



FOR IMMEDIATE RELEASE

Contact: Michael Arny, President
Leonardo Academy
Phone: 608-280-0255
Email: michaelarny@leonardoacademy.org

Independent Study Quantifies Environmental and Economic Benefits of Energy Savings Performance Contracts

MADISON, Wis. – (JULY 29, 1998) – A report released this week by Leonardo Academy of Madison, Wis., verifies that energy savings performance contracts (ESPCs) are reducing harmful emissions from the Earth's atmosphere and saving billions of dollars in energy costs.

The report was issued at the same time President Clinton was praising the benefits of these highly cost-effective contracts. During his weekly radio broadcast to the nation July 25, the president outlined four steps to decrease energy use in Federal buildings and facilities, thereby reducing greenhouse gas emissions and saving taxpayer dollars. One of the steps included making increased use of ESPCs.

Following the broadcast, President Clinton issued a directive to his Cabinet and management staffs for executive departments and the federal government encouraging federal agencies to work with energy service companies (ESCOs) to equip federal buildings "with the best energy-saving technology."

"President Clinton's recognition of ESPCs and his encouragement that all federal agencies work with ESCOs to reduce energy consumption and greenhouse gases is good news for the nation," noted Mike Arny, executive director of the Leonardo Academy. A nonprofit organization, the academy is working to increase public understanding of energy and environmental issues.

The ESCO industry makes a major contribution to the reduction in electric energy use, demand for electricity, direct fuel use and ultimately, environmental emissions, according to an earlier report the Academy recently prepared for the U.S. Department of Energy's (DOE) Energy Fitness Program. The Academy is supported by grants from foundations, contracts funded by government organizations including DOE, the Environmental Protection Agency (EPA) and tax deductible donations from individuals.

In its current study, Academy researchers analyzing data on the energy savings performance contracts implemented by one U.S.-owned company, Johnson Controls, Inc. of Milwaukee, found that energy efficiency delivered by the projects under these contracts between the years 1990 and 2010 will provide \$18 billion in energy savings. The projects implemented during this 20-year span will reduce U.S. carbon dioxide emissions by 352 million tons, according to the Academy's calculations.

"These reductions are equivalent to eliminating pollution from four million gas-combustion motor vehicles or planting 29 million acres of trees," Army noted.

Johnson Controls is the first individual company recognized by Leonardo Academy for making significant contributions to the environment. A FORTUNE 200 company, Johnson Controls is a global market leader for building automation controls, integrated facility management and energy savings performance contracting.

Energy savings performance contracts help building owners get the building upgrades and increased energy efficiency they want and need. Businesses, state and local governments, and federal organizations can use ESCOs, which work as follows:

A building owner signs a multiple-year contract with an ESCO. The ESCO installs and operates energy-efficient equipment, and is repaid on the project out of future savings. In most cases, the ESCO guarantees a certain level of energy savings to the building owner. If the target is not met, the ESCO must pay for the shortfall.

According to the Academy's calculations, the cumulative total lifetime energy and demand savings from efficiency projects implemented by Johnson Controls will be 270,000 gigawatt-hours (GWh) in electricity savings; 3,425 megawatts (MW) in electric demand reduction, and 1.5-billion megawatt British thermal unit (MMBtu) reduction in direct fuel use.

Over the life of these contracts, the Leonardo Academy report estimates that performance contract-based projects initiated by Johnson Controls from 1990 through 2010 will eliminate 1.4 million tons of nitric oxide, 1.9 million tons of sulfur dioxide, and 34,000 tons of particulates. Additionally, approximately 19,000 pounds of mercury, 1,800 pounds of cadmium and 33,300 pounds of lead emissions will be eliminated.

The Leonardo Academy report also estimated the effect of the projects implemented by Johnson Controls contracts on emissions in 2010, because this is the year used as a benchmark for greenhouse gas emissions.

Improving Earth's air quality through emission reductions is a worldwide concern and part of the terms recently negotiated in the Kyoto climate change treaty in Japan. The Kyoto protocol set targets for reducing greenhouse gas emissions in 2010 to levels slightly below those existing in 1990. Carbon dioxide is the primary greenhouse gas.

A 501c(3) environmental nonprofit organization, the Leonardo Academy works to reduce environmental emissions by reporting emission reductions, promote the development of markets for the emissions reductions that result from energy efficiency and other emission reduction actions, and provide consumers a direct way to contribute to reducing environmental emissions. Consumers and businesses can make tax-deductible donations to Leonardo Academy that will be used to purchase and retire emission reductions that offset the emissions caused by the donors energy use. Its World Wide Web site at

www.cleanerandgreener.org includes an emissions calculator that assists users in tabulating emissions caused by electricity use.

--END--