

# How Local Government Infrastructure Successfully Weathered the Extreme Texas Heat

*Three local government entities battled power grid strain with Energy Savings Performance Contracts (ESPCs).*

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Undoubtedly, the Texan summer was characterized by relentless heatwaves, casting a formidable challenge on the state's power grid. Repeatedly, the grid faced critical surges in demand, giving rise to apprehensions regarding potential blackouts and alarming escalations in electricity prices. Texans found themselves skirting the fine balance of conserving energy while safeguarding their well-being and comfort from the sweltering conditions.



The unique challenges of heat waves are becoming more of the standard that stakeholders across the state must consider when developing their building infrastructure plans. [Energy Savings Performance Contracting](#) (ESPC) is a solution the Texas market can leverage to combat the ever-growing weather challenges, particularly for municipalities trying to maintain grid reliability. Local government facilities are the backbone of county and city operation, housing essential services that keep the community safe, secure, and operational while providing access to resources that foster community engagement. Facilities can range from police stations, fire stations, public works facilities, town halls, and jails to waste management facilities, transportation hubs, and recycling centers (to name a few). All providing critical support to communities.

If local government building infrastructure is not built to handle extreme heat, cities and counties open themselves up to severe risks that will impact the community's safety and access to resources. In times of stress on energy systems, energy-efficient technology can serve as a shield against vulnerability. Energy efficiency creates resilience, whether achieved through the implementation of a building automation system to lower peak loads, the installation of new energy-efficient equipment, or the incorporation of renewable energy alternatives.

Local government facilities across the state have garnered resiliency by leveraging ESPCs to reduce demand on the grid and build energy-efficient infrastructure. ESPCs are a budget-neutral financing method that allows a public facility to procure energy-related facility upgrades by paying for them with money saved from reduced utility expenditures, guaranteed by Energy Service Companies (ESCOs). Current Texas law, Statute Title 9, Local Government Code §302 enables Cities and Counties to enter into ESPCs.

Despite challenging conditions, these Texan local government entities proved resiliency in the face of sweltering heat. They proactively updated aging infrastructure within the past four years and are reaping the benefits of having energy-efficient and modernized infrastructure that can handle extreme weather while reducing demand on the grid.

#### Ellis County, TX

In 2020, the County secured a \$4.3M project funded by the American Rescue Plan Act and an Energy Savings Performance Contract (ESPC), partnering with McKinstry. This initiative upgraded 17 County buildings, focusing on HVAC systems, lighting, water conservation, and more. The project was designed to be self-funded over 15 years, where McKinstry guarantees that the County will recover \$240,179 in annual utility savings and \$19,964 in estimated annual O&M savings. The total 15-year savings amount to \$3,902,145.

#### City of Hearne, TX

In 2020, the City finalized a \$1.2M Energy Savings Performance Contract (ESPC) with Energy Systems Group (ESG). The project involved upgrading 1,621 streetlights and HVAC systems in City Hall. Eighty-one percent of the funding came from savings, with the City covering the remaining nineteen percent as capital upgrades. The 15-year contract is expected to yield total savings of \$1.7M, reducing annual kWh consumption by 1,117,229.

#### Lubbock County, TX

In 2019, the County secured an \$11.85M Energy Savings Performance Contract (ESPC) financed through a 15-year Tax-Exempt Lease Purchase (TELP) with Johnson Controls. The project encompassed retrofitting 43 county buildings, including the Detention Center and Courthouse, with updated lighting, HVAC, plumbing, and a building asset management system. Ninety-six percent of the funding came from savings, with the County covering the remaining four percent as capital upgrades. The 15-year contract is expected to generate total savings of \$7.3M.

Lubbock County Judge Curtis Parrish stated, "The innovative nature of our contract with Johnson Controls allows Lubbock County to drive its sustainability goals forward while reaping the benefits of modernized infrastructure in our aging government buildings. The upgrades drive water and energy efficiency while enhancing and preserving our county's buildings for future generations to come".

ESPCs are a proven financing mechanism for achieving essential building infrastructure upgrades

that reduce downtime and energy costs, thereby creating resiliency and reliability within the community, allowing it to remain operational during extreme weather conditions. The state ESPC legislation requires hiring a third-party engineer to evaluate the ESPC contract before its execution. This gives local government additional support and perspective on negotiating such large contracts. Backed by enabling legislation and the DOE, municipalities, counties, K-12 schools, higher education institutions, and federal agencies in Texas leverage ESPCs to ensure resilience.

To learn more about the Texas State Statute and ESPCs, visit the [Texas State Energy Conservation Office](#) (SECO) website.

About The [National Association of Energy Service Companies](#) (NAESCO)

The National Association of Energy Service Companies (NAESCO) is the leading advocacy and accreditation organization for Energy Service Companies (ESCOs) and is dedicated to modernizing America's building infrastructure. NAESCO unites the energy service industry by promoting favorable government policies, sponsoring a rigorous accreditation program, and providing professional training and education. NAESCO champions the interests of ESCOs across the nation.

ESCOs contract with private and public sector energy users to provide cost-effective energy efficiency retrofits across a wide spectrum of client facilities, from college campuses to water treatment plants. ESCOs offer investment-grade financial guarantees that project savings will be realized, reducing the risk of a project's outcomes. Over the last three decades, ESCOs have implemented more than \$70 billion in comprehensive energy efficiency retrofit projects.

Learn more about NAESCO, its members, membership benefits, and the accreditation process at [www.naesco.org](http://www.naesco.org), and follow NAESCO on Twitter (@NaescoNews) and LinkedIn (@naesco).

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