

DOE Names Two Firms for Final Competition for Hanford Energy Conservation Contract

RICHLAND, Wash., December 7, 1995 -- The U.S. Department of Energy, Richland Operations Office (DOE) has named two firms to compete for a historic, performance-based energy conservation contract at the Hanford Site near Richland, Washington. The unique contract is expected to save DOE about \$172 million over 10 years. The proposals of Johnson Controls, Inc., of Spokane, Washington, and Honeywell, Inc., of Mercer Island, Washington, were selected from a pool of eight proposals from highly qualified firms.

The two selected firms will, at their own expense, survey the buildings listed in the Request For Proposals (RFP) to make a final proposal to DOE. An award will be made to the firm whose proposal is deemed to be the most technically feasible and financially advantageous to the government. The successful firm will be responsible for paying all capital costs associated with modernizing the heating, processing, cooling, and other energy utilization systems of the 30 to 50 year old buildings and facilities in the 200 and 300 Areas of the Hanford Site. The contractor will be compensated based on the energy cost savings to the government using a baseline of current costs over a year plus inflation.

"We are really excited about the future award of this contract because it will literally save us millions of dollars. It also exhibits a clear example of how we are reinventing government to give the taxpayers more value for their money. This contract is a model of efficiency that can be followed by other DOE sites to save more than a billion dollars over 10 years department wide," said John Wagoner, Manager of DOE's Richland Operations Office.

The contractor will also provide operations and maintenance services for the newly installed equipment, and will have up to 25 years to receive a return on investment.

An energy audit will be held annually near the anniversary date of the installation of equipment to monitor energy savings. Based on that audit, the contractor will receive monthly payments from the projected savings. Maintenance and utility costs for the 200 and 300 Areas average about \$37 million yearly. That cost could be cut by as much as half using new technology and equipment.

Wagoner said, "We will negotiate with the contractor regarding profit percentage, but we also intend to reward the contractor for success using ingenuity and unique energy saving solutions."

DOE will work with the contractor to perform "life cycle costing." This process entails a cost/benefit analyses in terms of evaluating the projected life and usefulness of the buildings versus the expenditures necessary to modernize the energy systems and recoup savings.

The RFP was issued on August 25, 1995. A final award is expected to be made in April 1996.

The Energy Policy Act of 1992 authorizes government agencies to solicit proposals from qualified firms to provide energy conservation services. "As we continue with our reengineering efforts, we expect to find even more opportunities to significantly reduce costs," added Wagoner.

###

For more information contact:

Keith V. Taylor, (509) 376-2282

DOE Office of External Affairs

RL 95-110