

Taking National Programs Local: Strategies for Reaching Out to Local Government Decision-Makers to Promote Energy Efficient Procurement

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ABSTRACT

There is considerable interest among state and local governments and national and regional laboratories to develop initiatives that raise the level of awareness and purchase of energy-efficient equipment and appliances. So far, most activities have been confined to state targets or individual jurisdictions- overlooking purchases at the local level.

Local jurisdictions, counties, cities, villages and towns, spend significant dollars each year on purchasing and operating office equipment, such as computers, copiers, faxes, and printers. Preliminary estimates indicate that New York local governments purchase more \$70 million annually in computers and related office equipment. If the counties in New York State purchased and enabled the energy-saving features of energy-efficient office equipment for 15% of their purchases, they could save more than \$1.5 million annually in energy bills.

Recently, several initiatives have been launched to reach out to local to governments. These include activities currently underway by the Consortium for Energy Efficiency (CEE), The Commonwealth of Massachusetts, and The New York State Research and Development Authority (NYSERDA), to support the national activities sponsored by the Environmental Protection Agency and the Department of Energy.

Reaching local governments won't be easy. It requires developing unique approaches to appeal to a wide range of policy-makers and decision-makers. This paper, drawing on research studies of local government purchasing barriers and opportunities, will describe recommended strategies that are currently being tested designed to reach local decision-makers. This paper provides a road map to guide other organizations interested in helping local governments establish their own energy efficient procurement initiatives.

Introduction

State and local governments control the purse strings to billions of dollars through their procurement and purchasing functions. Yet, this has been a historically difficult market to reach. To be successful, new initiatives aimed at this market segment must successfully overcome a variety of market barriers.

Market Overview

State and local governments combined purchase more than \$1 trillion worth of goods and service, annually according to *Governing Magazine's Sourcebook, 1997*. Combined, state and local governments purchase more than \$1 trillion worth of goods and service, annually according to *Governing Magazine's Sourcebook, 1997*. For example, The Commonwealth of Massachusetts purchases more than \$300 million annually in various

goods and services ranging from paper supplies to services contracts. In New York State, more than \$100 million annually is spent by county and other local government purchases.

Therefore, state and local governments present a tremendous opportunity to encourage the purchase, installation, and enabling of energy-efficient office equipment. The New York State Development Authority (NYSERDA) recognized this potential and developed an initiative designed to promote energy-efficient office equipment that qualify for the ENERGY STAR[®] label in the following categories:

- Computers and Monitors
- Copies
- Fax Machines
- Printers
- Scanners
- Multifunction Devices

Several reasons drove the focus of the Government Energy Efficient Procurement – New York Program (GEEP-NY) to address office equipment. First, very few existing energy efficiency programs actively target office equipment in government facilities. At the same time, there is widespread use of office equipment by state and local governments.

Developing a successful initiative targeting state and local procurement decision-makers requires gaining a comprehensive understanding of the market characteristics and identifying barriers to program implementation. These efforts will identify the best strategies to overcome market barriers and achieve program goals.

Market Characterization

It is important to acquire a thorough understanding of the local governmental sector targeted for a specific program initiative. This requires becoming knowledgeable on a variety of functions beyond just procurement policies. A good market characterization study provides insights into the motivations and driving forces that influence procurement policies. A good market characterization should address the issues listed in Table 1. These were the topics that were examined in two recently completed market characterizations of the procurement processes in Massachusetts and New York State.

AREAS FOR CONSIDERATION IN A MARKET CHARACTERIZATION STUDY		
General Area of Inquiry	Investigated in Massachusetts Market Characterization	Investigated in New York State Market Characterization
Description/Overview of Locality	X	X
Organizational Description/Chart	X	X
Staffing Levels	X	X
Annual O&M and Capital Budgets	X	X
Description of the Procurement Function	X	X
Centralization vs. Decentralization		X
Role of Procurement and Energy Efficiency	X	X
Barriers to Energy Efficiency Purchasing	X	X
Recommended Strategies to Reduce Barriers/Transform Market	X	X
Implications for Program Design	X	X

Sources: EPA's Massachusetts Update on Green Spending, July 2000 and NYSERDA's Market Characterization Report, August 2001.

Approach

While much of this information may be readily available from published state reports and contracts, a good market characterization study also requires developing a rapport with the critical decision-makers that influence procurement policies at the local level.

Unlike private organizations, purchasing decisions are often decentralized, especially within highly bureaucratic organizations such as small counties, or cities. Therefore, it is necessary to interview a variety of respondents that may influence or determine local government purchasing decisions from elected officials to state comptrollers to IT staff. For example, to complete interviews for the market characterization study in New York State required interviewing 86 individuals, including state and local government procurement staff, county IT staff, officials from other government agencies, equipment suppliers, and experts in the governmental structures of New York State. Therefore, the critical target groups that should be interviewed in any market characterization study are:

- Policymakers/Regulators—state and county legislators, state procurement staff, and state comptroller staff;
- Equipment manufacturers—all major manufacturers, particularly those that provide equipment through vendor contracts with the state procurement staff;
- Equipment distributors/vendors—including those with state contracts and those who are major suppliers to the counties;
- County procurement staff—directors of procurement, county clerks, administrators, key buyers, and others responsible for office equipment procurement;
- Local elected and appointed officials--mayors, county executives, Board Members, and other local officials;
- IT Group Staff—directors and staff responsible for office equipment specification and support including network administrators; and
- End-Users—department heads and other non-procurement staff responsible for obtaining, ordering, and selecting office equipment; all other end-users of the equipment.

Other steps that should be completed in a market characterization study include:

1. Collecting and reviewing government procurement related documents and data from libraries and the Internet.
2. Organizing group interview sessions, or focus groups, if possible, with experts in energy efficient procurement, important regulators and decision-makers, government agency associations, and key procurement staff from state and county.
3. Conducting in-person and telephone interviews with government regulators and staff from state, county, and local government, and those involved in the procurement process.
4. Trying to ascertain a baseline of current energy efficiency purchases, so that program effects may be documented. While this is not always easy to do, most procurement staff usually has some idea of actual equipment purchases during the course of a year, and is able to supply that critical information.

Barriers to Energy Efficient Purchasing

The market characterization study findings will identify the specific barriers that exist within that locality or jurisdiction to program implementation. Several studies investigating public procurement processes, including those previously referenced, identified the following barriers that exist regarding public procurement initiatives. Since these barriers have been identified across several studies, including those examining both state and local purchasing policies, they appear to be the most relevant ones to consider when designing a public procurement program targeting local decision-makers. The most commonly identified barriers are summarized in Table 2.

Table 2. Most Commonly Mentioned Barriers in Market Characterization Studies

BARRIER	IDENTIFIED AT STATE LEVEL	IDENTIFIED AT LOCAL LEVEL
Lack of Education/Awareness about Energy Efficiency	X	X
Current Organizational Policies		X
Resistance to Change/Organizational Inertia	X	X
First Cost Issues	X	X
No Incentive to Save	X	X
Vendors	X	X
Dislike of Energy Efficient Features	X	X

Sources: EPA's Massachusetts Update on Green Spending, July 2000 and NYSERDA's Market Characterization Report, August 2001.

Description of Barriers/Constraints to Purchasing Energy-Efficient Office Products

Both state and county officials described a variety of barriers that currently constrain or limit the purchase of energy-efficient office products.

Education and awareness. A major barrier to purchasing energy-efficient equipment is simply a lack of understanding about what it is. Most local officials are so preoccupied with other issues and concerns that energy efficiency is rarely considered. Procurement staff also reported that this low level of awareness often extends to other departments within the county. This raises another barrier: convincing the ultimate end users that energy-efficient equipment will meet their specific needs. Too often, purchasing staff has a limited role in the process: ensuring that proper guidelines and procedures were followed. However, departments determine their own specifications and the procurement staff are reluctant to recommend equipment alternatives that may deviate from the accepted practices. Furthermore, several procurement staff described that information about energy efficiency and energy conservation are not available as in previous years when utility rebate programs were more active. Several admitted that they would not even know where to get information or what features energy-efficient equipment offered.

Current organizational policy. This barrier was especially relevant among New York State counties and local municipalities. Since Massachusetts had already adopted the ENERGY STAR[®] procurement language and were aggressively pursuing this, organizational policies were less of an obstacle.

In New York State, however, procurement staff is most focused on enforcing current purchasing policies, and if energy-efficiency were specified, then they would consider it. However, since most procurement staff feels they are overworked, they are naturally hesitant to create additional work. One of the most common reasons given for not considering energy efficiency was that county purchasing roles do not address energy efficiency:

Organizational and cultural barriers. Other frequently mentioned barriers were the organizational bureaucracy and general resistance to change that occurs in large or decentralized organizations. As one procurement official said the biggest barrier would be overcoming the institutional mindset that “this is the standard way it’s always been done,” so there is no need to change.

Moreover, procurement organizations take their cues from the elected administrators and staff. So to institute widespread change requires convincing the major decision-makers, including the elected officials and their gatekeepers, about the benefits of selecting energy-efficient equipment.

First cost versus life-cycle cost. Most procurement staff interviewed assumed that the cost of energy-efficient office equipment was higher compared to standard office equipment. Some were surprised when they found out this was not always the case.

Since the staff make decisions based on the equipment’s “lowest cost,” most wanted to be able to make comparisons among and between equipment types. Few counties currently use lifecycle costing in their procurement decisions. While a few indicated that they had to look at the total operating cost, only two counties actually included energy into that overall cost. Hence the issue of first cost versus life-cycle cost was rarely discussed among these respondents.

The misperception that energy efficiency costs more. These discussions further illustrated the widespread lack of awareness about ENERGY STAR[®] equipment, and institutional bias that exists regarding energy-efficient equipment (i.e., if it is energy-efficient, it must cost more).

Energy-efficient office equipment is the exception to that rule. The widespread availability of ENERGY STAR[®]-compliant office equipment, particularly computers, fax machines, copiers, and printers, has effectively eliminated the cost difference between energy-efficient and “standard” machines. All major computer makers now manufacture at least one model that meets or exceeds ENERGY STAR[®] standards, according to information provided by both vendors and the EPA.

While this indicates that the ENERGY STAR[®] program has been successful in recruiting manufacturers to provide energy-efficient machines, this information has not been transmitted effectively to the procurement staff, especially at the county level.

Since most procurement staff have limited involvement with energy-efficiency purchases and most tend to associate energy conservation products as lighting or HVAC technologies, there is still a widespread belief among these procurement officials that energy-efficient computers must cost more than “regular computers,” because compact fluorescent bulbs cost more than standard bulbs.

No incentive to save. None of the counties interviewed has instituted policies that return any energy savings to the individual departments.

Vendors. A few procurement officials also indicated that the vendors might block program success. Even vendors that offer energy-efficient equipment may not promote this fact to their potential buyers. In fact, many local and state procurement officials indicated that they have not received any information from vendors regarding current products that are energy-efficient.

Related to this issue is vendor loyalty. The discussions with the procurement officials indicated that past performance are also important considerations when making long-term purchasing decisions, such as those involving long-term equipment leases. In these cases, vendor performance is often as important, as overall cost.

Installed but not enabled. Many pieces of equipment may be installed without the energy-saving features enabled is a barrier that is not always recognized by either procurement officials or user agencies in terms of achieving energy-efficiency savings.

The office equipment list on state contracts in New York and Massachusetts are ENERGY STAR[®] compliant. In New York, there is no formal oversight or vendor monitoring which ensures that ENERGY STAR[®]-labeled equipment ordered from state contracts and shipped to state customers (either state or non-state agencies) are actually shipped with the energy-saving features enabled. Enabling requires that the computers, fax machines, or copiers are already set up to go into “sleep mode” after a period of inactivity. Lastly, there is no tracking of these machines to determine if the energy-efficiency features, such as standby mode or duplex copying, are actually left intact by the ultimate end-user customer.

Massachusetts is a little farther ahead of the curve, in terms of enforcing vendor contracts requiring proper enabling. However, tracking this at the individual user or department-level still remains a challenge.

The procurement staff and IT professionals interviewed were generally not aware of any energy-savings features installed on their machines. Most procurement officials did not know what the ENERGY STAR[®] features were, and more importantly, if they were still in place. Another procurement official indicated that the copiers arrived with the standby feature in place, but the county staff did not like that feature, so they were changed.

In studying the procurement practices for Commonwealth of Massachusetts, a “disconnect” was revealed between vendor requirements and user desires, and ultimately the end-user would determine the equipment configurations. In some cases, these configurations negated the ENERGY STAR® features.

Strategies to Overcome these Barriers

Table 3 summarizes the strategies that were used to overcome these barriers at the local level in New York State. Similar strategies were also developed to reduce the barriers to program implementation in the Commonwealth of Massachusetts as well. These strategies were part of an overall effort by NYSERDA to encourage local decision-makers to purchase and enable energy efficient equipment.

Table 3. Matrix of Barriers and Strategies

Barrier	Strategies to Address Each Barrier
Education/Awareness	Develop materials and provide training sessions to educate all stakeholders about the benefits of energy-efficient equipment. Include cost savings in meaningful terms such as potential reductions in taxes or redirecting resources to meet other county needs. Advertise GEEP-NY Program
Organizational/Cultural	Target county officials with information on the benefits of energy-efficient procurement policies. “Pilot” the GEEP-NY Program at several counties and publicize results at SAMPO/other county meetings. Use informational materials, posters, presentations, and demonstrations of savings.
First Cost/Cost Issues	Provide information on the incremental first cost of energy-efficient equipment. Explain life cycle costing in easy terms for office equipment. Incorporate Energy Savings Calculator into presentations; provide materials for distribution at SAMPO/NICP training programs. Provide default data and resources for inputs to Energy Savings Calculator.
No Incentive to Save	Target end-user groups or others that pay for energy bills out of their budgets. Develop Model Policy that would encourage departments to get savings through staff/department recognition. Promote non-energy benefits and goals of energy-efficient office equipment.
Vendors	Educate vendors on OGS and state mandates for energy-efficiency. Provide materials that showcase vendor products that meet energy-efficient standards. Develop a tracking/enforcement program with OGS to monitor equipment purchases. Build tracking into requirements for vendors of state contracts. Provide lists and links to appropriate vendors on Web-based information and procurement system.
Dislike of energy efficient features	Target county procurement, IT staff, end-users, and vendors in education and information on the benefits of using the energy-saver features. Work with manufacturers and vendors to ensure that equipment is enabled and to provide training to IT staff and end-users.

Source: NYSERDA Market Characterization Study, August 2001, p. 8-3.

Barrier: Education/Awareness

The lack of awareness about energy is the biggest barrier to any energy efficient procurement program. Decision-makers at all levels within the organization need to be educated about the benefits of purchasing energy-efficient equipment. Moreover, this educational effort needs to extend beyond purchasing officials to include department heads,

IT personnel, elected officials, and even the “gatekeepers” such as secretaries and administrative personnel.

The research within New York State indicated that while county officials believed that energy-efficient office equipment offered some benefits, they needed to be convinced. They want information that provides comparisons between energy-efficient and standard brands. They also want this information presented as objectively as possible to meet their specific legal requirements.

Strategies to Increase Education/Awareness

The following kinds of materials aimed at specific groups will increase awareness of the benefits of specifying, selecting, installing and enabling ENERGY STAR®--labeled office equipment. Recommended informational resources include:

1. Developing Specialized Guidebooks for key audiences
2. Developing Fact Sheets promoting the benefits of energy-efficient purchases and savings:
3. Conducting Informational Workshops and Training Sessions in-person and by teleconference to promote the benefits of energy-efficient office equipment in purchasing and in enabling the energy-saving features.
4. Delivering presentations at meetings of key associations of government staff and officials that include policymakers, procurement staff, IT staff, and others.

Barrier: Current Procurement Policies

Clearly one major obstacle to purchasing energy-efficient equipment appears to be the current procurement policies. While OGS provides contracts featuring energy-efficient equipment, this information is not communicated effectively to the local procurement staff. This disconnect contributes to the overall lack of understanding about the benefits of purchasing energy efficient equipment.

Strategies to Change Current Procurement Policies

One of the most effective strategies is to **strengthen and advertise the state mandates** and guidelines at the local government level. Another recommended approach is to develop model specifications for office equipment, such as copiers, specifically for local county governments. This would help to further encourage using energy efficient office copiers, even among departments and organizations that currently lease, rather than purchase, this equipment. This strategy was especially relevant in New York State, which currently only has specifications for copier purchases.

Barrier: Organizational Resistance/Cultural Change

Organizational inertia is a common problem for many large organizations, and county governments are not immune. The respondents indicated that it is always difficult to implement change, even when the change is for the better.

Strategies to Influence Organizational Change

The educational and awareness activities will encourage the local policymakers and regulators that include the elected county officials to require energy-efficient office equipment purchases. In addition, the IT staff must facilitate these changes through their support of end-users. Another important step in this process will be to have state contracting organization endorse and promote energy efficient purchasing.

It is also wise to try to create a support system to disseminate the information regarding the program initiative within each targeted organization. “Energy efficiency missionaries” need to be cultivated within various organizations at the state and local level. This strategy requires training designated officials regarding energy efficient equipment options and includes providing these officials with the support systems they need to disseminate this information internally within their own organizations.

It could also include creating energy efficient procurement user groups, chat rooms, or listserv operations that could be sent to designated members within each organization. It would then be their responsibility to disseminate this information either through existing internal communication channels, or by creating new ones.

Barrier: First Cost Issues

Most counties believe that energy-efficient equipment always costs more to purchase and install. While it may be true for many types of energy-efficient equipment, it is not necessarily true for office equipment. Furthermore, most county officials are not fully aware of life cycle costing methodology. While they admitted that they needed to look at factors other than first cost, most did not. Moreover, the county purchasing staff are not generally familiar with this technique and do not have data to support the analysis, therefore, they are reluctant to use it to evaluate purchases.

Strategies to Address First Cost Issues

Providing information on average incremental costs helps to overcome the first cost issue. Life cycle costing or energy efficient costing is used by some organizations to factor in all the relevant costs of equipment operation during the life of the equipment. However, this concept is often difficult to explain. Therefore, one strategy is to adapt the Simple Savings Calculator created by the EPA for use within specific locations, incorporating the average cost of energy per kilowatt-hour that the locality actually pays.

The Simple Savings Calculator is a simple life cost comparison tool designed for procurement officials to make the most economical purchases of facilities. The tool calculates cost comparison, net savings, and pollution benefits, for office equipment such as computers, monitors, printers, copiers, and fax machines and is available on EPA’s ENERGY STAR[®] web site at www.epa.gov/nrgystar/purchasing.

This is a relatively easy to use tool that will help demonstrate the savings that county governments can realize simply by purchasing, installing, and enabling ENERGY STAR[®] - labeled office equipment.

Informational workshops can feature demonstrations of the Simple Savings Calculator and allow attendees to perform the calculations themselves to see the actual

savings. This has proven to be a highly popular interactive feature in procurement workshops.

Barrier: No Incentive to Save

There is often no inducement to save energy within a specific organization, since individual departments do not benefit directly from the energy savings they may achieve. Therefore, since the user agencies often do not pay the energy bills, they do not have any direct incentive to save energy.

Program Strategies to Create an Incentive to Save

Educational materials developed for procurement staff, elected officials, and end-users will specifically address the benefits that accrue to organizations that purchase, install, and enable energy efficient equipment. The fact sheets, workshops, and Simple Savings Calculator will explain the cost savings potential in meaningful terms to department heads.

Barrier: Vendors

Many vendors, even those that are EPA partners, do not pay attention in their attention to and promotion of energy-efficient features of their equipment. Procurement officials rely quite heavily on vendor recommendations and vendor information. They are also quite concerned about “playing fair” with the various vendors. Therefore, it will be critical to identify the energy-efficient models that each vendor provides, and to encourage them to provide this information in their bids and contracts. It will also be critical that vendors also provide monitoring and tracking of the equipment sold at the local level.

Strategies to Involve the Vendors

Vendors are a valuable information resource for procurement officials. Therefore, procurement organizations should enlist the support of vendors who manufacture and sell energy efficient equipment as part of their overall strategy to educate municipalities about the benefits of energy efficient technologies.

While these relationships may be firmly established at the national level, with the Environmental Protection Agency (EPA), the next and most important step is to encourage vendors to work directly with the municipal organizations. For example, vendors should be included in any type of activity to create an energy efficient purchase support network. They can be a source of technical information as these states look to modify contracts as well as a post-contract resource to encourage energy efficient selection where appropriate.

Getting Started: Developing Your Own ENERGY STAR Purchasing Program

This paper describes the recommended methodologies and approaches to consider when developing an energy efficient procurement program targeting state or local procurement officials. There is a wealth of additional information on this topic both on the

EPA's website, as well as information from the Consortium for Energy Efficiency (CEE), Lawrence Berkeley National Labs (LBNL), International Council for Local Environmental Initiatives, (ICELE), The Department of Energy and The Commonwealth of Massachusetts' web site. Soon, NYSERDA will be providing information on its new GEEP-NY program targeting New York Counties.

These organizations are actively involved in developing and refining energy efficient procurement at the state and local level because it offers tremendous potential for both energy savings and reductions in carbon emissions. More importantly, however, energy efficient procurement is not an issue that should remain at the national or even state level. Counties, cities, towns, municipalities, and school boards are the organizations that often have the most power and influence in our everyday lives. Influencing these decision-makers at the grassroots level will generate increased awareness and hopefully, by extension, actions that will make this world a little cleaner, and more efficient for the next generation. After all, isn't that really what energy conservation is all about?

End Notes

Sabo, C., Johnson, K., et al, "*New York State Energy Research and Development Authority (NYSERDA) Government Energy-Efficient Product Procurement (GEEP-NY) Initiative Market/Procurement Process Characterization—DRAFT REPORT August 29, 2001.*

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