



Campus Administrator Talks About Making ESCOs Work

Brandon Lorenz Posted 08-10-2009 12:54 PM

Last month in *Building Operating Management*, I interviewed a number of Energy Service Contractors (ESCOs) for a piece detailing how the Clinton Climate Initiative (CCI) and ESCOs were working together to reduce the carbon footprints of buildings around the world.

Those of you who work for educational or government organizations may have some familiarity with how an energy service contract works. The concept is basically this: A service provider identifies a series of energy efficiency upgrades. The provider guarantees the savings. The work is then financed over ten or 15 years, which allows the upgrades to be done without any capital investment. Instead of relying on capital funds, the upgrades are paid for by keeping the energy budget the same and diverting the savings to pay for the financing.

Still, energy service contracts are more common in some types of buildings than others. Municipal government, higher education and the federal government buildings are the most common building types to make use of energy service contracts, according to the story I wrote. Since, there are plenty of organizations that aren't familiar with performance contracting. I recently spoke to Betty Roberts, vice president of administration and finance for the University of Central Missouri.

Roberts had never used an energy service contract before. She settled on an energy service contract earlier this year because the campus had funding constraints and a maintenance backlog and because the campus president had signed the American College And University Presidents Climate Commitment (ACUPCC). Colleges that sign the ACUPCC put themselves on a path to going carbon neutral.

"Due to funding constraints and UCM's focus on sustainability, highlighted by our President's being a signatory to the American College and University Presidents Climate Commitment, the focus quickly narrowed to an ESCO," Roberts said.

The campus eventually decided on a [\\$36.1 million energy service contract](#) with Trane. The package took 20 months of work, which included defining unmet facility needs, getting support from the community, competitive bidding and conducting an investment grade audit to analyze paybacks, Roberts says.

The project includes \$16 million in energy upgrades and \$20 million in maintenance and repair work. Energy projects include a variety of lighting and water retrofits, window replacements and even a geothermal system. Other maintenance projects include roof repair, fire alarm upgrades and sprinkler upgrades.

"All of this is taking place without shutting down the campus," says Roberts.

It may seem strange to lump maintenance projects in with what are otherwise purely energy upgrades. But when undertaking an ESCO, think big. Let's face it: If you already have contractors crawling all over your buildings upgrading lights, HVAC systems or the BAS for example, you've already got a certain amount of disruption going on. So why not consider other projects?

One of the lessons from the article came from the Empire State Building Project. In that example, the owners carefully considered the sequence of work with their energy service contract and how energy upgrades would align with the existing maintenance and capital budget. By doing so, they could stretch their dollars further.

For those who, like Roberts, haven't used an energy service contract before, consider looking for organizations like CCI that can offer guidance, she says. Make sure that the contractors follow guidelines from CCI or are accredited by National Association for Energy Service Companies ([NAESCO](#)).

Roberts signed the contract with Trane April 9. The upgrades will take two years to complete, says Roberts, who says she would use an ESCO again.