Mechanisms. Agencies shall maximize their use of available alternative financing contracting mechanisms, including Energy-Savings Performance Contracts and utility energy-efficiency service contracts, when life-cycle cost-effective, to reduce energy use and cost in their facilities and operations. Energy-Savings Performance Contracts, which are authorized under the National Energy Conservation Policy Act, as modified by the Energy Policy Act of 1992, and utility energy-efficiency service contracts provide significant opportunities for making Federal facilities more energy efficient at no net cost to taxpayers.

(b) ENERGY STAR® and Other Energy Efficient Products.

(1) Agencies shall select, where life-cycle cost-effective, ENERGY STAR® and other energy efficient products when acquiring energy-using products. For product groups where ENERGY STAR® labels are not yet available, agencies shall select products that are in the upper 25 percent of energy efficiency as designated by FEMP. The Environmental Protection Agency (EPA) and DOE shall expedite the process of designating products as ENERGY STAR® and will merge their current efficiency rating procedures.

(2) GSA and the Defense Logistics Agency (DLA), with assistance from EPA and DOE, shall create clear catalogue listings that designate these products in both print and electronic formats. In addition, GSA and DLA shall undertake pilot projects from selected energy-using products to show a

"second price tag", which means an accounting of the operating and purchase costs of the item, in both printed and electronic catalogues and assess the impact of providing this information on Federal purchasing decisions.

(3) Agencies shall incorporate energy efficient criteria consistent with ENERGY STAR® and other FEMP-designated energy efficiency levels into all guide specifications and project specifications developed for new construction and renovation, as well as into product specification language developed for Basic Ordering Agreements, Blanket Purchasing Agreements, Government Wide Acquisition Contracts, and all other purchasing procedures.

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(4) DOE and OMB shall also explore the creation of financing agreements with private sector suppliers to provide private funding to offset higher up-front costs of efficient products. Within 9 months of the date of this order, DOE shall report back to the President's Management Council on the viability of such alternative financing options.

(c) ENERGY STAR® Buildings. Agencies shall strive to meet the ENERGY STAR® Building criteria for energy performance and indoor environmental quality in their eligible facilities to the maximum extent practicable by the end of 2002. Agencies may use Energy-Savings Performance Contracts, utility energy-efficiency service contracts, or other means to conduct evaluations and make improvements to buildings in order to meet the criteria. Buildings that rank in the top 25 percent in energy efficiency relative to comparable commercial and Federal buildings will receive the ENERGY STAR® building label. Agencies shall integrate this building rating tool into their general facility audits.

(d) Sustainable Building Design. DOD and GSA, in consultation with DOE and EPA, shall develop sustainable design principles. Agencies shall apply such principles to the siting, design, and construction of new facilities. Agencies shall optimize life-cycle costs, pollution, and other environmental and energy costs associated with the construction, life-cycle operation, and decommissioning of the facility. Agencies shall consider using Energy-Savings Performance Contracts or utility energy-efficiency service contracts to aid them in constructing sustainably designed buildings.

(e) Model Lease Provisions. Agencies entering into leases, including the renegotiation or extension of existing leases, shall incorporate lease provisions that encourage energy and water efficiency wherever life-cycle cost-effective. Build-to-suit lease solicitations shall contain criteria encouraging sustainable design and development, energy efficiency, and verification of building performance. Agencies shall include a preference for buildings having the ENERGY STAR® building label in their selection criteria for acquiring leased buildings. In addition, all agencies shall encourage lessors to apply for the ENERGY STAR® building label and to explore and implement projects that would reduce costs to the Federal Government, including projects carried out through the lessors' Energy-Savings Performance Contracts or utility energy-efficiency service contracts.

(f) Industrial Facility Efficiency Improvements. Agencies shall explore efficiency opportunities in industrial facilities for steam systems, boiler operation, air compressor systems,

industrial processes, and fuel switching, including cogeneration and other efficiency and renewable energy technologies.

(g) Highly Efficient Systems. Agencies shall implement district energy systems, and other highly efficient systems, in new construction or retrofit projects when life-cycle cost-effective. Agencies shall consider combined cooling, heat, and power when upgrading and assessing facility power needs and shall use combined cooling, heat, and power systems when life-cycle cost-effective. Agencies shall survey local natural resources to optimize use of available biomass, bioenergy, geothermal, or other naturally occurring energy sources.

(h) Off-Grid Generation. Agencies shall use off-grid generation systems, including solar hot water, solar electric, solar outdoor lighting, small wind turbines, fuel cells, and

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other off-grid alternatives, where such systems are life-cycle cost-effective and offer benefits including energy efficiency, pollution prevention, source energy reductions, avoided infrastructure costs, or expedited service.

Sec. 404. Electricity Use. To advance the greenhouse gas and renewable energy goals of this order, and reduce source energy use, each agency shall strive to use electricity from clean, efficient, and renewable energy sources. An agency's efforts in purchasing electricity from efficient and renewable energy sources shall be taken into account in assessing the agency's progress and formulating its score card.

(a) Competitive Power. Agencies shall take advantage of competitive opportunities in the electricity and natural gas markets to reduce costs and enhance services. Agencies are encouraged to aggregate demand across facilities or agencies to maximize their economic advantage.

(b) Reduced Greenhouse Gas Intensity of Electric Power. When selecting electricity providers, agencies shall purchase electricity from sources that use high efficiency electric generating technologies when life-cycle cost-effective. Agencies shall consider the greenhouse gas intensity of the source of the electricity and strive to minimize the greenhouse gas intensity of purchased electricity.

(c) Purchasing Electricity from Renewable Energy Sources.

(1) Each agency shall evaluate its current use of electricity from renewable energy sources and report this level in its annual report to the President. Based on this review, each agency should adopt policies and pursue projects that increase the use of such electricity. Agencies should include provisions for the purchase of electricity from renewable energy sources as a component of their requests for bids whenever procuring electricity. Agencies may use savings from energy efficiency projects to pay additional incremental costs of electricity from renewable energy sources:

(2) In evaluating opportunities to comply with this section, agencies should consider: my Administration's goal of tripling nonhydroelectric renewable energy capacity in the United States by 2010; the renewable portfolio standard specified in the restructuring guidelines for the State in which the facility is located; GSA's efforts to make electricity from renewable energy sources available to Federal electricity purchasers; and EPA's guidelines on crediting renewable energy power in implementation of Clean Air Act standards.

Sec. 405. Mobile Equipment. Each agency shall seek to improve the design, construction, and operation of its mobile equipment, and shall implement all life-cycle cost-effective energy efficiency measures that result in cost savings while improving mission performance. To the extent that such measures are life-cycle cost-effective, agencies shall consider enhanced use of alternative or renewable-based fuels.

Sec. 406. Management and Government Performance. Agencies shall use the following management strategies in meeting the goals of this order.

(a) Awards. Agencies shall use employee incentive programs to reward exceptional performance in implementing this order.

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(b) Performance Evaluations. Agencies shall include successful implementation of provisions of this order in areas such as Energy-Savings Performance Contracts, sustainable design, energy efficient procurement, energy efficiency, water conservation, and renewable energy projects in the position descriptions and performance evaluations of agency heads, members of the agency energy team, principal program managers, heads of field offices, facility managers, energy managers, and other appropriate employees.

(c) Retention of Savings and Rebates. Agencies granted statutory authority to retain a portion of savings generated from efficient energy and water management are encouraged to permit the retention of the savings at the facility or site where the savings occur to provide greater incentive for that facility and its site managers to undertake more energy management initiatives, invest in renewable energy systems, and purchase electricity from renewable energy sources.

(d) Training and Education. Agencies shall ensure that all appropriate personnel receive training for implementing this order.

(1) DOE, DOD, and GSA shall provide relevant training or training materials for those programs that they make available to all Federal agencies relating to the energy management strategies contained in this order.

(2) The Federal Acquisition Institute and the Defense Acquisition University shall incorporate into existing procurement courses information on Federal energy management tools, including Energy Savings Performance Contracts, utility energy-efficiency service contracts, ENERGY STAR® and other energy efficient products, and life-cycle cost analysis.

(3) All agencies are encouraged to develop outreach programs that include education, training, and promotion of ENERGY STAR® and other energy-efficient products for Federal purchase card users. These programs may include promotions with billing statements, user training, catalogue awareness, and exploration of vendor data collection of purchases.

(e) Showcase Facilities. Agencies shall designate exemplary new and existing facilities with significant public access and exposure as showcase facilities to highlight energy or water efficiency and renewable energy improvements.

Sec. 501. Within 120 days of this order, the Director of OMB shall:

(a) develop and issue guidance to agency budget officers on preparation of annual funding requests associated with the implementation of the order for the FY 2001 budget;

(b) in collaboration with the Secretary of Energy, explain to agencies how to retain savings and reinvest in other energy and water management projects; and

(c) in collaboration with the Secretary of Energy through the Office of Federal Procurement Policy, periodically brief agency procurement executives on the use of Federal energy management tools, including Energy-Savings Performance Contracts, utility energy-efficiency service contracts, and procurement of energy efficient products and electricity from renewable energy sources.

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Sec. 502. Within 180 days of this order, the Secretary of Energy, in collaboration with other agency heads, shall:

(a) issue guidelines to assist agencies in measuring energy per square foot, per unit of production, or other applicable unit in industrial, laboratory, research, and other energy-intensive facilities;

(b) establish criteria for determining which facilities are exempt from the order. In addition, DOE must provide guidance for agencies to report proposed exemptions;

(c) develop guidance to assist agencies in calculating appropriate energy baselines for previously exempt facilities and facilities occupied after 1990 in order to measure progress toward goals;

(d) issue guidance to clarify how agencies determine the life-cycle cost for investments required by the order, including how to compare different energy and fuel options and assess the current tools;

(e) issue guidance for providing credit toward energy efficiency goals for cost-effective projects where source energy use declines but site energy use increases; and

(f) provide guidance to assist each agency to determine a baseline of water consumption.

Sec. 503. Within 1 year of this order, the Secretary of Energy, in collaboration with other agency heads, shall:

(a) provide guidance for counting renewable and highly efficient energy projects and purchases of electricity from renewable and highly efficient energy sources toward agencies' progress in reaching greenhouse gas and energy reduction goals;

(b) develop goals for the amount of energy generated at Federal facilities from renewable energy technologies;

(c) support efforts to develop standards for the certification of low environmental impact hydropower facilities in order to facilitate the Federal purchase of such power;

(d) work with GSA and DLA to develop a plan for purchasing advanced energy products in bulk quantities for use in by multiple agencies;

(e) issue guidelines for agency use estimating the greenhouse gas emissions attributable to facility energy use. These guidelines shall include emissions associated with the

production, transportation and use of energy consumed in Federal facilities; and

(f) establish water conservation goals for Federal agencies.

Sec. 504. Within 120 days of this order, the Secretary of Defense and the Administrator of GSA, in consultation with other agency heads, shall develop and issue sustainable design and development principles for the siting, design, and construction of new facilities.

Sec. 505. Within 180 days of this order, the Administrator of GSA, in collaboration with the Secretary of Defense, the Secretary of Energy, and other agency heads, shall:

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(a) develop and issue guidance to assist agencies in ensuring that all project cost estimates, bids, and agency budget requests for design, construction, and renovation of facilities are based on life-cycle costs. Incentives for contractors involved in facility design and construction must be structured to encourage the contractors to design and build at the lowest life-cycle cost;

(b) make information available on opportunities to purchase electricity from renewable energy sources as defined by this order. This information should accommodate relevant State regulations and be updated periodically based on technological advances and market changes, at least every 2 years;

(c) develop Internet-based tools for both GSA and DLA customers to assist individual and agency purchasers in identifying and purchasing ENERGY STAR® and other energy efficient products for acquisition; and

(d) develop model lease provisions that incorporate energy efficiency and sustainable design.

PART 6 -- GENERAL PROVISIONS

Sec. 601. Compliance by Independent Agencies. Independent agencies are encouraged to comply with the provisions of this order.

Sec. 602. Waivers. If an agency determines that a provision in this order is inconsistent with its mission, the agency may ask DOE for a waiver of the provision. DOE will include a list of any waivers it grants in its Federal Energy Management Programs annual report to the Congress.

Sec. 603. Scope. (a) This order is intended only to improve the internal management of the Executive branch and is not intended to create any right, benefit, or trust responsibility, substantive or procedural, enforceable by law by a party against the United States, its agencies, its officers, or any other person.

(b) This order applies to agency facilities in any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Northern Mariana Islands, and any other territory or possession over which the United States has jurisdiction. Agencies with facilities outside of these areas, however, are encouraged to make best efforts to comply with the goals of this order for those facilities. In addition, agencies can report energy improvements made outside the United States in their annual report to the President; these improvements may be considered in agency scorecard evaluations.

Sec. 604. Revocations. Executive Order 12902 of March 9, 1994, Executive Order 12759 of April 17, 1991, and Executive Order 12845 of April 21, 1993, are revoked.

Sec. 605. Amendments to Federal Regulations. The Federal Acquisition Regulation and other Federal regulations shall be amended to reflect changes made by this order, including an amendment to facilitate agency purchases of electricity from renewable energy sources.

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PART 7 -- DEFINITIONS

For the purposes of this order:

Sec. 701. "Acquisition" means acquiring by contract supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract.

Sec. 702. "Agency" means an Executive agency as defined in 5 U.S.C. 105. For the purpose of this order, military departments, as defined in 5 U.S.C. 102, are covered under the auspices of DOD.

Sec. 703. "Energy-Savings Performance Contract" means a contract that provides for the performance of services for the design, acquisition, financing, installation, testing, operation, and where appropriate, maintenance and repair, of an identified energy or water conservation measure or series of measures at one or more locations. Such contracts shall provide that the contractor must incur costs of implementing energy savings measures, including at least the cost (if any) incurred in making energy audits, acquiring and installing equipment, and training personnel in exchange for a predetermined share of the value of the energy savings directly resulting from implementation of such measures during the term of the contract. Payment to the contractor is contingent upon realizing a guaranteed stream of future energy and cost savings. All additional savings will accrue to the Federal Government.

Sec. 704. "Exempt facility" or "Exempt mobile equipment" means a facility or a piece of mobile equipment for which an agency uses DOE-established criteria to determine that compliance with the Energy Policy Act of 1992 or this order is not practical.

Sec. 705. "Facility" means any individual building or collection of buildings, grounds, or structure, as well as any fixture or part thereof, including the associated energy or water-consuming support systems, which is constructed, renovated, or purchased in whole or in part for use by the Federal Government. It includes leased facilities where the Federal Government has a purchase option or facilities planned

for purchase. In any provision of this order, the term "facility" also includes any building 100 percent leased for use by the Federal Government where the Federal Government pays directly or indirectly for the utility costs associated with its leased space. The term also includes Government-owned contractor-operated facilities.

Sec. 706. "Industrial facility" means any fixed equipment, building, or complex for production, manufacturing, or other processes that uses large amounts of capital equipment in connection with, or as part of, any process or system, and within which the majority of energy use is not devoted to the heating, cooling, lighting, ventilation, or to service the water heating energy load requirements of the facility.

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(OVER)

Sec. 707. "Life-cycle costs" means the sum of the present values of investment costs, capital costs, installation costs, energy costs, operating costs, maintenance costs, and disposal costs, over the lifetime of the project, product, or measure. Additional guidance on measuring life-cycle costs is specified in 10 C.F.R. 436.19.

Sec. 708. "Life-cycle cost-effective" means the life-cycle costs of a product, project, or measure are estimated to be equal to or less than the base case (i.e., current or standard practice or product). Additional guidance on measuring cost-effectiveness is specified in 10 C.F.R. 436.18 (a), (b), and (c), 436.20, and 436.21.

Sec. 709. "Mobile equipment" means all Federally owned ships, aircraft, and nonroad vehicles.

Sec. 710. "Renewable energy" means energy produced by solar, wind, geothermal, and biomass power.

Sec. 711. "Renewable energy technology" means technologies that use renewable energy to provide light, heat, cooling, or mechanical or electrical energy for use in facilities or other activities. The term also means the use of integrated whole-building designs that rely upon renewable energy resources, including passive solar design.

Sec. 712. "Source energy" means the energy that is used at a site and consumed in producing and in delivering energy to a site, including, but not limited to, power generation, transmission, and distribution losses, and that is used to perform a specific function, such as space conditioning, lighting or water heating.

Sec. 713. "Utility" means public agencies and privately owned companies that market, generate, and/or distribute energy or water, including electricity, natural gas, manufactured gas, steam, hot water, and chilled water as commodities for public use and that provide the service under Federal, State, or local regulated authority to all authorized customers. Utilities include: Federally owned non-profit producers; municipal organizations; and investor or privately owned producers regulated by a State and/or the Federal Government; cooperatives owned by members and providing services mostly to their members; and other nonprofit State and local government agencies serving in this capacity.

Sec. 714. "Utility energy-efficiency service" means demand side management services provided by a utility to improve the efficiency of use of the commodity (electricity, gas, etc.) being distributed. Services can include, but are not limited

to, energy efficiency and renewable energy project auditing,
financing, design, installation, operation, maintenance, and
monitoring.

WILLIAM J. CLINTON

THE WHITE HOUSE,
June 3, 1999.

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Message Sent To: _____



Mindy E. Myers

06/03/99 12:02:35 PM

Record Type: Record

To: Roger S. Ballentine/WHO/EOP@EOP, Lisa M. Kountoupes/WHO/EOP@EOP

cc:

Subject: President Clinton: Leading the Fight Against Global Warming

----- Forwarded by Mindy E. Myers/WHO/EOP on 06/03/99 12:02 PM -----



Jason H. Schechter

06/03/99 12:00:44 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: President Clinton: Leading the Fight Against Global Warming



eoone16.doceo5pager4.do dodespc6.doc

President Clinton: Leading the Fight Against Global Warming
June 3, 1999

President Clinton, in a Cabinet meeting today, will issue an Executive Order to help meet the challenge of global warming by significantly improving energy efficiency in Federal buildings. By 2010, the resulting energy savings will reduce annual greenhouse gas emissions by 2.4 million tons – the equivalent of taking 1.7 million cars off the road – and save taxpayers over \$750 million a year. As a prime example of the savings that can be achieved, the President will also announce a major contract to retrofit over 800 buildings at five military installations in the Washington, D.C. area, saving over \$219 million in energy and related costs.

Leading By Example. The Federal Government is the nation's largest energy consumer with an annual bill of over \$8 billion - more than \$4 billion to heat, cool, and power its 500,000 buildings. Federal agencies have already reduced energy consumption 17% per square foot relative to 1985 levels. Today's Order builds on that progress by:

Setting Aggressive Goals - The Order requires Federal agencies to achieve by 2010:

- **35% greater energy efficiency** in buildings relative to 1985 levels; and,
- **30% cut in greenhouse gas emissions** from building-related energy use relative to 1990.

Mobilizing Cutting-Edge Strategies - The Order directs agencies to maximize the use of:

- **Energy Saving Performance Contracts and Utility Contracts**, in which private companies make energy improvements on Federal facilities at their own expense and receive a portion of the resulting savings;
- **Life-cycle cost analysis**, so agencies see the long-term savings from energy investments;
- **ENERGY STAR & other energy efficient products**, everything from light bulbs to boilers; and,
- **Renewable energy** technologies and sources (solar, wind, geothermal, and biomass).

Strengthening Accountability - The Order requires that annual scorecards evaluating agency progress be submitted to the President; gives OMB, in consultation with the Department of Energy (DOE), oversight authority; and directs agencies to appoint energy management teams to help meet the goals of the Order.

Concrete Steps, Concrete Savings. The partnership announced today between the Department of Defense and Viron/Pepco Energy Services - the largest-ever Energy Saving Performance Contract - will cut energy use in 837 buildings at Ft. Belvoir, Ft. A.P. Hill, Ft. Meyer, Ft. McNair, and Ft. Meade. Other examples of energy-saving actions of the kind today's Order is designed to promote include:

- The Defense Logistics Agency (DLA) and the DOE have teamed up to offer high efficiency compact florescent light bulbs at half price to Federal purchasers;
- 18 Federal agencies (including the Smithsonian Institution, NASA, and the Postal Service) will receive DOE funding for more than 100 renewable energy systems;
- A New York GSA building housing the FBI and the IRS has been retrofitted to ENERGY STAR Building standards, with an annual energy cost savings of \$1.3 million; and,
- Environmental Protection Agency's laboratory in Richmond, California has become the first major Federal facility supplied 100% with renewable energy (geothermal and biomass).

Incentives For Businesses and Consumers, Too. To help American businesses and consumers reap the same kinds of energy and cost savings, the President today also called on Congress to enact his proposed **\$3.6 billion package of tax incentives** for the purchase of energy efficient homes, appliances, cars, and energy from renewable sources.

The President's New Energy Efficiency Executive Order

June 3, 1999

The Executive Order to be issued by President Clinton today helps meet the challenge of global warming by significantly improving energy efficiency in Federal buildings. By 2010, the resulting energy savings will reduce annual greenhouse gas emissions by an amount equal to 2.4 million metric tons of carbon (MMTCE) - the equivalent of taking 1.7 million cars off the road - and save taxpayers over \$750 million a year. The Order will also expand markets for renewable technologies, reduce air pollution, and serve as a powerful example to American businesses and consumers who can reap substantial benefits from energy improvements.

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- ***New Greenhouse Gas Reduction Goal.*** The Order requires each Federal agency to reduce greenhouse gas emissions that result from building energy use by 30 % below 1990 levels by 2010. This is the Federal Government's first-ever goal tied to greenhouse gas reductions.
- ***Expanded Use of Renewable Energy.*** The Order requires Federal agencies to expand their use of renewable energy technologies and electricity from renewable energy sources, such as solar, wind, geothermal, and biomass. Building on the President's commitment to install 20,000 Federal solar energy systems by 2010, the Order calls for new investments in renewable energy through applications of solar, wind, geothermal, and biomass technologies at Federal facilities and through the purchase of electricity from renewable energy sources.
- ***Water Conservation.*** The Order calls for Federal agencies to improve their water efficiency, not only to reduce water consumption, but also to reduce associated energy use. The Order requires the Department of Energy (DOE) to work with other Federal agencies to develop water consumption baselines and then set appropriate goals for water conservation.

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Cutting-Edge Tools and Strategies

The Order calls for agencies to use a wide range of energy management tools and strategies to fulfill the new energy efficiency, renewable energy, and greenhouse gas reduction goals.

• ***Alternative Financing.*** Financing options, like Energy Savings Performance Contracts (ESPCs) and utility energy efficiency service contracts, offer Federal agencies a powerful tool for leveraging private sector financing to fund cost-saving energy improvements at no net cost to taxpayers. Under ESPCs, private sector energy service companies finance the up-front cost of purchasing and installing new energy efficient equipment. The Federal government uses a portion of the savings it accrues through reduced energy bills to repay the energy service company over the life of the contract. Contractors then receive a predetermined share of the value of the energy savings generated by their efforts, and may be paid only if actual savings result from the reduced energy use. All additional savings accrue to the government. The government benefits from new equipment, reduced energy costs, improved energy efficiency, reduced greenhouse gas emissions, and conservation of nonrenewable fuels.

To date, DOE and the Department of Defense (DOD) have put into place over \$8 billion in ESPC contract authority -- available for all Federal agencies to fund energy improvements. In addition, many of these contracts are "Super ESPCs" which rely on the same principles as regular ESPCs but offer an umbrella contract to allow expedited service. The Order calls for agencies to maximize their use of ESPCs and utility energy efficiency service contracts to realize energy and cost savings.

• ***Life-Cycle Cost Analysis.*** It is critical that Federal agencies consider the full cost of their investments, including energy, operation and maintenance costs, not simply the purchase cost of projects or products. By taking all costs into account, agencies can save money and energy. To that end, the Order requires agencies to consider life-cycle costs - that is, investment costs, capital costs, installation costs, energy costs, operating costs, maintenance costs, and disposal costs, over the life of the project or product.

• ***ENERGY STAR® and Other Energy Efficient Products.*** The Order calls for agencies to purchase ENERGY STAR® and other energy efficient products. These products, ranging from compact fluorescent light bulbs to highly efficient boilers, can save Federal agencies hundreds of millions of dollars.

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- ***Off-Grid Electricity Generation.*** This Order requires agencies to consider off-grid electricity opportunities that often provide energy and environmental benefits, while allowing agencies to avoid the costs of building new transmission lines or digging up existing lines. Off-grid options can be particularly effective in remote locations, including in our National Parks. The systems range from solar outdoor lighting to small wind turbines and fuel cells.
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Strengthening Agency Accountability

The Order provides a framework to hold agencies accountable for their progress in Federal energy management. The following new management strategies and reporting requirements will help ensure that all Federal agencies manage energy use wisely, reaping substantial fiscal and environmental benefits for years to come.

- ***Annual Reports to the President and Annual Score Cards.*** Under the Order, each Federal agency must submit an Annual Report to the President describing its progress in meeting the goals of the Order. In addition, the Deputy Director for Management of the Office of Management Budget will evaluate each agency's performance and submit agency score cards to the President. The score card evaluations will consider agencies' progress toward the energy efficiency, renewable energy, and greenhouse gas goals. The score cards will also take into account how effectively agencies have used key energy management tools and strategies.
- ***President's Management Council.*** The President's Management Council, which generally consists of Deputy Secretaries from all agencies, will monitor agencies' progress on Federal energy management and provide a high-level forum for identifying ways to accelerate improvements.

- **Agency Energy Teams.** Each agency must form a technical energy support team within 90 days to ensure that energy management strategies are implemented across all facilities. These energy teams will bring together legal, procurement, and other essential agency representatives to overcome barriers to realizing energy and cost savings.

- **New Public/Private Advisory Committee.** The Order calls for DOE to organize an advisory committee to bring together private and public sector experts who can advise agencies on how to improve their energy management practices. The Committee will include representatives from energy service companies, utility companies, equipment manufacturers, and other private, non-profit, and public sector organizations that focus on energy issues.

Concrete Steps, Concrete Savings

In conjunction with the signing of a new Executive Order to promote energy efficiency, President Clinton announced today the Pentagon's intent to award (by the end of June) **the Federal government's largest-ever Energy Saving Performance Contract (ESPC)**, under which Viron Energy Services/Pepeco Energy Services will upgrade the energy performance of 837 Federal buildings at no up-front cost to taxpayers. The 18-year service contract, covering five military installations in the Washington, DC area, will reduce annual energy consumption by 17%, saving DOD over \$219 million in energy and related costs and reducing annual greenhouse gas emissions by 24,000 metric tons of carbon (MTC) - equivalent to taking over 19,000 cars off the road.

Other examples of energy-saving actions of the kind the President's Order is designed to promote include:

- **Energy Efficient Procurement.** The Defense Logistics Agency (DLA), which supplies almost 20% of all light bulbs purchased by the Federal government, has teamed up with DOE to offer half price compact florescent light bulbs to any Federal purchaser with a maximum purchase of 400 bulbs per order.

Last year, the DLA supplied 1.5 million bulbs to Federal purchasers. If they had all been compact florescents savings would have totaled \$7.5 million. Just last week DOE added compact florescents to the ENERGY STAR product rating program providing consumers with specifications for the purchase of such bulbs. A compact florescent bulb can last up to five years, saving \$67 over the its lifetime.

- **Renewable Energy Projects.** Some 18 Federal agencies – from the Departments of Agriculture, Interior, and Transportation to the Smithsonian Institution and the U.S. Postal Service – will soon receive a combined \$1.5 million in DOE funding for more than 100 cost-effective renewable energy projects at government sites. The technologies include more than 50 new or renovated solar water heating systems, large and small photovoltaic systems, PV-powered lights and “solar walls” which preheat outside air for building heating, and wind power.

• ***Buying Renewable Power.*** The Environmental Protection Agency's Richmond, California laboratory has become the first major Federal facility supplied 100% with renewable energy. Initially, 60% of the power supplied will come from geothermal sources and 40% will come from biomass. Eventually power will be supplied by a new landfill gas facility expected to begin service in the fall of 1999. The General Service Administration (GSA) and DOE provided support to EPA in this effort. This green power purchase will produce environmental benefits equivalent to reducing over 2 million passenger car miles driven in California each year.

• ***Energy Star Buildings.*** GSA's Foley Square Federal Office Building in New York City has been retrofitted to achieve the ENERGY STAR Building Label by EPA. The ENERGY STAR Building Label signifies that the building is in the top 25% of similar buildings with regard to energy efficiency. Opened in 1994, the building encompasses 1.2 million square feet and houses offices of the Federal Bureau of Investigation, the Internal Revenue Service and the Environmental Protection Agency. By deploying equipment and products that qualify the building for the ENERGY STAR label, Foley Square saves taxpayers \$1.3 million annually in energy costs.

Prior Federal Energy Efficiency Efforts

Today's Order builds upon previous efforts to improve Federal energy efficiency. The Energy Policy Act of 1992 established a goal of improving energy efficiency in Federal office buildings by 20% on an energy-per-square-foot basis by the year 2000, compared to a baseline year of 1985. In March of 1994, President Clinton issued Executive Order 12902, which extended the energy-efficiency goal to 30% below 1985 by 2005. Today's Order extends these goals still further, while also tightening provisions on exempted facilities and setting forth the first-ever Federal goal tied specifically to greenhouse gas reductions.

DOD-Viron/Pepco Energy Saving Performance Contract June 3, 1999

In conjunction with the signing of a new Executive Order to promote energy efficiency, President Clinton will announce today the Pentagon's intent to award (by the end of June) the Federal government's largest-ever Energy Saving Performance Contract (ESPC), under which Viron Energy Services/Pepco Energy Services (Viron/Pepco) will upgrade the energy performance of 837 Federal buildings at no up-front cost to taxpayers. The 18-year service contract, covering five military installations in the Washington, DC area, will reduce annual energy consumption by 17%, saving the Department of Defense (DOD) over \$219 million in energy and related costs and reducing annual greenhouse gas emissions by 24,000 metric tons of carbon (MTC) - equivalent of taking over 19,000 cars off the road.

Energy Saving Performance Contracts - Energy Savings at No Up-front Cost to Taxpayers

The new Executive Order directs Federal agencies to maximize their use of ESPCs -- innovative financing mechanisms that mobilize private sector investment and expertise to save energy and save money in Federal facilities. Under ESPC authority, Federal agencies hire private energy

service companies to conduct energy audits of facilities, propose energy saving retrofits, and privately finance, install, and maintain retrofits. There are no up-front payments by the government and contractors are paid from a share of the savings, with the remaining savings accruing to the agency.

The DOD-Viron/Pepeco ESPC is the largest by far of any ever awarded by the Federal government and serves as a model for other agencies to replicate in implementing the President's new Executive Order.

Real Savings and Real Environmental Benefits

Under the new contract, some \$70 million in private investment will fund energy upgrades at five installations in the Army's Military District of Washington - Ft. Belvoir, Ft. A.P. Hill, Ft. Meyer, Ft. McNair, and Ft. Meade. These measures will save money and improve the environment. In particular, they will:

- Avoid almost 24,000 MTC of greenhouse gas emissions annually - a 26% reduction;
- Save DOD a total of over \$219 million in energy and related costs
- Reduce annual energy costs by 17%;
- Reduce annual electricity use by 89 million kilowatt hours (kWh) of energy annually;
- Reduce fuel use by 294,000 million British Thermal Units (MMBTUs) annually;
- Reduce pollutants that cause smog and acid rain by more than 600 metric tons annually; and,
- Save over 50 million gallons of water annually.

These improvements to buildings and equipment will support Army operations well into the next century, without the need for additional funding, and will provide more comfortable living conditions and improved quality of life for those who live and work at the five installations.

Energy Efficiency Measures to be Taken

Expected energy efficiency measures include:

- **Cooling system retrofits.** Some 888 cooling units will be replaced or retrofitted, cutting energy use in 343 buildings, reducing associated energy costs by over \$1 million annually and annual greenhouse gas emissions by 4,900 MTC.
- **Air Handling Units.** Replacement and retrofitting of air handling units in 126 buildings will reduce annual energy consumption by 14 million kWh. This will mean annual savings of \$742,000 and 3,500 MTC of greenhouse gas emissions avoided each year.
- **Lighting Retrofits or Replacement.** Some 142,600 light fixtures will be replaced or retrofitted in 714 buildings, reducing annual energy consumption by 29.8 million kWh, saving \$1.4 million annually, and reducing annual greenhouse gas emissions by 4,800 MTC.

- **Central Heating Plant Upgrade.** Two central steam plants will be replaced with new gas fired boilers, reducing annual fuel use by 138,000 MMBTU, saving \$655,000 annually, and reducing annual greenhouse gas emissions by 2,900 MTC.

- **Central Cooling Plant Upgrade.** A new absorption chiller and chilled water distribution line will be installed at one site, reducing annual electricity use by approximately 270,000 kWh and saving \$21,000 annually.

- **Water Conservation.** Water consumption and waste water will be reduced in 213 buildings through replacement of existing plumbing equipment with ultra low-flow units, saving approximately 50.5 million of gallons annually, or \$195,000.

DOD's Partnership With Viron/Pepco

With the assistance of the Department of Energy's (DOE's) National Renewable Energy Lab, DOD sought bids from private sector experts to provide solutions to the energy needs of the Military District of Washington. After a competitive bid process, DOD's Defense Energy Support Center has decided to award a contract to Viron/Pepco to provide a range of services including energy engineering, equipment installation, construction supervision, and measurement and verification. Under the contract, all capital investments will be made within the first three years of the contract and Viron/Pepco will be paid from a share of the verified energy savings resulting directly from its conservation measures.

More than 2,100 buildings on the five installations were surveyed for possible energy improvements. Under the contract, almost 40% of the buildings currently in use will benefit from one or more of the slated improvements and upgrades in the initial task order. The contract is also structured so that either the government or Viron/Pepco can suggest additional conservation measures for the remaining buildings.

Administration Efforts to Expand ESPC Use

While ESPC authority has existed since 1992, President Clinton has taken significant steps to streamline and promote greater use of this tool. Streamlined contracts - known as "Super ESPCs" -- put in place by DOE and DOD have accelerated large investments in energy projects at hundreds of Federal facilities. Super ESPCs allow all agencies and facilities to place delivery orders under umbrella contracts, substantially reducing the lead time to contract with an energy services company. There are two types of Super ESPCs: regional and technology specific. Regional specific contracts cover a designated geographic area; technology specific contracts are in effect nationwide for a particular emerging technology, such as solar collectors.

In the last year, DOE has provided over \$5 billion in ESPC contracting authority to 44 private contractors to perform energy and cost saving work. Projects have been designed and awarded that will mobilize \$28.7 million of private investment to perform energy saving work in Federal agencies. The contractors will be paid from the \$62.5 million projected savings. Well over a

hundred agreements are currently under negotiation as this alternative financing tool for energy and taxpayer savings becomes more commonly used by Federal agencies. Other agreements are also under negotiation with utility contractors and under the DOD contracts (worth over \$3 billion) which are also available for use by the rest of the Federal government.

Message Sent To: _____

The President's New Energy Efficiency Executive Order

June 3, 1999

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Other examples of energy-saving actions of the kind the President's Order is designed to promote include:

- **Energy Efficient Procurement.** The Defense Logistics Agency (DLA), which supplies almost 20% of all light bulbs purchased by the Federal government, has teamed up with DOE to offer half price compact florescent light bulbs to any Federal purchaser with a maximum purchase of 400 bulbs per order.

Last year, the DLA supplied 1.5 million bulbs to Federal purchasers. If they had all been compact florescents savings would have totaled \$7.5 million. Just last week DOE added compact florescents to the ENERGY STAR product rating program providing consumers with specifications for the purchase of such bulbs. A compact florescent bulb can last up to five years, saving \$67 over the its lifetime.

- **Renewable Energy Projects.** Some 18 Federal agencies – from the Departments of Agriculture, Interior, and Transportation to the Smithsonian Institution and the U.S. Postal Service – will soon receive a combined \$1.5 million in DOE funding for more than 100 cost-effective renewable energy projects at government sites. The technologies include more than 50 new or renovated solar water heating systems, large and small photovoltaic systems, PV-powered lights and “solar walls” which preheat outside air for building heating, and wind power.

- ***Buying Renewable Power.*** The Environmental Protection Agency's Richmond, California laboratory has become the first major Federal facility supplied 100% with renewable energy. Initially, 60% of the power supplied will come from geothermal sources and 40% will come from biomass. Eventually power will be supplied by a new landfill gas facility expected to begin service in the fall of 1999. The General Service Administration (GSA) and DOE provided support to EPA in this effort. This green power purchase will produce environmental benefits equivalent to reducing over 2 million passenger car miles driven in California each year.
- ***Energy Star Buildings.*** GSA's Foley Square Federal Office Building in New York City has been retrofitted to achieve the ENERGY STAR Building Label by EPA. The ENERGY STAR Building Label signifies that the building is in the top 25% of similar buildings with regard to energy efficiency. Opened in 1994, the building encompasses 1.2 million square feet and houses offices of the Federal Bureau of Investigation, the Internal Revenue Service and the Environmental Protection Agency. By deploying equipment and products that qualify the building for the ENERGY STAR label, Foley Square saves taxpayers \$1.3 million annually in energy costs.

Prior Federal Energy Efficiency Efforts

Today's Order builds upon previous efforts to improve Federal energy efficiency. The Energy Policy Act of 1992 established a goal of improving energy efficiency in Federal office buildings by 20% on an energy-per-square-foot basis by the year 2000, compared to a baseline year of 1985. In March of 1994, President Clinton issued Executive Order 12902, which extended the energy-efficiency goal to 30% below 1985 by 2005. Today's Order extends these goals still further, while also tightening provisions on exempted facilities and setting forth the first-ever Federal goal tied specifically to greenhouse gas reductions.

Executive Order
Developing and Promoting Bioenergy and Biobased Products

Twenty-first century bioenergy and biobased product technology has made it possible to use renewable farm and forestry resources to produce electricity, fuel, and a wide array of affordable chemicals, pharmaceuticals, and other materials. A sound and comprehensive investment strategy for these technologies will create a wide range of business and employment opportunities in rural America and improve the quality of our environment. Research, development and incentives to encourage the adoption of new technologies will create vast new opportunities to convert renewable grasses, trees, other farm and forestry materials, and waste materials as energy, fuel, and chemical substitutes for non-renewable fossil energy resources.

These advances will create new economic opportunities for farmers, foresters and ranchers, new market opportunities for farm and forest waste products, new value added business opportunities for producers of farm and forestry products, and new economic opportunities for underused land. They also have the potential to reduce our nation's dependence on foreign oil, improve air quality, water quality, flood control, erosion, and help minimize net production of greenhouse gases.

Therefore, by the authority vested in me as President by the Constitution and the laws of the United States of America, it is ordered as follows:

Section 1. Establishment of President's Council on Bioenergy and Biobased Products.

- (a) **Establishment.** There is established the President's Council on Bioenergy and Biobased Products (the "Council"). The Council shall be comprised of the Secretaries of Agriculture, Commerce, Energy, and Interior, the Administrator of the Environmental Protection Agency, the Director of the Office of Management and Budget (OMB), the Assistant to the President for Science and Technology, the Director of the National Science Foundation, and the heads of other relevant agencies as determined by the Co-Chairs of the Council. The Secretary of Agriculture and Secretary of Energy shall serve as Co-Chairs of the Council.
- (b) **Specific Activities and Functions.** The Council shall annually prepare a strategic plan for the President outlining overall national goals in the development and use of bioenergy and biobased products and how these programs meet national objectives for economic development with specific attention to rural economic interests, energy security, and environmental sustainability. The first annual strategic plan shall be due within eight months of the date of this order. The strategic plan shall be compatible with the national goal of producing safe and affordable supplies of food, feed, and fiber in a way that is sustainable and protects the environment, and shall include measurable objectives. Specifically, the strategic plan shall cover the following areas:

- (1) biomass used in the production of energy (electricity, liquid, solid, and gaseous fuels, and heat); and,
- (2) biobased products, including commercial and industrial chemicals, pharmaceuticals, and other materials.

(c) The strategic plan for bioenergy and biobased products shall include:

- (1) A description of priorities for research, development, demonstration, and other investments in biobased products;
- (2) A coordinated federal program of research building on the research budgets of each participating agency; and
- (3) Proposals for using existing agency authorities to encourage the adoption and use of bioenergy and biobased products and recommend legislation for modifying these authorities or creating new authorities if needed.

(d) Within 30 days of the date of this order, the head of each agency shall designate a senior official to serve as a representative to the Council. The representative shall report directly to the agency head on the activities under this order.

(e) The designated representatives of the Departments of Agriculture and Energy shall be the co-chairs of the Council.

Section 2. Establishment of Advisory Committee on Bioenergy and Biobased Products.

The Secretary of Energy shall establish an Advisory Committee on Bioenergy and Biobased Products (the "Committee"), under the Federal Advisory Committee Act, 5 U.S.C. App., to provide information and advice for consideration by the Council. The Secretary of Energy shall, in consultation with other members of the Council, appoint members of the advisory committee representing stakeholders including representatives from the farm, forestry, chemical manufacturing, energy companies, electric utilities, environmental organizations, and other critical sectors; and shall appoint Co-Chairs. Among other things, the Committee shall provide the Council with an independent, annual assessment of:

- (a) The goals established by the Federal agencies for developing and promoting bioenergy and biobased products;
- (b) The balance of proposed research and development activities; and,
- (c) The effectiveness of programs designed to encourage adoption and use of bioenergy and biobased products.

Section 3. Administration of the Advisory Committee.

- (a) To the extent permitted by law and subject to the availability of appropriations, the Department of Energy shall serve as the secretariat for and provide the financial and administrative support to the Committee.
- (b) The heads of Executive Departments and Agencies shall, to the extent permitted by law, provide to the Committee such information as it may require for the purpose of carrying out its functions.
- (c) The Committee Co-Chairs may, from time to time, invite experts to submit information to the Committee and may form subcommittees or working groups within the Committee to review specific issues.

Section 4. Duties of the Departments of Agriculture and Energy.

The Secretaries of the Departments of Agriculture and Energy, to the extent permitted by law, subject to the availability of appropriations, and consistent with the Federal bioenergy and biobased products strategic plan described in section 1(b) of this order, shall:

- (a) Establish a working group on bioenergy and biobased product activities in their respective Departments to:
 - (1) Provide strategic planning and policy advice on the Departments' research, development and commercialization of bioenergy and biobased products; and,
 - (2) Identify research activities and demonstration projects to address new opportunities in the areas of biomass production, bioenergy and biobased product production, biomimetics, and biomaterials.
- (b) Appoint the senior official who represents the Department on the President's Council on Bioenergy and Biobased Products to chair this working group.

Section 5. Definitions.

For the purposes of this order:

- (a) The term "biomass" means any organic matter that is available on a renewable or recurring basis, including dedicated energy crops and trees, agricultural food and feed crop residues, aquatic plants, wood and wood residues, animal wastes, and municipal waste.
- (b) The term "bioenergy" means fuel, electricity, hydrogen, or other energy product produced from biomass.

- (c) The term “biobased products” means any commercial product, apart from electricity and fuels, derived from the processing of biomass, such as industrial chemicals, chemical intermediates, polymers and plastics, food additives, feeds, and alcohol for industrial use.

Section 6. Judicial Review. This order does not create any enforceable rights against United States, its agencies its officers, or any person.

Executive Memorandum

MEMORANDUM TO THE SECRETARIES OF AGRICULTURE AND ENERGY

SUBJECT: Bioenergy and biobased products

Twenty-first century bioenergy and biobased product technology has made it possible to use renewable resources to produce electricity, fuel, and a wide array of affordable chemicals, pharmaceuticals, and other materials. A sound and comprehensive investment strategy in these technologies will create a wide range of business and employment opportunities in rural America and improve the quality of our environment. Research, development, and incentives to encourage the adoption of new technologies will create vast new opportunities to use renewable grasses, trees, other farm and forestry residues, and waste materials as energy, fuel, and chemical substitutes for non-renewable oil.

In order to ensure that the nation moves rapidly to exploit these opportunities, I hereby direct as follows:

- (1) The Secretaries of Agriculture and Energy shall, within 120 days of the date of this Memorandum, prepare a report outlining options for modifying existing respective agency programs in fiscal year 2000 to promote bioenergy and biobased products including:
 - (a) Conservation and utility programs within USDA (including the Conservation Reserve Program and the Environmental Quality Incentives Program);
 - (b) Determine the viability and feasibility of modifications to the US Tax Code to promote the use of bioenergy and biobased products (including Federal Excise Taxes);
 - (c) Use of bioenergy to improve air quality (including use of oxygenates in transportation fuels);
 - (d) Technology assistance and other small business programs; and
 - (e) Education and extension programs;

In preparing this report, the agencies shall take into consideration the findings and recommendations of the forthcoming National Academy of Sciences report "Biobased Industrial Products;" the recommendations contained in "Technology Vision 2020: The U.S. Chemical Industry" by the American Chemical Society, American Institute of Chemical Engineers, Chemical Manufacturers Association, Council for Chemical Research, and the Synthetic Organic Chemical Manufacturers Association; the recommendations from the "Plant/Crop-based Renewable Resources 2020: A Vision to Enhance U.S. Economic Security Through Renewable Plant/Crop-Based Resource Use" by the U.S. agricultural, forestry, and chemical communities; and, "Agenda 2020" the U.S. Forest Products Industry.

The agencies also shall consider input from other sources, including public-private strategic plans developed by the Departments of Agriculture and Energy, the Environmental Protection Agency, National Science Foundation and elsewhere for bioenergy (power, fuels, and heat), commercial and industrial chemicals, and other products and materials.

- (2) The Secretaries of Agriculture and Energy shall, within 120 days of the date of this order, undertake outreach efforts to raise the nation's awareness of the useful applications, benefits, and costs of producing bioenergy and biobased products and adopting biobased technologies including workshops on new biomass crops and technologies for producing and marketing bioenergy and biobased products.
- (3) The Secretary of Agriculture shall:
 - (a) Implement a pilot research project to study use of small diameter-surplus wood for biobased products and energy production, and
 - (b) Prepare a comprehensive list of biobased products that will be used to implement sections of Executive Order 13101 directing Federal Agencies to purchase biobased products.
- (4) During the next 120 days, the Secretaries of Agriculture and Energy shall establish a National Bioenergy Center ("the Center") that will aid in the day-to-day coordination of actions designed to implement the strategic plans and guidance provided by the President's Council on Bioenergy and Biobased Products ("the Council") and the Advisory Committee on Bioenergy and Biobased Products. All departments and agencies represented on the Council, or that have capabilities and missions related to the work of the Council, shall be invited to participate in the operation of the Center. The Center shall:
 - (a) serve as an executive secretariat and support the work of the Council as determined by the Council, including the coordination of multi-agency, integrated research, development, and demonstration activities;
 - (b) the Center shall use advanced communication and computational tools to facilitate research coordination and collaborative research by participating Federal and non-Federal research facilities and to perform activities in support of R,D&D on bioenergy and biobased product development, including strategic planning, program analysis and evaluation, communications networking, information and data dissemination and technology transfer, and collaborative team building for R&D projects; and
 - (c) facilitate use of new information technologies for rapid dissemination of information on bioenergy and biobased products to and among farm operators; agribusiness, chemical, forest products, energy, and

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other business sectors; the university community; and public interest groups which could benefit from timely and reliable information.

DOD-Viron/Pepco Energy Saving Performance Contract

June 1999

In conjunction with the signing of a new Executive Order to promote energy efficiency, President Clinton announced today the Pentagon's intent to award (by the end of June) the Federal government's largest-ever Energy Saving Performance Contract (ESPC), under which Viron Energy Services/Pepco Energy Services (Viron/Pepco) will upgrade the energy performance of 837 Federal buildings at no up-front cost to taxpayers. The 18-year service contract, covering five military installations in the Washington, DC area, will reduce annual energy consumption by 17%, saving the Department of Defense (DOD) over \$219 million in energy and related costs and reducing annual greenhouse gas emissions by 24,000 metric tons of carbon (MTC) – equivalent of taking over 19,000 cars off the road.

Energy Saving Performance Contracts – Energy Savings at No Up-front Cost to Taxpayers

The new Executive Order directs Federal agencies to maximize their use of ESPCs -- innovative financing mechanisms that mobilize private sector investment and expertise to save energy and save money in Federal facilities. Under ESPC authority, Federal agencies hire private energy service companies to conduct energy audits of facilities, propose energy saving retrofits, and privately finance, install, and maintain retrofits. There are no up-front payments by the government and contractors are paid from a share of the savings, with the remaining savings accruing to the agency.

The DOD-Viron/Pepco ESPC is the largest by far of any ever awarded by the Federal government and serves as a model for other agencies to replicate in implementing the President's new Executive Order.

Real Savings and Real Environmental Benefits

Under the new contract, some \$70 million in private investment will fund energy upgrades at five installations in the Army's Military District of Washington – Ft. Belvoir, Ft. A.P. Hill, Ft. Meyer, Ft. McNair, and Ft. Meade. These measures will save money and improve the environment. In particular, they will:

- Avoid almost 24,000 MTC of greenhouse gas emissions annually – a 26% reduction;
- Save DOD a total of over \$219 million in energy and related costs
- Reduce annual energy costs by 17%;
- Reduce annual electricity use by 89 million kilowatt hours (kWh) of energy annually;
- Reduce fuel use by 294,000 million British Thermal Units (MMBTUs) annually;
- Reduce pollutants that cause smog and acid rain by more than 600 metric tons annually; and,
- Save over 50 million gallons of water annually.

These improvements to buildings and equipment will support Army operations well into the next century, without the need for additional funding, and will provide more comfortable living

conditions and improved quality of life for those who live and work at the five installations.

Energy Efficiency Measures to be Taken

Expected energy efficiency measures include:

- ***Cooling system retrofits.*** Some 888 cooling units will be replaced or retrofitted, cutting energy use in 343 buildings, reducing associated energy costs by over \$1 million annually and annual greenhouse gas emissions by 4,900 MTC.
- ***Air Handling Units.*** Replacement and retrofitting of air handling units in 126 buildings will reduce annual energy consumption by 14 million kWh. This will mean annual savings of \$742,000 and 3,500 MTC of greenhouse gas emissions avoided each year.
- ***Lighting Retrofits or Replacement.*** Some 142,600 light fixtures will be replaced or retrofitted in 714 buildings, reducing annual energy consumption by 29.8 million kWh, saving \$1.4 million annually, and reducing annual greenhouse gas emissions by 4,800 MTC.
- ***Central Heating Plant Upgrade.*** Two central steam plants will be replaced with new gas fired boilers, reducing annual fuel use by 138,000 MMBTU, saving \$655,000 annually, and reducing annual greenhouse gas emissions by 2,900 MTC.
- ***Central Cooling Plant Upgrade.*** A new absorption chiller and chilled water distribution line will be installed at one site, reducing annual electricity use by approximately 270,000 kWh and saving \$21,000 annually.
- ***Water Conservation.*** Water consumption and waste water will be reduced in 213 buildings through replacement of existing plumbing equipment with ultra low-flow units, saving approximately 50.5 million of gallons annually, or \$195,000.

DOD's Partnership With Viron/Pepco

With the assistance of the Department of Energy's (DOE's) National Renewable Energy Lab, DOD sought bids from private sector experts to provide solutions to the energy needs of the Military District of Washington. Using full and open competition, DOD's Defense Energy Support Center has issued a Notice of Intent to Award a contract to Viron/Pepco to provide a range of services including energy engineering, equipment installation, construction supervision, and measurement and verification. Under the contract, all capital investments will be made within the first three years of the contract and Viron/Pepco will be paid from a share of the verified energy savings resulting directly from its conservation measures.

More than 2,100 buildings on the five installations were surveyed for possible energy improvements. Under the contract, almost 40 percent of the buildings currently in use will benefit from one or more of the slated improvements and upgrades in the initial task order. The

contract is also structured so that either the government or Viron/Pepco can suggest additional conservation measures for the remaining buildings.

Administration Efforts to Expand ESPC Use

While ESPC authority has existed since 1992, President Clinton has taken significant steps to streamline and promote greater use of this tool. Streamlined contracts – known as “Super ESPCs” -- put in place by DOE and DOD have accelerated large investments in energy projects at hundreds of Federal facilities. Super ESPCs allow all agencies and facilities to place delivery orders under umbrella contracts, substantially reducing the lead time to contract with an energy services company. There are two types of Super ESPCs: regional and technology specific. Regional specific contracts cover a designated geographic area; technology specific contracts are in effect nationwide for a particular emerging technology, such as solar collectors.

In the last year, the DOE has awarded over \$5 billion in ESPC contracting authority to 44 private contractors to perform energy and cost saving work. Projects have been designed and awarded that will mobilize \$28.7 million of private investment to perform energy saving work in Federal agencies. The contractors will be paid from the \$62.5 million projected savings. Well over a hundred agreements are currently under negotiation as this alternative financing tool for energy and taxpayer savings becomes more commonly used by Federal agencies. Other agreements are also under negotiation with utility contractors and under the DOD contracts (worth over \$3 billion) which are also available for use by the rest of the Federal government.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 3, 1999

EXECUTIVE ORDER

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GREENING THE GOVERNMENT THROUGH EFFICIENT ENERGY MANAGEMENT

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the National Energy Conservation Policy Act (Public Law 95-619, 92 Stat. 3206, 42 U.S.C. 8252 et seq.), as amended by the Energy Policy Act of 1992 (EPACT) (Public Law 102-486, 106 Stat. 2776), and section 301 of title 3, United States Code, it is hereby ordered as follows:

PART 1 - PREAMBLE

Section 101. Federal Leadership. The Federal Government, as the Nation's largest energy consumer, shall significantly improve its energy management in order to save taxpayer dollars and reduce emissions that contribute to air pollution and global climate change. With more than 500,000 buildings, the Federal Government can lead the Nation in energy efficient building design, construction, and operation. As a major consumer that spends \$200 billion annually on products and services, the Federal Government can promote energy efficiency, water conservation, and the use of renewable energy products, and help foster markets for emerging technologies. In encouraging effective energy management in the Federal Government, this order builds on work begun under EPACT and previous Executive orders.

PART 2 - GOALS

Sec. 201. Greenhouse Gases Reduction Goal. Through life-cycle cost-effective energy measures, each agency shall reduce its greenhouse gas emissions attributed to facility energy use by 30 percent by 2010 compared to such emissions levels in 1990. In order to encourage optimal investment in energy improvements, agencies can count greenhouse gas reductions from improvements in nonfacility energy use toward this goal to the extent that these reductions are approved by the Office of Management and Budget (OMB).

Sec. 202. Energy Efficiency Improvement Goals. Through life-cycle cost-effective measures, each agency shall reduce

energy consumption per gross square foot of its facilities, excluding facilities covered in section 203 of this order, by 30 percent by 2005 and 35 percent by 2010 relative to 1985. No facilities will be exempt from these goals unless they meet new criteria for exemptions, to be issued by the Department of Energy (DOE).

Sec. 203. Industrial and Laboratory Facilities. Through life-cycle cost-effective measures, each agency shall reduce energy consumption per square foot, per unit of production, or per other unit as applicable by 20 percent by 2005 and 25 percent by 2010 relative to 1990. No facilities will be exempt from these goals unless they meet new criteria for exemptions, as issued by DOE.

Sec. 204. Renewable Energy. Each agency shall strive to expand the use of renewable energy within its facilities and in its activities by implementing renewable energy projects and by purchasing electricity from renewable energy sources. In support of the Million Solar Roofs initiative, the Federal Government shall strive to install 2,000 solar energy systems at Federal facilities by the end of 2000, and 20,000 solar energy systems at Federal facilities by 2010.

Sec. 205. Petroleum. Through life-cycle cost-effective measures, each agency shall reduce the use of petroleum within its facilities. Agencies may accomplish this reduction by switching to a less greenhouse gas-intensive, nonpetroleum energy source, such as natural gas or renewable energy sources; by eliminating unnecessary fuel use; or by other appropriate methods. Where alternative fuels are not practical or life-cycle cost-effective, agencies shall strive to improve the efficiency of their facilities.

Sec. 206. Source Energy. The Federal Government shall strive to reduce total energy use and associated greenhouse gas and other air emissions, as measured at the source. To that end, agencies shall undertake life-cycle cost-effective projects in which source energy decreases, even if site energy use increases. In such cases, agencies will receive credit toward energy reduction goals through guidelines developed by DOE.

Sec. 207. Water Conservation. Through life-cycle cost-effective measures, agencies shall reduce water consumption and associated energy use in their facilities to reach the goals set under section 503(f) of this order. Where possible, water cost savings and associated energy cost savings shall be included in Energy Savings-Performance Contracts and other financing mechanisms.

PART 3 - ORGANIZATION AND ACCOUNTABILITY

Sec. 301. Annual Budget Submission. Each agency's budget submission to OMB shall specifically request funding necessary to achieve the goals of this order. Budget submissions shall include the costs associated with: encouraging the use of, administering, and fulfilling agency responsibilities under Energy-Savings Performance Contracts, utility energy-efficiency service contracts, and other contractual platforms for achieving conservation goals; implementing life-cycle cost-effective measures; procuring life-cycle cost-effective products; and constructing sustainably designed new buildings, among other energy costs. OMB shall issue guidelines to assist agencies in developing appropriate requests that support sound investments in energy improvements and energy-using products. OMB shall explore the feasibility of establishing a fund that agencies could draw on to finance exemplary energy management activities and investments with higher initial costs but lower life-cycle costs. Budget requests to OMB in support of this order must be within each agency's planning guidance level.

Sec. 302. Annual Implementation Plan. Each agency shall develop an annual implementation plan for fulfilling the requirements of this order. Such plans shall be included in the annual reports to the President under section 303 of this order.

Sec. 303. Annual Reports to the President. (a) Each agency shall measure and report its progress in meeting the goals and requirements of this order on an annual basis. Agencies shall follow reporting guidelines as developed under section 306(b) of this order. In order to minimize additional reporting requirements, the guidelines will clarify how the annual report to the President should build on each agency's annual Federal energy reports submitted to DOE and the Congress. Annual reports to the President are due on January 1 of each year beginning in the year 2000.

(b) Each agency's annual report to the President shall describe how the agency is using each of the strategies described in Part 4 of this order to help meet energy and greenhouse gas reduction goals. The annual report to the President shall explain why certain strategies, if any, have not been used. It shall also include a listing and explanation of exempt facilities.

Sec. 304. Designation of Senior Agency Official. Each agency shall designate a senior official, at the Assistant Secretary level or above, to be responsible for meeting the goals and requirements of this order, including preparing the annual report to the President. Such designation shall be reported by each Cabinet Secretary or agency head to the Deputy Director for Management of OMB within 30 days of the date of this order. Designated officials shall participate in the Interagency Energy Policy Committee, described in section 306(d) of this order. The Committee shall communicate its

activities to all designated officials to assure proper coordination and achievement of the goals and requirements of this order.

Sec. 305. Designation of Agency Energy Teams. Within 90 days of the date of this order, each agency shall form a technical support team consisting of appropriate procurement, legal, budget, management, and technical representatives to expedite and encourage the agency's use of appropriations, Energy-Savings Performance Contracts, and other alternative financing mechanisms necessary to meet the goals and requirements of this order. Agency energy team activities shall be undertaken in collaboration with each agency's representative to the Interagency Energy Management Task Force, as described in section 306(e) of this order.

Sec. 306. Interagency Coordination. (a) Office of Management and Budget. The Deputy Director for Management of OMB, in consultation with DOE, shall be responsible for evaluating each agency's progress in improving energy management and for submitting agency energy scorecards to the President to report progress.

(1) OMB, in consultation with DOE and other agencies, shall develop the agency energy scorecards and scoring system to evaluate each agency's progress in meeting the goals of this order. The scoring criteria shall include the extent to which agencies are taking advantage of key tools to save energy and reduce greenhouse gas emissions, such as Energy Savings Performance Contracts, utility energy-efficiency service contracts, ENERGY STAR® and other energy efficient products, renewable energy technologies, electricity from renewable energy sources, and other strategies and requirements listed in Part 4 of this order, as well as overall efficiency and greenhouse gas metrics and use of other innovative energy efficiency practices. The scorecards shall be based on the annual energy reports submitted to the President under section 303 of this order.

(2) The Deputy Director for Management of OMB shall also select outstanding agency energy management team(s), from among candidates nominated by DOE, for a new annual Presidential award for energy efficiency.

(b) Federal Energy Management Program. The DOE's Federal Energy Management Program (FEMP) shall be responsible for working with the agencies to ensure that they meet the goals of this order and report their progress. FEMP, in consultation with OMB, shall develop and issue guidelines for agencies' preparation of their annual reports to the President on energy management, as required in section 303 of this order. FEMP shall also have primary responsibility for collecting and

analyzing the data, and shall assist OMB in ensuring that agency reports are received in a timely manner.

(c) President's Management Council. The President's Management Council (PMC), chaired by the Deputy Director for Management of OMB and consisting of the Chief Operating Officers (usually the Deputy Secretary) of the largest Federal departments and agencies, will periodically discuss agencies' progress in improving Federal energy management.

(d) Interagency Energy Policy Committee. This Committee was established by the Department of Energy Organization Act. It consists of senior agency officials designated in accordance with section 304 of this order. The Committee is responsible for encouraging implementation of energy efficiency policies and practices. The major energy-consuming agencies designated by DOE are required to participate in the Committee. The Committee shall communicate its activities to all designated senior agency officials to promote coordination and achievement of the goals of this order.

(e) Interagency Energy Management Task Force. The Task Force was established by the National Energy Conservation Policy Act. It consists of each agency's chief energy manager. The Committee shall continue to work toward improving agencies' use of energy management tools and sharing information on Federal energy management across agencies.

Sec. 307. Public/Private Advisory Committee. The Secretary of Energy will appoint an advisory committee consisting of representatives from Federal agencies, State governments, energy service companies, utility companies, equipment manufacturers, construction and architectural companies, environmental, energy and consumer groups, and other energy-related organizations. The committee will provide input on Federal energy management, including how to improve use of Energy-Savings Performance Contracts and utility energy-efficiency service contracts, improve procurement of ENERGY STAR® and other energy efficient products, improve building design, reduce process energy use, and enhance applications of efficient and renewable energy technologies at Federal facilities.

Sec. 308. Applicability. This order applies to all Federal departments and agencies. General Services Administration (GSA) is responsible for working with agencies to meet the requirements of this order for those facilities for which GSA has delegated operations and maintenance authority. The Department of Defense (DOD) is subject to this order to the extent that it does not impair or adversely affect military operations and training (including tactical aircraft, ships, weapons systems, combat training, and border security).

PART 4 - PROMOTING FEDERAL LEADERSHIP IN ENERGY MANAGEMENT

Sec. 401. Life-Cycle Cost Analysis. Agencies shall use life-cycle cost analysis in making decisions about their investments in products, services, construction, and other projects to lower the Federal Government's costs and to reduce energy and water consumption. Where appropriate, agencies shall consider the life-cycle costs of combinations of projects, particularly to encourage bundling of energy efficiency projects with renewable energy projects. Agencies shall also retire inefficient equipment on an accelerated basis where replacement results in lower life-cycle costs. Agencies that minimize life-cycle costs with efficiency measures will be recognized in their scorecard evaluations.

Sec. 402. Facility Energy Audits. Agencies shall continue to conduct energy and water audits for approximately 10 percent of their facilities each year, either independently or through Energy-Savings Performance Contracts or utility energy-efficiency service contracts.

Sec. 403. Energy Management Strategies and Tools. Agencies shall use a variety of energy management strategies and tools, where life-cycle cost-effective, to meet the goals of this order. An agency's use of these strategies and tools shall be taken into account in assessing the agency's progress and formulating its score card.

(a) Financing Mechanisms. Agencies shall maximize their use of available alternative financing contracting mechanisms, including Energy-Savings Performance Contracts and utility energy-efficiency service contracts, when life-cycle cost-effective, to reduce energy use and cost in their facilities and operations. Energy-Savings Performance Contracts, which are authorized under the National Energy Conservation Policy Act, as modified by the Energy Policy Act of 1992, and utility energy-efficiency service contracts provide significant opportunities for making Federal facilities more energy efficient at no net cost to taxpayers.

(b) ENERGY STAR® and Other Energy Efficient Products.

(1) Agencies shall select, where life-cycle cost-effective, ENERGY STAR® and other energy efficient products when acquiring energy-using products. For product groups where ENERGY STAR® labels are not yet available, agencies shall select products that are in the upper 25 percent of energy efficiency as designated by FEMP. The Environmental Protection Agency (EPA) and DOE shall expedite the process of designating products as ENERGY STAR® and will merge their current efficiency rating procedures.

(2) GSA and the Defense Logistics Agency (DLA), with assistance from EPA and DOE, shall create clear catalogue listings that designate these products in both print and

electronic formats. In addition, GSA and DLA shall undertake pilot projects from selected energy-using products to show a "second price tag", which means an accounting of the operating and purchase costs of the item, in both printed and electronic catalogues and assess the impact of providing this information on Federal purchasing decisions.

(3) Agencies shall incorporate energy efficient criteria consistent with ENERGY STAR® and other FEMP-designated energy efficiency levels into all guide specifications and project specifications developed for new construction and renovation, as well as into product specification language developed for Basic Ordering Agreements, Blanket Purchasing Agreements, Government Wide Acquisition Contracts, and all other purchasing procedures.

(4) DOE and OMB shall also explore the creation of financing agreements with private sector suppliers to provide private funding to offset higher up-front costs of efficient products. Within 9 months of the date of this order, DOE shall report back to the President's Management Council on the viability of such alternative financing options.

(c) ENERGY STAR® Buildings. Agencies shall strive to meet the ENERGY STAR® Building criteria for energy performance and indoor environmental quality in their eligible facilities to the maximum extent practicable by the end of 2002. Agencies may use Energy-Savings Performance Contracts, utility energy-efficiency service contracts, or other means to conduct evaluations and make improvements to buildings in order to meet the criteria. Buildings that rank in the top 25 percent in energy efficiency relative to comparable commercial and Federal buildings will receive the ENERGY STAR® building label. Agencies shall integrate this building rating tool into their general facility audits.

(d) Sustainable Building Design. DOD and GSA, in consultation with DOE and EPA, shall develop sustainable design principles. Agencies shall apply such principles to the siting, design, and construction of new facilities. Agencies shall optimize life-cycle costs, pollution, and other environmental and energy costs associated with the construction, life-cycle operation, and decommissioning of the facility. Agencies shall consider using Energy-Savings Performance Contracts or utility energy-efficiency service contracts to aid them in constructing sustainably designed buildings.

(e) Model Lease Provisions. Agencies entering into leases, including the renegotiation or extension of existing leases, shall incorporate lease provisions that encourage energy and water efficiency wherever life-cycle cost-effective. Build-to-suit lease solicitations shall contain criteria encouraging sustainable design and development, energy efficiency, and

verification of building performance. Agencies shall include a preference for buildings having the ENERGY STAR® building label in their selection criteria for acquiring leased buildings. In addition, all agencies shall encourage lessors to apply for the ENERGY STAR® building label and to explore and implement projects that would reduce costs to the Federal Government, including projects carried out through the lessors' Energy-Savings Performance Contracts or utility energy-efficiency service contracts.

(f) Industrial Facility Efficiency Improvements. Agencies shall explore efficiency opportunities in industrial facilities for steam systems, boiler operation, air compressor systems, industrial processes, and fuel switching, including cogeneration and other efficiency and renewable energy technologies.

(g) Highly Efficient Systems. Agencies shall implement district energy systems, and other highly efficient systems, in new construction or retrofit projects when life-cycle cost-effective. Agencies shall consider combined cooling, heat, and power when upgrading and assessing facility power needs and shall use combined cooling, heat, and power systems when life-cycle cost-effective. Agencies shall survey local natural resources to optimize use of available biomass, bioenergy, geothermal, or other naturally occurring energy sources.

(h) Off-Grid Generation. Agencies shall use off-grid generation systems, including solar hot water, solar electric, solar outdoor lighting, small wind turbines, fuel cells, and other off-grid alternatives, where such systems are life-cycle cost-effective and offer benefits including energy efficiency, pollution prevention, source energy reductions, avoided infrastructure costs, or expedited service.

Sec. 404. Electricity Use. To advance the greenhouse gas and renewable energy goals of this order, and reduce source energy use, each agency shall strive to use electricity from clean, efficient, and renewable energy sources. An agency's efforts in purchasing electricity from efficient and renewable energy sources shall be taken into account in assessing the agency's progress and formulating its score card.

(a) Competitive Power. Agencies shall take advantage of competitive opportunities in the electricity and natural gas markets to reduce costs and enhance services. Agencies are encouraged to aggregate demand across facilities or agencies to maximize their economic advantage.

(b) Reduced Greenhouse Gas Intensity of Electric Power. When selecting electricity providers, agencies shall purchase electricity from sources that use high efficiency electric generating technologies when life-cycle cost-effective.

Agencies shall consider the greenhouse gas intensity of the source of the electricity and strive to minimize the greenhouse gas intensity of purchased electricity.

(c) Purchasing Electricity from Renewable Energy Sources.

(1) Each agency shall evaluate its current use of electricity from renewable energy sources and report this level in its annual report to the President. Based on this review, each agency should adopt policies and pursue projects that increase the use of such electricity. Agencies should include provisions for the purchase of electricity from renewable energy sources as a component of their requests for bids whenever procuring electricity. Agencies may use savings from energy efficiency projects to pay additional incremental costs of electricity from renewable energy sources:

(2) In evaluating opportunities to comply with this section, agencies should consider: my Administration's goal of tripling nonhydroelectric renewable energy capacity in the United States by 2010; the renewable portfolio standard specified in the restructuring guidelines for the State in which the facility is located; GSA's efforts to make electricity from renewable energy sources available to Federal electricity purchasers; and EPA's guidelines on crediting renewable energy power in implementation of Clean Air Act standards.

Sec. 405. Mobile Equipment. Each agency shall seek to improve the design, construction, and operation of its mobile equipment, and shall implement all life-cycle cost-effective energy efficiency measures that result in cost savings while improving mission performance. To the extent that such measures are life-cycle cost-effective, agencies shall consider enhanced use of alternative or renewable-based fuels.

Sec. 406. Management and Government Performance. Agencies shall use the following management strategies in meeting the goals of this order.

(a) Awards. Agencies shall use employee incentive programs to reward exceptional performance in implementing this order.

(b) Performance Evaluations. Agencies shall include successful implementation of provisions of this order in areas such as Energy-Savings Performance Contracts, sustainable design, energy efficient procurement, energy efficiency, water conservation, and renewable energy projects in the position descriptions and performance evaluations of agency heads, members of the agency energy team, principal program managers, heads of field offices, facility managers, energy managers, and other appropriate employees.

(c) Retention of Savings and Rebates. Agencies granted statutory authority to retain a portion of savings generated

from efficient energy and water management are encouraged to permit the retention of the savings at the facility or site where the savings occur to provide greater incentive for that facility and its site managers to undertake more energy management initiatives, invest in renewable energy systems, and purchase electricity from renewable energy sources.

(d) Training and Education. Agencies shall ensure that all appropriate personnel receive training for implementing this order.

(1) DOE, DOD, and GSA shall provide relevant training or training materials for those programs that they make available to all Federal agencies relating to the energy management strategies contained in this order.

(2) The Federal Acquisition Institute and the Defense Acquisition University shall incorporate into existing procurement courses information on Federal energy management tools, including Energy Savings Performance Contracts, utility energy-efficiency service contracts, ENERGY STAR® and other energy efficient products, and life-cycle cost analysis.

(3) All agencies are encouraged to develop outreach programs that include education, training, and promotion of ENERGY STAR® and other energy-efficient products for Federal purchase card users. These programs may include promotions with billing statements, user training, catalogue awareness, and exploration of vendor data collection of purchases.

(e) Showcase Facilities. Agencies shall designate exemplary new and existing facilities with significant public access and exposure as showcase facilities to highlight energy or water efficiency and renewable energy improvements.

PART 5 -- TECHNICAL ASSISTANCE

Sec. 501. Within 120 days of this order, the Director of OMB shall:

(a) develop and issue guidance to agency budget officers on preparation of annual funding requests associated with the implementation of the order for the FY 2001 budget;

(b) in collaboration with the Secretary of Energy, explain to agencies how to retain savings and reinvest in other energy and water management projects; and

(c) in collaboration with the Secretary of Energy through the Office of Federal Procurement Policy, periodically brief agency procurement executives on the use of Federal energy management tools, including Energy-Savings Performance Contracts, utility energy-efficiency

service contracts, and procurement of energy efficient products and electricity from renewable energy sources.

Sec. 502. Within 180 days of this order, the Secretary of Energy, in collaboration with other agency heads, shall:

(a) issue guidelines to assist agencies in measuring energy per square foot, per unit of production, or other applicable unit in industrial, laboratory, research, and other energy-intensive facilities;

(b) establish criteria for determining which facilities are exempt from the order. In addition, DOE must provide guidance for agencies to report proposed exemptions;

(c) develop guidance to assist agencies in calculating appropriate energy baselines for previously exempt facilities and facilities occupied after 1990 in order to measure progress toward goals;

(d) issue guidance to clarify how agencies determine the life-cycle cost for investments required by the order, including how to compare different energy and fuel options and assess the current tools;

(e) issue guidance for providing credit toward energy efficiency goals for cost-effective projects where source energy use declines but site energy use increases; and

(f) provide guidance to assist each agency to determine a baseline of water consumption.

Sec. 503. Within 1 year of this order, the Secretary of Energy, in collaboration with other agency heads, shall:

(a) provide guidance for counting renewable and highly efficient energy projects and purchases of electricity from renewable and highly efficient energy sources toward agencies' progress in reaching greenhouse gas and energy reduction goals;

(b) develop goals for the amount of energy generated at Federal facilities from renewable energy technologies;

(c) support efforts to develop standards for the certification of low environmental impact hydropower facilities in order to facilitate the Federal purchase of such power;

(d) work with GSA and DLA to develop a plan for purchasing advanced energy products in bulk quantities for use in by multiple agencies;

(e) issue guidelines for agency use estimating the greenhouse gas emissions attributable to facility energy use.

These guidelines shall include emissions associated with the production, transportation and use of energy consumed in Federal facilities; and

(f) establish water conservation goals for Federal agencies.

Sec. 504. Within 120 days of this order, the Secretary of Defense and the Administrator of GSA, in consultation with other agency heads, shall develop and issue sustainable design and development principles for the siting, design, and construction of new facilities.

Sec. 505. Within 180 days of this order, the Administrator of GSA, in collaboration with the Secretary of Defense, the Secretary of Energy, and other agency heads, shall:

(a) develop and issue guidance to assist agencies in ensuring that all project cost estimates, bids, and agency budget requests for design, construction, and renovation of facilities are based on life-cycle costs. Incentives for contractors involved in facility design and construction must be structured to encourage the contractors to design and build at the lowest life-cycle cost;

(b) make information available on opportunities to purchase electricity from renewable energy sources as defined by this order. This information should accommodate relevant State regulations and be updated periodically based on technological advances and market changes, at least every 2 years;

(c) develop Internet-based tools for both GSA and DLA customers to assist individual and agency purchasers in identifying and purchasing ENERGY STAR® and other energy efficient products for acquisition; and

(d) develop model lease provisions that incorporate energy efficiency and sustainable design.

PART 6 -- GENERAL PROVISIONS

Sec. 601. Compliance by Independent Agencies. Independent agencies are encouraged to comply with the provisions of this order.

Sec. 602. Waivers. If an agency determines that a provision in this order is inconsistent with its mission, the agency may ask DOE for a waiver of the provision. DOE will include a list of any waivers it grants in its Federal Energy Management Programs annual report to the Congress.

Sec. 603. Scope. (a) This order is intended only to improve the internal management of the Executive branch and is not intended to create any right, benefit, or trust responsibility, substantive or procedural, enforceable by law

by a party against the United States, its agencies, its officers, or any other person.

(b) This order applies to agency facilities in any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Northern Mariana Islands, and any other territory or possession over which the United States has jurisdiction. Agencies with facilities outside of these areas, however, are encouraged to make best efforts to comply with the goals of this order for those facilities. In addition, agencies can report energy improvements made outside the United States in their annual report to the President; these improvements may be considered in agency scorecard evaluations.

Sec. 604. Revocations. Executive Order 12902 of March 9, 1994, Executive Order 12759 of April 17, 1991, and Executive Order 12845 of April 21, 1993, are revoked.

Sec. 605. Amendments to Federal Regulations. The Federal Acquisition Regulation and other Federal regulations shall be amended to reflect changes made by this order, including an amendment to facilitate agency purchases of electricity from renewable energy sources.

PART 7 -- DEFINITIONS

For the purposes of this order:

Sec. 701. "Acquisition" means acquiring by contract supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract.

Sec. 702. "Agency" means an Executive agency as defined in 5 U.S.C. 105. For the purpose of this order, military departments, as defined in 5 U.S.C. 102, are covered under the auspices of DOD.

Sec. 703. "Energy-Savings Performance Contract" means a contract that provides for the performance of services for the design, acquisition, financing, installation, testing, operation, and where appropriate, maintenance and repair, of an identified energy or water conservation measure or series of measures at one or more locations. Such contracts shall provide that the contractor must incur costs of implementing

energy savings measures, including at least the cost (if any) incurred in making energy audits, acquiring and installing equipment, and training personnel in exchange for a predetermined share of the value of the energy savings directly resulting from implementation of such measures during the term of the contract. Payment to the contractor is contingent upon realizing a guaranteed stream of future energy and cost savings. All additional savings will accrue to the Federal Government.

Sec. 704. "Exempt facility" or "Exempt mobile equipment" means a facility or a piece of mobile equipment for which an agency uses DOE-established criteria to determine that compliance with the Energy Policy Act of 1992 or this order is not practical.

Sec. 705. "Facility" means any individual building or collection of buildings, grounds, or structure, as well as any fixture or part thereof, including the associated energy or water-consuming support systems, which is constructed, renovated, or purchased in whole or in part for use by the Federal Government. It includes leased facilities where the Federal Government has a purchase option or facilities planned for purchase. In any provision of this order, the term "facility" also includes any building 100 percent leased for use by the Federal Government where the Federal Government pays directly or indirectly for the utility costs associated with its leased space. The term also includes Government-owned contractor-operated facilities.

Sec. 706. "Industrial facility" means any fixed equipment, building, or complex for production, manufacturing, or other processes that uses large amounts of capital equipment in connection with, or as part of, any process or system, and within which the majority of energy use is not devoted to the heating, cooling, lighting, ventilation, or to service the water heating energy load requirements of the facility.

Sec. 707. "Life-cycle costs" means the sum of the present values of investment costs, capital costs, installation costs, energy costs, operating costs, maintenance costs, and disposal costs, over the lifetime of the project, product, or measure. Additional guidance on measuring life-cycle costs is specified in 10 C.F.R. 436.19.

Sec. 708. "Life-cycle cost-effective" means the life-cycle costs of a product, project, or measure are estimated to be equal to or less than the base case (i.e., current or standard practice or product). Additional guidance on measuring cost-effectiveness is specified in 10 C.F.R. 436.18 (a), (b), and (c), 436.20, and 436.21.

Sec. 709. "Mobile equipment" means all Federally owned ships, aircraft, and nonroad vehicles.

Sec. 710. "Renewable energy" means energy produced by solar, wind, geothermal, and biomass power.

Sec. 711. "Renewable energy technology" means technologies that use renewable energy to provide light, heat, cooling, or mechanical or electrical energy for use in facilities or other activities. The term also means the use of integrated whole-building designs that rely upon renewable energy resources, including passive solar design.

Sec. 712. "Source energy" means the energy that is used at a site and consumed in producing and in delivering energy to a site, including, but not limited to, power generation, transmission, and distribution losses, and that is used to perform a specific function, such as space conditioning, lighting or water heating.

Sec. 713. "Utility" means public agencies and privately owned companies that market, generate, and/or distribute energy or water, including electricity, natural gas, manufactured gas, steam, hot water, and chilled water as commodities for public use and that provide the service under Federal, State, or local regulated authority to all authorized customers. Utilities include: Federally owned non-profit producers; municipal organizations; and investor or privately owned producers regulated by a State and/or the Federal Government; cooperatives owned by members and providing services mostly to their members; and other nonprofit State and local government agencies serving in this capacity.

Sec. 714. "Utility energy-efficiency service" means demand side management services provided by a utility to improve the efficiency of use of the commodity (electricity, gas, etc.) being distributed. Services can include, but are not limited to, energy efficiency and renewable energy project auditing, financing, design, installation, operation, maintenance, and monitoring.

WILLIAM J. CLINTON

THE WHITE HOUSE,
June 3, 1999.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 3, 1999

STATEMENT BY THE PRESIDENT

The Rose Garden

2:52 P.M. EDT

THE PRESIDENT: Good afternoon. I have just completed a very good meeting with the Cabinet. We discussed many issues, three in particular I would like to discuss with you.

First, with regard to Kosovo. As you know, we have been working closely with President Ahtisaari and Mr. Chernomyrdin to try to achieve an agreement that would allow the refugees to go home with security, safety and self-government. Movement by the Serbian leadership to accept these conditions, established by NATO and the international community, is, of course, welcome. But based on our past experience, we must also be cautious.

First, we must have clarity that the Serbian leadership has fully accepted these conditions and intends to fully implement them. Until then, and until Serb forces begin a verifiable withdrawal from Kosovo, we will continue to pursue diplomacy, but we will also continue the military effort that has brought us to this point.

In a few moments, I will meet with the Joint Chiefs of Staff to speak about the progress of our campaign and our planning for the force that would enter Kosovo when NATO's conditions are met. NATO and our military have been working hard to ensure that we can sustain our campaign and deploy KFOR quickly and effectively when that is necessary. We have worked to ensure that we can do this while maintaining our overall military posture around the world. They have my complete confidence and support as we move forward.

The second thing we discussed today was the budget and the importance of maintaining fiscal discipline, which has helped our nation reach historic levels of prosperity, honored our values of opportunity, responsibility and community, and enabled us to begin to meet the challenges of America in the 21st century.

Last fall, my Cabinet and I worked very hard to put together a budget that reduces the publicly-held debt to its lowest point since before World War I, safeguards the solvency of Social Security and Medicare and makes improvements in both programs, offers targeted tax cuts for long-term retirement savings, stays within the budget caps and makes substantial new investments in the benefit of the American people, from education to the environment, to new technology.

Unfortunately, the Republican majority in Congress is moving ahead with a budget plan that, in the end, may do none of these things. It fails to extend the solvency of Social Security and Medicare. It fails to make new, crucial investments. It requires deep cuts in areas of great national need -- from law enforcement, to education, to the environment. These cuts would be so damaging that Congress, itself, to date has been unwilling and unable to move some of the most basic and normally noncontroversial spending bills out of their committees.

The majority budget plan is simply not realistic. It is a blueprint for chaos and we can do better. I urge Congress when it returns to work with me in a bipartisan way for a budget that is both fiscally responsible and honors our values and prepares for our future.

I also discussed with the Cabinet new actions to deal with what, in my State of the Union address, I said was our most fateful environmental challenge -- global warming. Almost every month, we see disturbing new evidence of climate change. Scientists now believe that last year, 1998, was very likely the warmest year in a millennium. Whole species of frogs are disappearing from forests in Costa Rica because the air there is getting hotter and drier. In the Arctic, the permafrost has started to warm and the sea ice is shrinking. These are alarming signs for what it means to biodiversity and the potential of a rising water level around the globe.

Yet some still insist that the vast majority of scientists are simply wrong, and that we should do nothing. Others call for a raft of new regulations and new taxes.

I believe there is a third way here, a better way -- to invest in technologies that reduce greenhouse gases while also spurring economic growth. Many of those technologies are on hand right now.

As the single largest consumer of energy in our country, the federal government should be leading the way. That is why today I am directing all federal departments and agencies to take steps to markedly improve the energy efficiency of our buildings. With new technologies and contracts with private companies, the federal government will cut its greenhouse gas emissions by 30 percent. That is the equivalent of taking 1.7 million cars off the road. By taking these steps, we will also save the taxpayers over \$750 million a year when they are fully implemented.

I'm also pleased to announce that the Defense Department will award, by the end of this month, the largest energy-saving contract in the history of the federal government. Under this contract, the government pays no up-front costs, the contractor wins a share of the energy savings, greenhouse pollution is reduced, and taxpayers will save over \$200 million.

I want to express my thanks to Secretary Cohen and Secretary Richardson for turning the idea of these win-win energy contracts into a reality. And I want to urge Congress, again, to pass the new research investments and the new tax incentives I have proposed in my balanced budget, so that America's consumers and businesses can reap the benefits of energy-saving technologies that exist today, and the new, better technologies that are soon to be developed.

So, in closing, let me say we have some encouraging news on Kosovo, but we should be cautious, and we should see real results.

We have presented a good budget to the Congress; the one they have come back with won't work. We've got to work together to give the American people one that will. The problem of climate change and global warming is real, but we don't have to have an economic breakdown to deal with it; what we need is a vigorous embrace of effective technologies -- first by the federal government and then by all the American people.

Thank you very much.

END

3:00 P.M. EDT

President Clinton: Leading the Fight Against Global Warming

June 3, 1999

Leading By Example. The Federal Government is the nation's largest energy consumer with an annual bill of over \$8 billion - more than \$4 billion to heat, cool, and power its 500,000 buildings. Federal agencies have already reduced energy consumption 17% per square foot relative to 1985 levels. Today's Order builds on that progress by:

Setting Aggressive Goals - The Order requires Federal agencies to achieve by 2010:

- ☐ **35% greater energy efficiency** in buildings relative to 1985 levels; and,
- ☐ **30% cut in greenhouse gas emissions** from building-related energy use relative to 1990.

Mobilizing Cutting-Edge Strategies - The Order directs agencies to maximize the use of:

- ☐ **Energy Saving Performance Contracts and Utility Contracts**, in which private companies make energy improvements on Federal facilities at their own expense and receive a portion of the resulting savings;
- ☐ **Life-cycle cost analysis**, so agencies see the long-term savings from energy investments;
- ☐ **ENERGY STAR & other energy efficient products**, everything from light bulbs to boilers; and,
- ☐ **Renewable energy** technologies and sources (solar, wind, geothermal, and biomass).

Strengthening Accountability - The Order requires that annual scorecards evaluating agency progress be submitted to the President; gives OMB, in consultation with the Department of Energy (DOE), oversight authority; and directs agencies to appoint energy management teams to help meet the goals of the Order.

Concrete Steps, Concrete Savings. The partnership announced today between the Department of Defense and Viron/Pepco Energy Services - the largest-ever Energy Saving Performance Contract - will cut energy use in 837 buildings at Ft. Belvoir, Ft. A.P. Hill, Ft. Meyer, Ft. McNair, and Ft. Meade. Other examples of energy-saving actions of the kind today's Order is designed to promote include:

- ☐ The Defense Logistics Agency (DLA) and the DOE have teamed up to offer high efficiency compact florescent light bulbs at half price to Federal purchasers;
- ☐ 18 Federal agencies (including the Smithsonian Institution, NASA, and the Postal Service) will receive DOE funding for more than 100 renewable energy systems;
- ☐ A New York GSA building housing the FBI and the IRS has been retrofitted to ENERGY STAR Building standards, with an annual energy cost savings of \$1.3 million; and,
- ☐ Environmental Protection Agency's laboratory in Richmond, California has become the first major Federal facility supplied 100% with renewable energy (geothermal and biomass).

Incentives For Businesses and Consumers, Too. To help American businesses and consumers reap the same kinds of energy and cost savings, the President today also called on Congress to enact his proposed **\$3.6 billion package of tax incentives** for the purchase of energy efficient homes, appliances, cars, and energy from renewable sources.

**PRESIDENT CLINTON:
PROVIDING LEADERSHIP AT HOME AND ABROAD**

June 3, 1999

"We have presented a good budget to the Congress; the one they have come back with won't work. We've got to work together to give the American people one that will."

"The problem of climate change and global warming is real...what we need is to invest in technologies that reduce greenhouse gases while spurring economic growth."

"We have some encouraging news on Kosovo, but we should be cautious, and we should see real results."

President Bill Clinton
June 3, 1999

Today, at the White House, President Clinton met with members of his Cabinet to discuss a range of important issues. In remarks following the meeting, the President urged Congress to pass a fiscally responsible budget that would safeguard Social Security and Medicare, reduce the national debt, and protect funding for critical programs. The President issued an executive order directing all federal agencies to help meet the challenge of global warming by taking steps to improve energy efficiency in federal buildings. The President said that he is encouraged by recent developments toward peace in Kosovo, but that the military campaign, along with diplomatic efforts, will continue until it is clear that Milosevic fully accepts and implements NATO's conditions.

Fighting for a Fiscally Responsible Budget. In his State of the Union Address, President Clinton proposed a budget plan that would reduce the national debt, safeguard the solvency of Social Security and Medicare, and offer targeted tax cuts for long-term retirement while staying within budget caps. Today, the President criticized the current Congressional budget plan for failing to protect the solvency of Social Security and Medicare while potentially slashing critical programs like:

- * Head Start, and the Reading Excellence Program, which helps children learn to read by the 3rd grade;
- * Clean-up of Superfund toxic waste sites; and
- * DEA, FBI, prisons, and drug control.

Meeting the Challenge of Global Warming. The President today issued an executive order directing all federal agencies to take steps to significantly improve energy efficiency in federal buildings in order to meet the challenge of global warming. The order, which will save taxpayers over \$750 million a year, requires federal agencies to achieve by 2010:

- * 35% greater energy efficiency in buildings relative to 1985 levels; and
- * 30% reduction in greenhouse gas emissions from building-related energy use relative to 1990.

The President announced that the Department of Defense will award this month the **largest energy-saving contract** in the history of the federal government. Under this contract, over 800 buildings at 5 military installations will be retrofitted, resulting in reduced greenhouse gas emissions and a savings by taxpayers of over \$219 million. The President also urged Congress to enact his proposed **\$3.6 billion package of tax incentives** for American businesses and consumers who purchase energy-efficient homes, appliances, cars, and renewable energy sources.

Preparing for Peace in Kosovo. The President expressed cautious encouragement regarding the Serbian government's apparent agreement to NATO's terms. He welcomed diplomatic efforts to end the conflict, but

warned that, based on past experience with Milosevic, caution should be exercised. He said NATO plans to continue the air campaign along with diplomatic efforts until it is evident that the Serbian government fully accepts and implements NATO's conditions for peace.