

## Guaranteed Energy Performance Contracts

Guaranteed energy performance contracts involve the evaluation, recommendation and implementation of Energy Conservation Measures (ECMs). Payments for the identification, design, and installation of these measures are made over time from the energy savings generated, which are guaranteed to exceed the costs of the contract. ECMs could include the design, installation of equipment, repair and/or replacement of existing equipment. State law limits the term of the financing contract to 20 years or less. The University is authorized to execute and deliver, on behalf of the State of North Carolina, a contract to finance the costs of energy conservation measures. Currently the aggregate amount payable by the State, for all state projects under Energy Performance Contract (EPC) financing, is statutorily limited to not exceed one hundred million dollars (\$100,000,000) at any one time.

The EPC process includes a request for proposal, a short listing, and selection from state certified Energy Service Companies (ESCOs), and an investment grade audit provided by the ESCO. If the audit results are within 10% of the preliminary estimated savings, the institution can decide to proceed to request authorization from the Board of Governors. If the campus decides not to proceed and the results are within 10%, the ESCO shall be reimbursed for reasonable cost the ESCO incurred to conduct the audit.

In May 2005, the Board of Trustees of the University of North Carolina at Greensboro requested authority to establish a new capital improvement project, Guaranteed Energy Savings Project, which included four buildings. The project is nearing completion and savings will be monitored, tracked, and reported when available.

Currently, Appalachian State University (ASU), North Carolina State University (NCSU), the University of North Carolina at Asheville (UNCA) and Western Carolina University (WCU) are in the process of requesting proposals for energy performance contracts. The University of North Carolina at Wilmington (UNCW) is positioned to proceed with the investment grade audit, which will determine the scope and potential energy savings.

The majority of the remaining campuses are identifying possible project opportunities, applying to the State Energy Office, selecting owner's representatives to guide them through the process, or preparing a request for proposal. Specifically, East Carolina University (ECU) and North Carolina A&T State University (NCA&T) are identifying potential projects; North Carolina Central University (NCCU) is in process of obtaining an owner's representative; Elizabeth City State University (ECSU) has selected an owner's representative to assist them through the process; UNC Chapel Hill (UNC-CH) has implemented a large number of energy and water savings measures through a comprehensive sustainability program and plans to move forward on this contracting mechanism once the campuses are enabled to retain the savings; and the North Carolina School of Science and Math (NCSSM) is working with the State Energy Office to determine how the process would work for their campus. Finally, the University of North Carolina School of the Arts (UNCSA) and Fayetteville State University (FSU) plan to hire an Energy Manager to develop and manage the Energy Performance Contract, and the University of North Carolina at Charlotte (UNCC) is developing a request for proposal for an Energy Performance Contract.