

2025 Regular Session

SENATE BILL NO. 212

BY SENATOR MCMATH

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

CONTRACTS. Provides for energy efficiency contracts. (8/1/25)

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AN ACT

To amend and reenact R.S. 33:4547.1(B)(1), (C), (E)(1), (F)(2)(g) and 4547.2(A) through (F), to enact R.S. 33:4547.1(E)(7) and (G) through (I), and to repeal R.S. 33:4547.2(G) and (H), relative to performance-based energy efficiency contracts; to provide for requirements for political subdivisions to procure a contract; to provide for definitions; to authorize political subdivisions to use requests for qualifications; to provide for procurement procedures; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 33:4547.1(B)(1), (C), (E)(1), (F)(2)(g) and 4547.2(A) through (F) are hereby amended and reenacted and R.S. 33:4547.1(E)(7) and (G) through (I) are hereby enacted to read as follows:

§4547.1. Authorization; performance-based energy efficiency contracts

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B.(1) For the purposes of this Chapter, a performance-based energy efficiency contract shall be defined as a contract for energy efficiency services and equipment in which the payment obligation ~~for each year~~ of the contract is:

(a) Set as a percentage of the ~~annual~~ **total** energy cost savings attributable to

1 the services or equipment under the contract; or

2 (b) Guaranteed by the person under contract to be less than the **annual total**  
3 energy cost savings attributable to the services or equipment **over the term of** ~~under~~  
4 the contract.

5 \* \* \*

6 C. "Annual energy savings" shall mean, ~~when calculating annual energy cost~~  
7 ~~savings attributable to the services or equipment installed pursuant to a performance-~~  
8 ~~based energy efficiency contract as defined in R.S. 39:1484(14), the savings in~~  
9 **reductions in utility costs, including** electricity, gas, water, propane, oil, diesel,  
10 steam or other fuels, **and may include capital cost avoidance, deferred**  
11 **maintenance, labor savings, and increased revenues from utility infrastructure**  
12 **upgrades or optimization. All savings shall be supported by verifiable methods**  
13 **under accepted measurement and verification protocols.** ~~like utility costs~~  
14 ~~increased revenues obtained from upgrades or modifications to a water, wastewater,~~  
15 ~~gas or electric utility infrastructure, systems or accounting and billing systems and~~  
16 ~~shall include future capital expenditures avoided and maintenance savings. Capital~~  
17 ~~replacement expenditures avoided and maintenance savings shall be itemized~~  
18 ~~separately.~~

19 \* \* \*

20 E.(1) Prior to award of any ~~performance-based energy efficiency~~ contract, the  
21 **a** political subdivision shall ~~select~~ **engage** an energy efficiency independent  
22 third-party evaluation consultant, **unless the total proposed project cost is less than**  
23 **five hundred thousand dollars, in which case the political subdivision may opt**  
24 **out by resolution stating administrative or financial constraints** to review and  
25 evaluate the submitted proposals.

26 \* \* \*

27 **(7) Two or more political subdivisions may jointly engage an energy**  
28 **efficiency independent third-party evaluation consultant under a shared**  
29 **services arrangement for proposal evaluation or technical oversight.**

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(2) Any contract entered into pursuant to this Chapter shall include the total units of energy saved, the method, device or financial arrangement to establish a firm amount for the savings, the cost per unit of energy, and, if applicable, the basis for any adjustment in the stated cost for the term of the contract, and for each energy saving measure included in the contract, shall also provide the following:

\* \* \*

(g) All savings shall be guaranteed and measured on an annual basis, **unless otherwise approved by the energy efficiency independent third party evaluation consultant based on the reasonableness of continued savings after measured and verified year one performance.**

\* \* \*

**G.(1) A political subdivision may require the completion of an investment grade audit by a qualified proposer prior to executing a performance-based energy efficiency contract. The cost of such audit may:**

**(a) Be reimbursed as part of the executed contract if the proposer is selected; or**

**(b) Be included in the total project cost financed under the contract.**

**(2) Political subdivisions may also provide stipends or partial reimbursement for investment grade audits submitted by non-selected proposers, at their discretion.**

**H. A political subdivision may enter into performance-based energy efficiency contracts in a variety of structures, including but not limited to:**

**(1) Guaranteed-savings contracts in which payments are contingent upon realized savings.**

**(2) Shared-savings contracts in which the political subdivision and contractor share realized savings per agreed terms.**

**(3) Energy-as-a-Service (EaaS) or subscription-based agreements where**

1 services, upgrades, or improvements are provided for a fixed recurring fee and  
2 subject to defined performance criteria.

3 I.(1) A political subdivision may use a qualifications-based selection  
4 process to identify the most qualified energy services provider prior to the  
5 development of a comprehensive technical proposal or investment grade audit.

6 (2) Under this method, the subdivision shall issue a request for  
7 qualifications (RFQ) that includes evaluation criteria based on provider  
8 experience, technical capacity, past performance, financial strength, and project  
9 team qualifications.

10 (3) The political subdivision may then:

11 (a) Select the highest-ranked firm for contract negotiation; or

12 (b) Shortlist multiple firms and request technical proposals or  
13 investment grade audits in a second phase.

14 (4) No proposer shall be required to submit a technical proposal, savings  
15 guarantee, or investment grade audit unless selected or shortlisted under the  
16 RFQ phase.

17 §4547.2. Procedures

18 A. Notwithstanding any other provision of law to the contrary, a political  
19 subdivision shall provide adequate public notice of the request for proposals  
20 qualifications for performance-based energy efficiency contracts by advertising in  
21 its official journal at least once a week for three different weeks. The first  
22 advertisement shall appear at least forty-two days before the last day that proposals  
23 will be accepted. In addition, written notice shall be mailed to persons, firms, or  
24 corporations who are known to be in a position to furnish such services at least forty-  
25 two days before the last day that proposals will be accepted.

26 B. ~~The request for proposals shall indicate the relative importance of price~~  
27 ~~and other evaluation factors and shall clearly define the criteria to be used in~~  
28 ~~evaluating the proposals and the time frames within which the work must be~~  
29 ~~completed. Fifty percent of the total weighted evaluation criteria of the proposal shall~~

1 be determined by shortest payback, maximum savings, scope of the work, quality of  
2 the product, cost of maintenance, and quoted amount of the energy conservation  
3 measure (hereinafter referred to as ECM) selected.

4 ~~C.~~ Every request for proposals shall include the following mandatory  
5 provisions:

6 (1) Each ECM shall be listed separately and for each such proposed ECM the  
7 energy savings, operational savings, total savings, cost and payback shall be  
8 provided separately. Energy Conservation Measure (ECM) also means measures that  
9 are applied to existing buildings that improve energy efficiency and are life cycle  
10 cost effective. Operational savings means reduction of actual budget line items  
11 currently being expended or savings realized from the implementation or installation  
12 of energy cost savings measures.

13 (2) Detailed scope shall be provided for each ECM proposed, which describes  
14 each piece of equipment proposed and provides details for all services proposed.

15 (3) The required maintenance that must be performed to guarantee the  
16 savings forecast shall be described in detail for each ECM proposed and the cost of  
17 maintenance, if included in the proposed contract.

18 ~~D.~~B. Award shall be made to the responsible offerer whose proposal  
19 response is determined by the using agency of the governing body of the political  
20 subdivision to be the most advantageous, taking into consideration price and the  
21 evaluation factors set forth in the request for proposals qualifications.

22 ~~E.~~C. Written or oral discussions shall be conducted with all responsible  
23 offerers who submit proposals determined to be reasonably susceptible of being  
24 selected for award.

25 ~~F.~~D. A request for proposals or other solicitation may be cancelled or all  
26 proposals may be rejected if it is determined that such action is taken in the best  
27 interest of the political subdivision.

28 ~~G.~~E. For any systems, including, but not limited to, facility automation and  
29 control systems proposed pursuant to this Chapter, there shall be provided full

1 capabilities to operate, maintain, repair, update, reconfigure and engineer changes  
 2 necessary to accommodate facility or operational changes or incorporate new energy  
 3 savings control strategies. Such shall be available to the using political subdivision  
 4 or its designee. There is no requirement under this law to provide any political  
 5 subdivision with access to the operating system of the contractor. However, the user  
 6 interface software must provide for all capabilities listed in this Section.

7 H.F. Each proposal shall clearly identify any and all responsibility of the  
 8 political subdivision, if any, under the guarantee for each ECM including, but not  
 9 limited to, operating hours, maintenance requirements, and operating protocols.

10 Section 2. R.S. 33:4547.2(G) and (H) are hereby repealed.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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DIGEST

SB 212 Original 2025 Regular Session McMath

Present law authorizes political subdivisions to enter into performance-based energy efficiency contracts for services and equipment.

Present law requires political subdivision to issue requests for proposals to solicit project bids and requires certain information to be included in the bids.

Proposed law changes the method of procurement to requests for qualifications to allow political subdivisions to select a vendor before requiring proposers to complete full project proposals.

Present law requires performance-based energy efficiency contracts to be based on annual energy cost savings.

Proposed law changes the requirements of how savings are determined.

Present law requires political subdivisions to select an energy efficiency independent third-party evaluation consultant to review and evaluate submitted proposals.

Proposed law changes the requirement from selecting to engaging an energy efficiency independent third-party evaluation consultant unless the total proposed project cost is less than \$500,000 in which case the political subdivision may opt out due to administrative or financial constraints.

Proposed law authorizes political subdivisions to jointly engage an energy efficiency independent third-party evaluation consultant.

Proposed law authorizes political subdivisions to require an investment grade audit prior to executing a contract and provides for payments for the audits.

Proposed law authorizes the use of different structures of performance-based energy efficiency contracts.

Effective August 1, 2025.

(Amends R.S. 33:4547.1(B)(1), (C), (E)(1), (F)(2)(g) and 4547.2(A)-(F); adds R.S. 33:4547.1(E)(7) and (G)-(I); repeals R.S. 33:4547.2(G) and (H))