An Introduction to FCIP

Facility Conservation Improvement Program

June 16, 2026

Today’s webinar

- Welcome and logistics
- Overview of Energy Performance Contracting (EPC)
  - Tim Unruh, Executive Director for NAESCO
- Introduction to the Kansas EPC program (known as FCIP)
  - Rick Pemberton, KCC Energy Division Director
  - David Carter, Director K-State Engineering Extension
- Panelists
  - Harold Courtois, Russel Regional Hospital
  - Diane Stoddard, City of Leawood
- Wrap up and Q&A

Logistics

- This webinar **will be recorded** and sent to registrants.
- **Introduction only:** This webinar is intended to share the basics of energy performance contracting and FCIP.
- **Questions?** Type them into the chat or wait until the Q&A periods to unmute yourself.

Energy Performance Contracting

Tim Unruh, Executive Director of the National Association of Energy Service Companies (NAESCO)

The Kansas Facility Conservation Improvement Program (FCIP)

Rick Pemberton
KCC Energy Division Director

David Carter
K-State Engineering
Extension Director

Who we are – KCC

The Kansas Corporation Commission's (KCC) Energy Division administers the FCIP and other energy activities and programs.

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Who we are – KEP

The Kansas Energy Program (KEP) is housed within K-State's Engineering Extension Department. It was established in 2016 through a partnership with KCC. KEP provides services in FCIP, energy education, and small business energy assessments.

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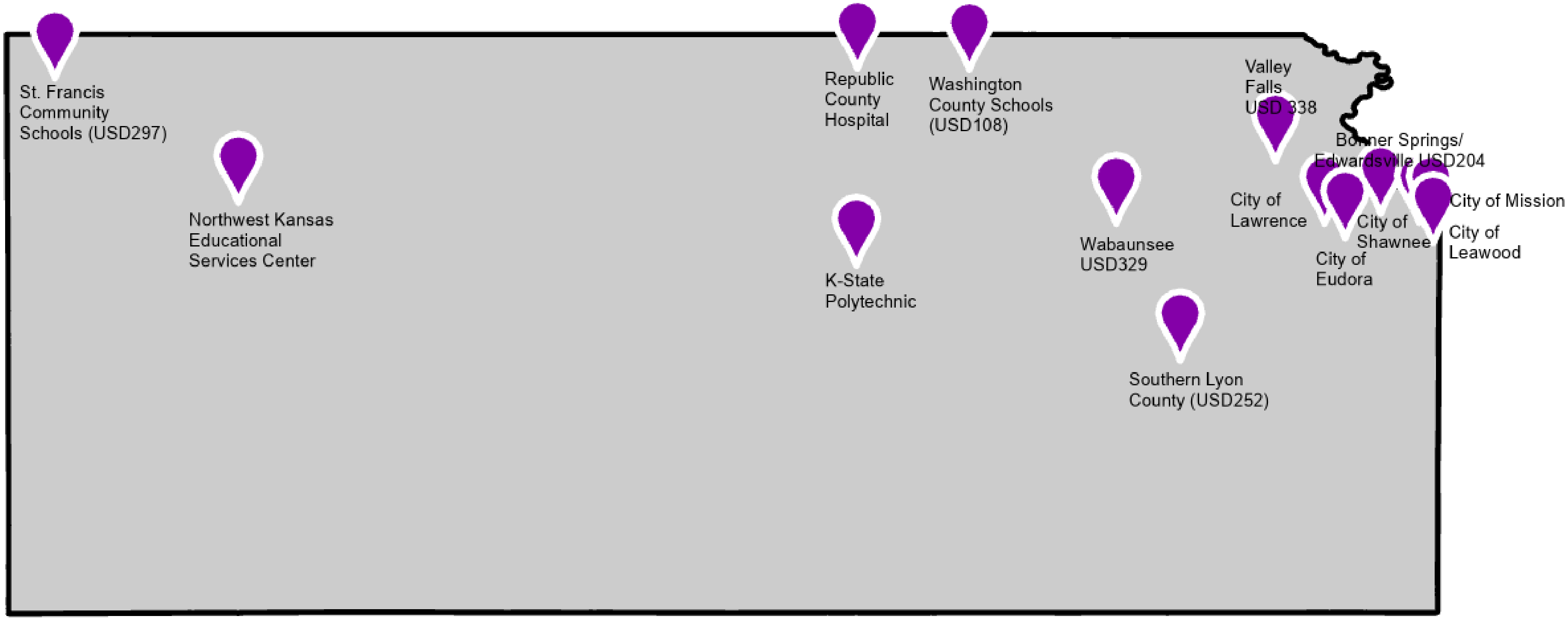
FCIP projects



Terms to remember

- **Customer:** Publicly-owned facility engaged in FCIP
- **ECM**: Energy Conservation Measure
- **EPC**: Energy Performance Contracting (Contracts)
- **ESCO**: Energy Service Company
- **FCIP**: Facility Conservation Improvement Program
- **IGA**: Investment Grade Audit
- **IPMVP**: International Performance Measurement and Verification Protocol
- **M&V**: Measurement and Verification

Kansas FCIP

- Implemented by the state legislature in 2000
- KSA 75-37,125
- Administered by KCC
  - KEP provides technical assistance to KCC (PE, CEM, and CMVP)

75-37,125. Energy conservation measure, financing; prior approval of plans and projects; definitions. (a) As used in this act:

(1) "Federal entity" means the government of the United States of America or any bureau, department, instrumentality or other agency of the federal government.

(2) "Political subdivision" shall have the meaning ascribed thereto in subsection (o) of K.S.A. 74-8902, and amendments thereto.

(3) "State agency" means any office, department, board, commission, bureau, division, public corporation, agency or instrumentality of this state.

(4) "Energy conservation measure" means an energy study, audit, improvement or equipment which is designed to provide energy and operational cost savings at least equivalent to the amount expended by a participating political subdivision or state agency for such energy study, audit, improvement or equipment over a period of not more than 30 years after the date such improvement or equipment is installed or becomes operational, as the case may be.

(b) Subject to the provisions of subsection (c), a political subdivision or state agency, which include the board of regents and a regent's institution and a community or technical college, may enter into a contract or lease-purchase agreement for an energy conservation measure which meets the criteria of this section. In addition to any other authority provided by law a political subdivision or state agency may solicit proposals to contract for an energy conservation measure by advertising for proposals and qualifications in a newspaper of general circulation or the Kansas register, and by sending requests for proposals to at least three vendors and negotiating a lease-purchase agreement with one or more vendors submitting a proposal thereto. Negotiations entered into pursuant to this section with individual vendors shall not be subject to the provisions of the open meetings act. After an agreement has been executed, the agreement and all proposals from vendors shall be open records available for public inspection in accordance with the open records act. A state agency may utilize the procedures prescribed in K.S.A. 75-37,102, and amendments thereto, by the procurement negotiating committee to negotiate and contract for energy conservation measures. Each state agency shall provide copies of plans of the proposed energy conservation measure to the state corporation commission for review. No state agency may enter into a contract for an energy conservation measure unless such measure has been approved by the state corporation commission. Plans submitted under this section shall be retained and maintained by the state corporation commission.

(c) Before executing any contract or finance, pledge, loan or lease-purchase agreement under this section, the energy conservation contractor shall provide the political subdivision or state agency with plans for the proposed energy conservation measures prepared by an engineer licensed to practice in Kansas. The energy conservation contractor shall also provide a report of the calculations showing the estimated energy and operational cost savings that would result from the proposed energy conservation measures. Notwithstanding any provision contained in K.S.A. 71-201 and 72-1149, and amendments thereto, or other provisions of law, the board of education of any school district and the board of any community college or technical college may enter into a contract or finance, pledge, loan or lease-purchase agreement for an energy conservation measure for a period exceeding 10 years. Political subdivisions and state agencies may include a provision in the contract with an entity providing the energy conservation measure requiring such entity to guarantee that the actual amount of savings of energy and operational costs attributable to the energy conservation measure be not less than the cost of the energy conservation measure over the time specified including financing costs.

(d) Within the limits of appropriations available therefor, the state corporation commission is authorized to provide grants for engineering studies and energy conservation measures for political subdivisions and state agencies.

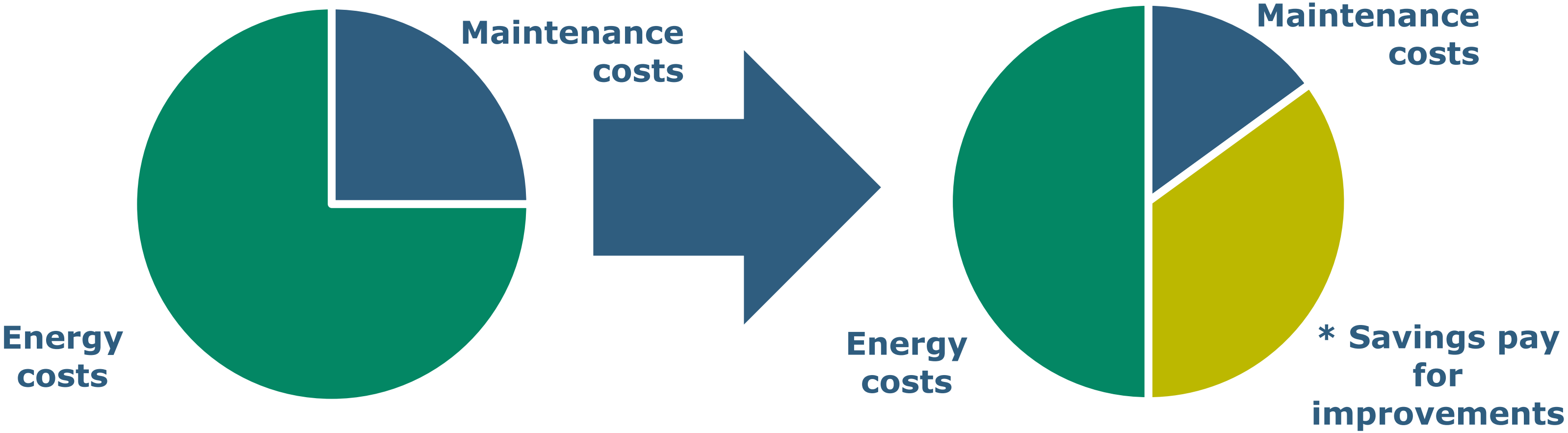
(e) The state corporation commission, or its designee, may provide administrative support and resources available under the facility conservation improvement program under this section or K.S.A. 75-37,111 et seq., and amendments thereto, as requested by school districts, private and public colleges in Kansas, political subdivisions, state agencies or federal entities for purposes of this section. The state corporation commission, or its designee, may fix, charge and collect reasonable fees for any administrative support and resources or other services provided by the state corporation commission, or its designee, under this subsection.

(f) The provisions of the cash basis law and K.S.A. 79-2925, and amendments thereto, shall not apply to any contract or lease-purchase agreement entered into pursuant to this section.

History: L. 2000, ch. 88, § 1; L. 2006, ch. 88, § 1; L. 2007, ch. 116, § 3; July 1.

How FCIP works

Before Improvements **After Improvements**



*** Projects are paid for through guaranteed energy and maintenance/operational savings.**

Basic fundamentals

- Allows government-owned buildings to implement energy-efficiency projects without upfront capital costs (i.e., budget-neutral)
- Requires an annual budget-neutral cash flow with a payback of less than 30 years
- KCC requires budget-neutral cash flow through finance term

Who can participate?

State agencies and political subdivisions *

- Municipalities and counties
- Healthcare
- Schools and universities
- Correctional facilities

*Political or taxing subdivisions of the state receiving or expending and supported, in whole or in part, by public funds. KSA 74-8902(o)

Project examples

- Common projects
  - Lighting
  - HVAC and control systems
  - Building envelope improvements (insulation, windows, etc.)
  - Geothermal (might have a long payback)
- Other considerations
  - Roofing replacement (might have a long payback)
  - Cogeneration and combined heating and power (CHP)
- Combine projects to achieve 30-year payback

What can’t be included

- Enhanced revenue (e.g., water meters)
- Water-saving devices (*only the associated energy savings* can be included)
- Cost of new equipment (avoided capital cost)

FCIP Benefits

- No need to issue separate Requests for Proposals (RFPs)
- Saves time: no need to develop specifications, write contracts, or hire outside consultants and engineers
- Construction markup rates are capped, but may be negotiated downward
- Third-party assistance by KCC and K-State

What’s the process like?

Throughout an FCIP project, KCC & KEP staff will attend select meetings, review contracts and reports, and provide technical assistance and support on your behalf.

1. Reach out to KCC
2. Preliminary Energy Assessment
3. Investment Grade Audit
4. Refine and select projects
5. Energy Performance Contract
6. Work begins
7. Measurement and Verification

1. Reach out to KCC

Customer lets KCC know they are interested in FCIP

KCC staff can assist in getting started and provide resources. KCC/KEP staff are also available for presentations to governing bodies or management.

2. Preliminary Energy Assessment

ESCOs complete introductory assessment

- No charge and no further commitment
- ESCOs identify areas for potential savings and determine if further investigation is warranted

Recommendation: Don't choose just one. Ask three pre-approved ESCOs to conduct assessment.

3. Investment Grade Audit (IGA)

Customer chooses ESCO to complete detailed IGA

- Cost based on region, facility type, and square footage
- No further commitment. If facility enters into EPC, IGA report fee is incorporated into project costs.

4. Select and Refine Improvements

Customer and ESCO work together to identify projects

- ESCO creates list of possible energy efficiency improvement projects and presents them to Customer
- Both work together to prioritize and refine projects based on needs of the Customer and to meet FCIP requirements (e.g., 30-year payback, neutral cash flow)

5. Energy Performance Contract

ESCO and Customer sign contract

- Customer should assign members to be part of the project team (maintenance, financial, etc.) who will actively participate in the project
- It’s important to communicate any questions or concerns with ESCO and FCIP staff

6. Work begins

ESCO serves as general contractor

- Customer makes monthly payments as work is completed based on calculated savings
- 10% of cost withheld until completion
- Equipment warranties begin at date of “Substantial Completion” *

** Substantial Completion is defined as the date on which the Customer begins receiving beneficial use of the equipment.*

7. Measurement & Verification (M&V)

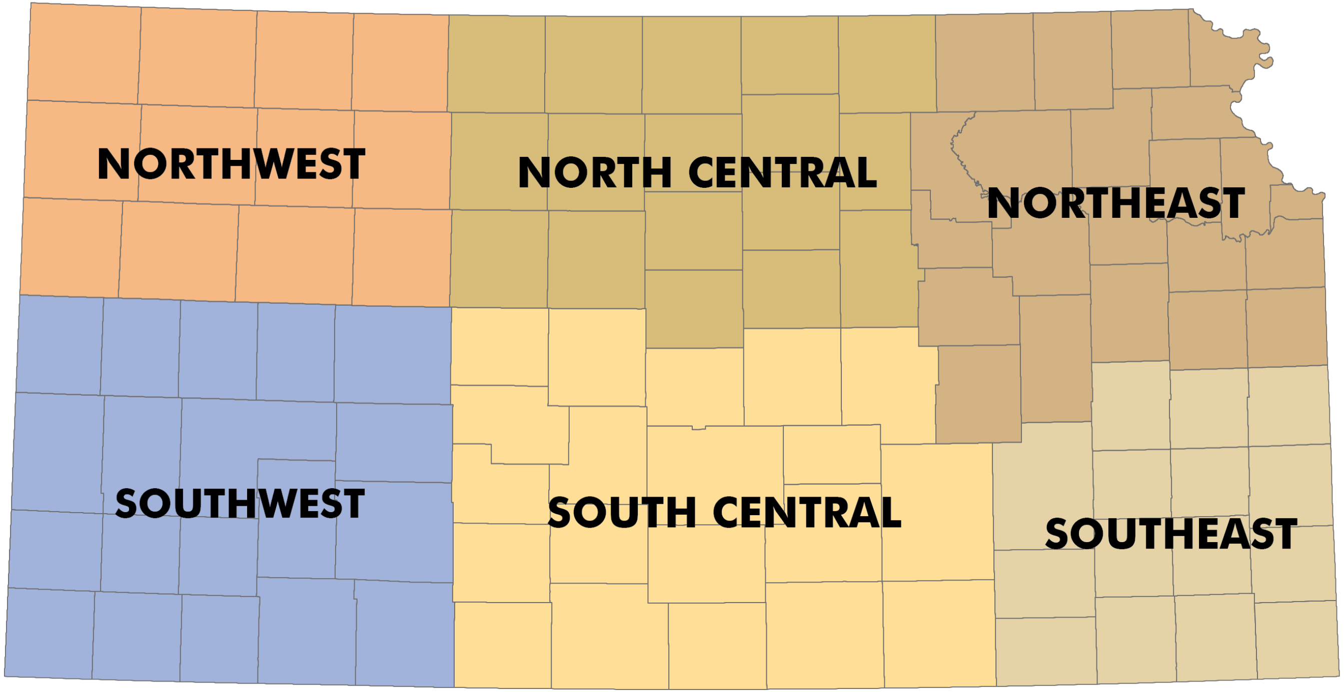
M&V is critical to ensuring savings are achieved

- Ensures project meets or exceeds guaranteed savings
- Current Kansas contract requires minimum three years M&V following project completion
- If energy and cost savings not achieved, ESCO pays customer difference and continues conducting M&V until met or exceeded for three consecutive years

What does it cost to participate?

Preliminary Energy Assessment	• No charge • No commitment
Investment Grade Audit (IGA)	• Cost based on region, facility type, and square footage • If facility and ESCO enter into EPC, IGA report fee is incorporated into project costs.
Project cost	• Highly specific to facility and projects selected • Max. construction markups are set (by ESCO & region) • Financing is Customer's responsibility
FCIP Fee	• Based on percent of project cost; only charged if EPC signed

FCIP Regions



Example IGA Fees

	FCIP Region ($/square foot)					
Principle Building Activity	**NW**	**NC**	**NE**	**SW**	**SC**	**SE**
Education – USD	$0.085	$0.073	$0.061	$0.085	$0.073	$0.067
Health Care – Inpatient	$0.098	$0.085	$0.073	$0.098	$0.085	$0.079
Office	$0.085	$0.073	$0.061	$0.085	$0.073	$0.067

Each ESCO has a different set of IGA fees. These can be found at:

www.kcc.ks.gov/images/PDFs/kansas-energy-office/fcip/2026_FCIP_Prequalified_ESCOs.pdf

Maximum Construction Markups

This is an example from one ESCO

	FCIP Region					
Apply to the *PORTION* of Construction	**NW**	**NC**	**NE**	**SW**	**SC**	**SE**
From 0 to $1,000,000	0.41	0.40	0.40	0.41	0.40	0.40
From $1,000,001 to $5,000,000	0.37	0.36	0.36	0.37	0.36	0.36
From $5,000,001 to $10,000,000	0.31	0.30	0.30	0.31	0.30	0.30
Greater than $10,000,000	0.28	0.27	0.27	0.28	0.27	0.27

Each ESCO has a different set of capped construction markups (which can be negotiated downward). These can be found at:

www.kcc.ks.gov/images/PDFs/kansas-energy-office/fcip/2026_FCIP_Prequalified_ESCOs.pdf

FCIP Fee

FCIP Participation Fees * *(based on project amount)*
4% of the first $100,000
3% of the next $400,000
2% of the next $500,000
1% of the next $4,000,000
0.5% of any amount greater than $5,000,000

** only charged if EPC signed*

Example 1: $400,000 project

4% x $100,000 + 3% x $300,000 = $13,000

Result: 3.25% of total project cost

Example 2: $12,000,000 project

4% x $100,000 + 3% x $400,000 + 2% x $500,000 + 1% x $4,000,000 + 0.5% x $7,000,000 = $101,000

Result: 0.84% of total project cost

Pre-Qualified ESCOs

Ameresco, Inc.	CEG Solutions	CM3 Building Solutions, Inc.	Energy Solutions Professionals LLC	Entegrity Energy Partners LLC
Millig Design Build LLC	Navitas LLC	Schneider Electric Building Americas	Trane US Inc.	Willdan Energy Solutions

Contracts updated April 13, 2026. Find ESCO contact info and details at:

www.kcc.ks.gov/images/PDFs/kansas-energy-office/fcip/2026_FCIP_Prequalified_ESCOs.pdf

City of Leawood

Diane Stoddard, City Administrator

City of Leawood

Russell Regional Hospital

Harold Courtois
CEO Memorial Health System (retired)

Q&A and Follow-Up

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