

COMPREHENSIVE

ENERGY MANAGEMENT

To advance our sustainability efforts, Ohio State is considering an innovative strategy that also could provide new resources for our academic mission.

Where the process stands: Ohio State is formally seeking bids to further explore an energy partnership. We developed materials for the Request for Proposals with extensive feedback from faculty experts to set out the university's high expectations for service, sustainability, academic collaboration and financial considerations. Issuing an RFP will provide us with the information we would need to make a decision on whether this project makes sense for the university, but it will not bind us to enter into a partnership.

What happens now: The finalists who will bid on the project are all leading experts on energy use and sustainability who have demonstrated expertise, capabilities and quality of proposals to meet our needs. We intend to use the responses to decide before the end of the semester whether to recommend a partnership to the Board of Trustees. We have been committed to a dialogue about this project from the start, and we will share any decision with the university community once we have evaluated the responses.

What benefits would this project provide to the university?

- A major campus-wide sustainability initiative to improve our energy efficiency by at least 25 percent in 10 years. We project that the Columbus campus needs at least \$250 million in sustainability investments to make our campus more energy efficient.
- Substantial direct support for students, faculty and staff through scholarships, internships, research and other sustainability projects.
- Energy operations that meet or exceed our already high performance standards.
- A significant upfront payment that Ohio State will employ to advance the teaching, learning and research goals being defined during our strategic planning process.

COMPONENTS

Dedicated sustainability resources:

A partner would both carry out and provide the capital funding for energy conservation measures, creating a dedicated funding stream for improving campus sustainability.

Operations: A partner would operate the utility system, most of which is outside buildings, and would be required to meet our existing high operating standards. Building operations would remain an internal university function. (See FAQ for information about employees.)

Supply: The university would continue to purchase electricity, natural gas and other sources from the open market as it does today. A partner would assist us in doing this more effectively. The university would choose our mix of energy sources as we do now.

Academic Collaboration: A partner would provide direct support for scholarships, internships, research support and other investments to support teaching, research and learning.

OUR THREE-STAGE EVALUATION PROCESS

RFQ
(Feb. 2015 – June 2015)
Goal: Qualify partners to participate

RFI
(Oct. 2015 – Feb. 2016)
Goal: Obtain more detailed information from teams

RFP
(April 2016 – present)
Goal: Refine project terms, obtain final bids from teams

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Frequently Asked Questions

Why do we need a private partner to help us with energy efficiency and conservation measures?

We have made progress, but it is clear that we need to address energy efficiency from a campus-wide perspective to support our commitment to sustainability. To make significant progress toward energy efficiency, the university needs to consider partnering with specialists with the technical and financial ability to move the campus forward in a single, comprehensive project.

What effect will this have on rates?

The project has been designed to start with about the same energy costs as what we have now, with incentives to increase energy efficiency over time. The variable going forward is the amount of investment in energy conservation measures and overall university energy infrastructure. A partner would fund those upfront, but the cost would ultimately be passed along to the university in the utility fee. That would be true regardless of whether the university was making those investments or a partner was. To mitigate the risk of overspending, the university would retain decision rights over all capital projects. That means we would decide how many and which projects a partner can take on. The partner will be required to demonstrate with any energy conservation project how it would benefit us both in sustainability and in reducing energy costs – a factor that should justify any new capital investments.

How has the university been consulted throughout this process?

Three groups of faculty, staff and students are providing advice on sustainability, technical details and other aspects of the project. Presentations have been made to governance committees and updates provided through campuswide emails and the project website (osu.edu/energymanagement).

How would this project encourage energy efficiency projects?

A partner would be required to meet sustainability goals related to energy, including the requirement for a 25 percent improvement in energy efficiency within 10 years. The partner would earn a return on capital investments it makes on our campus, not on our energy usage. While the partner would help us buy electricity, natural gas and any other sources we want, the partner would not profit from the purchase of those energy supplies. In fact, we would be buying them directly – the partner would assist the university in the deal and would not earn a commission. This puts all the incentives on well-run, efficient operations.

What would happen to employees?

- A partner would be required to interview any interested affected employees. The teams have expressed strong interest in hiring our staff.
- Any Utilities staff members who want to remain part of Ohio State would be offered a university position at salaries equivalent to their current positions. For those who choose to stay, we would work to find the best fit for their skills and experience.

This commitment applies to all Utilities employees, regardless of union status.

How would a decision be made?

Based on the feedback of the project team and advisory groups, senior leaders will decide whether to bring the opportunity to the Board of Trustees for a public vote.

BY THE NUMBERS

411

buildings on the Columbus campus

24 million

square footage of Columbus campus buildings

~ \$114 million

annual amount university spends on energy

\$250 million

estimated cost to install energy conservation measures campus-wide

\$1.7 billion

estimated cost of capital improvements for energy infrastructure over the next 50 years

30+

Number of campus groups (including students, faculty and staff) briefed on project

2014

dates of first campus meetings (October) on project