**EMILY SCHAPIRA REMARKS – PRESS CONF 3/20/17**

Thank you, Dr. Hite! Good morning. My name is Emily Schapira, I’m the Executive Director of the Philadelphia Energy Authority, and I’d like to recognize members of our board who are here today, our Chairman, Chris Lewis, Vice Chair Mitchell Swann, and newest member, Adam Agalloco, the City’s Energy Manager.

About a year ago, we released the Philadelphia Energy Campaign, a 10-year $1 billion initiative to develop clean energy and energy efficiency projects in four sectors – city buildings, schools, low and moderate income housing and small businesses. The Campaign is creating 10,000 jobs, and putting hundreds of millions of dollars in energy savings back into our local economy.

I’m thrilled to be here today to recognize the School District’s landmark commitment to this initiative. Energy financing isn’t always the easiest headline to grab. But today’s commitment from Dr. Hite is a **big deal**, and I’m excited to explain why.

There are other school districts across the country who have taken steps to address energy, but none that we know of who have committed to such a large-scale strategic integration of energy planning into their capital planning process. The School District of Philadelphia is taking a major step forward for sustainability, but perhaps most importantly, they are uncovering new ways to fund much-needed capital work. This means hundreds of millions of additional dollars to create better teaching and learning environments for over 130,000 children in our city, at no additional cost to taxpayers. This will improve student learning, all while managing costs to the district.

When the District released their Facility Condition Assessments for every school in January, it was clear that there is not now and is not likely to be enough money in the budget to address the billions of dollars of building issues facing the District. Today’s commitment makes new funds available to solve real problems.

For example, across the district, broken building controls often lead to classrooms that are so hot in the middle of the winter that teachers have to open windows – a clear waste of energy and higher costs to the District.

Our assessment shows that the District may be able to fund up to $345 million in capital work through Energy Performance Contracts (or EPCs). Because the cost of energy is rising, this work will save the District over $600 million over 20 years.

The EPC process uses enabling legislation from the State (called the PA Guaranteed Energy Savings Act) to use energy savings from any project with a payback of 20 years or less to finance the project itself. It allows the School District to hire an Energy Services Company to manage the complete project, and requires that company to provide a guarantee of the savings they’ve identified, to ensure that there’s a source of funds to repay the cost of the project. More than $45 billion of Energy Performance Contracts have been completed across the country, including here at the City of Philadelphia and SEPTA.

The types of work involved will include boilers, building controls, insulation, windows, HVAC, chillers, lighting and possibly even solar and roofs.

This year’s 3-school pilot program will help the District’s operations and capital teams build a comfort level with the process and mechanism of energy performance contracting. We’ve recommended that the District does not wait until the end of the pilot to move forward on integrating energy planning into their capital planning process, and urge them to hire a team to support that process as soon as possible. Scoping projects at this scale can take the better part of a year, so the time to begin is now.

I’d like to thank Dr. Hite and Fran Burns for their leadership and collaboration, and look forward to working together in the coming months. Thank you to Principal Levinson for hosting us today! I’m pleased to hand it over now to Councilman Bobby Henon.

Q&A:

1. How does it work?
   1. As the District is identifying the most pressing projects for capital planning, they will work with a consultant to pull out which of these projects could save energy. These projects will be slated to incorporation into an Energy Performance Contract. We expect that practically, they would roll out these projects in phases over 10 or 12 years.
   2. The measures are bundled together, audits are completed, and an ESCO will provide analysis to determine which projects can be bundled to achieve the 20-year payback required. They will provide a guarantee of energy savings, and once approved, will move forward with implementation of all measures.
   3. Financing can be handled either through public bonds or through innovative lease agreements with institutional lenders.
   4. A measurement and verification process begins once construction is completed, so that the District and ESCO validate the savings guarantee. If savings aren’t realized, the ESCO must pay the district the difference.
2. What types of repairs could be included?
   1. The Guaranteed Energy Savings Act allows for 15% of the total project to incorporate non-energy capital projects, as long as the total payback for the whole bundle of projects averages 20 years or less. So this could include work to any major building system – heating, cooling, thermostats, building controls, air sealing, insulation, new windows, exterior doors, ventilation, lighting and lots more.
3. What types of jobs would it create?
   1. You can see the union representation here – these jobs would run the gamut across all building trades, plus energy auditors, engineers and project managers and analysts. Downstream it will create manufacturing jobs for buildings products.
4. What schools will be included in the pilot?
   1. The three schools have not yet been selected. As Dr. Hite mentioned, the School District has released their RFP today for a firm to help manage the ESCOs, and that selected firm will help prioritize schools for the pilot.

TOUR OF LANKENAU:

* The Facility Condition Index for Lankenau is 39%. This means that some major systems in this building will need to be replaced.
* Some systems in the building are in good or great condition, like the roof, windows and boiler. They have oil heat here, which, if possible, should be converted to dual fuel or natural gas for significant energy savings.
* The 3 systems that need work here include HVAC (ventilation in particular), temperature controls (old pneumatic system required a lot of regular maintenance and plenty of discomfort) and lighting (currently mixed fluorescents, some old, some new – best to convert to newer LED technology).
* Lankenau is a good example of a school where there are a lot of things in good shape, and plenty more work to do, particularly on the energy side of things.