Ohio State has entered into a $1.165 billion public-private partnership that will establish the university as an international leader in sustainability while generating new resources to advance teaching, learning and research.

ENGIE North America and Axium Infrastructure, which are world leaders in energy services and sustainability, created Ohio State Energy Partners to serve the university.

How it works: On behalf of Ohio State Energy Partners, ENGIE Services operates the systems that power, heat and cool the Columbus campus and will install energy conservation measures to meet the university’s sustainability goal for energy.

What Ohio State will get: In return for a 50-year lease, Ohio State Energy Partners has paid Ohio State $1.015 billion upfront and will pay an additional $150 million (primarily upfront) in direct academic collaboration support. In addition, the consortium will put up the capital funds for and install energy conservation measures and other energy infrastructure improvements.

What Ohio State will pay: The fee structure is in line with operating costs of the existing utility system. Ohio State will pay Ohio State Energy Partners an annual utility fee that includes three elements: an operating fee to cover costs (starting at $9.2 million based on a three-year average of university costs), a fixed fee that starts at $45 million and grows 1.5 percent a year, and a financial return for any capital investments it funds at the university. Capital investments will be 50/50 equity and debt, with initial rates of 9.35 percent and 3.691 percent, respectively. Ohio State continues to buy electricity, natural gas and other energy sources directly from providers.

HIGHLIGHTS OF BENEFITS

Upfront payment: $1.015 billion

Initially, the proceeds will be invested into Ohio State’s endowment, dedicated to priorities being finalized in the university’s strategic plan. These are areas of investment:

• Student financial aid
• Compensations enhancements for faculty and staff to support competitiveness with academic peers
• Classrooms, research labs, and performance and arts spaces
• A fund to enhance sustainability efforts
• Other strategic initiatives

Academic collaboration: $150 million

• $50 million to create the Energy Advancement and Innovation Center, which would help technologies make the leap from R&D to commercial success
• $25 million for student financial aid (on top of upfront funds)
• $5 million for 500 internships
• $9.5 million for faculty positions
• $20 million for sustainability curriculum and initiatives; and staff development
• $40.5 million for university philanthropy

Sustainability improvements: $250 million (estimated)

Using its own capital funds, Ohio State Energy Partners will install campus-wide upgrades to improve our energy efficiency by 25 percent within 10 years.