



Performance-based procurement will be studied in new commercial construction projects in Minnesota, thanks to a new CARD grant project.

Performance-based procurement for increased energy efficiency

The goal of a recently funded CARD pilot project, awarded to [Seventhwave](#), is to test enhancements designed to increase energy savings for commercial new construction projects. The strategy, known as performance-based procurement, allows building owners to specify energy performance targets and include them in the project request for proposals. The design and construction teams are selected based on their ability to meet these energy performance targets. Performance-based procurement holds teams contractually accountable throughout design and into occupancy, resulting in actual, realized energy performance and savings.

This approach differs from traditional procurement methods that lack both a defined and measurable energy target and accountability for meeting the target. Traditionally, if building energy performance and savings potential are defined, they are modeled. A key difference with performance-based procurement is that performance assurance *remains with the procurement team after occupancy*, and is tied to the project budget and design and construction team contracts.

Performance-based procurement results in deep, fully realized energy savings beyond prescriptive code minimums. This increases value to the owner and secures greater savings for utility incentive programs in the new construction sector, where more stringent energy codes continually make energy savings goal achievement more challenging.

This pilot project will leverage two major market channels—utility CIPs and major building owners/developers in both the private and public sectors. Public buildings will be a significant part of both utility and portfolio channels through [Minnesota's Sustainable Buildings 2030 \(SB 2030\)](#). SB

2030 is an energy efficiency performance standard that all newly constructed or significantly remodeled state public bonded buildings are required to meet. Currently, SB 2030 is targeting a 70 percent energy reduction for these buildings, as compared to a 2003 building of similar size and type. The proposed pilot will improve the existing SB 2030 process by integrating the proven best practices of performance-based procurement. It will also develop the framework to integrate performance-based procurement into the current utility new construction program offerings.

Project objectives are to:

- Test an innovative new construction program strategy that counters the program challenges of increasingly stringent code baselines;
- Demonstrate that deeper energy savings targets can be met and verified cost-effectively in the private sector with performance-based procurement;
- Expand the reach of Minnesota's SB 2030 in the public sector through closer integration with utility incentive programs.

Overall, this pilot aims to improve the cost-effectiveness of deep energy savings, drive focus on integrated design early in the process, facilitate post-occupancy follow through on energy targets, and offer customized technical assistance and contract guidance to support a 50 to 70 percent reduction in energy use. This project is due to be completed in June 2017. For more information, contact program manager [Anthony Fryer](#) or CARD program administrator [Mary Sue Lobenstein](#).