

TOPIC: University of Maryland, College Park: Five-Year Energy System Operation and Maintenance Agreement, and Overview of Long-Term Energy System Renewal and Operational Plan

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: January 25, 2018

SUMMARY: The University's energy system is operated and maintained through two contracts with the Maryland Economic Development Corporation (MEDCO). The first, a ground lease agreement, expires in 2029. The second, an Energy Services Contract, may not be extended beyond its expiration in September, 2019. In addition, MEDCO has a Management, Operations and Maintenance Agreement with College Park Energy; this contract expires in September, 2019 and may not be extended.

The University plans, through MEDCO, to solicit a short-term replacement management operating agreement to allow time to develop a long-term energy system renewal and operational project.

The University proposes to move forward with a five-year agreement (2019-2024), expected to be in the range of the current average of \$6,500,000 annually plus a contingency for maintenance and repair of aging systems.

An RFP is expected to be issued in the spring and the University will return to the Board of Regents for action in fall, 2018.

ALTERNATIVE(S): There are none. An energy services operating agreement is essential and the current agreement may not be extended.

FISCAL IMPACT: Annual operating costs are expected to be in the range of the current average of \$6,500,000 annually plus the costs of any needed maintenance and repairs.

The estimated program cost is \$6,500,000 annually for 5 years (\$32,500,000), plus contingency for maintenance/repairs (amount to be determined).

CHANCELLOR'S RECOMMENDATION: This item is presented for information purposes.


COMMITTEE RECOMMENDATION: ACCEPTED FOR INFORMATION

DATE: 1/25/18

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



**Board of Regents Update
NextGen Energy System Program
Executive Summary**

January 25, 2018



Agenda

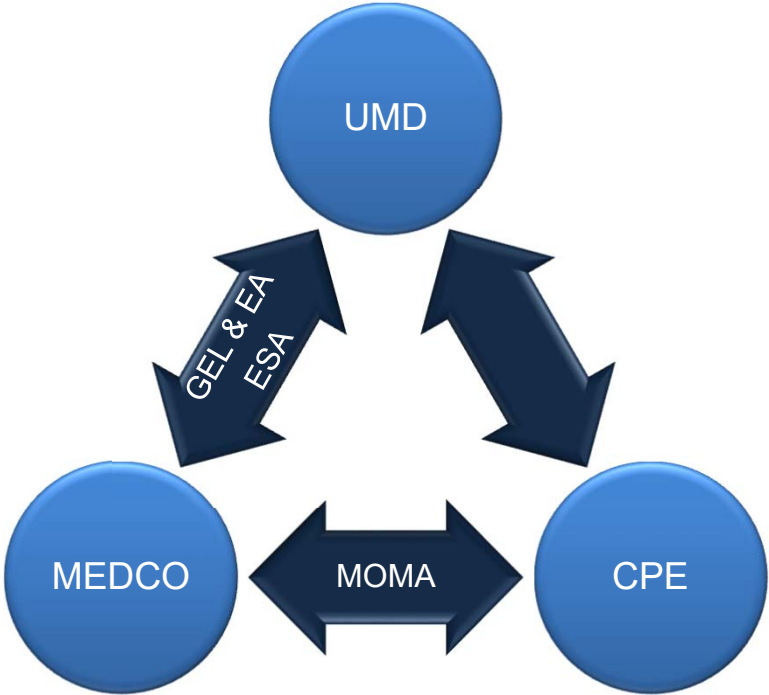
- Current Energy System Agreement Structure
- Driving the Need to Renew Energy System
- NextGen Energy System Program Scope
- NextGen Energy System Program Timeline
- Current & Interim Energy Systems Program Timeline

Current Energy System Agreement Structure

Energy & Utility Infrastructure was renewed in 1999

Contractual Agreements amongst parties:

Agreement	Expiration
Ground & Equipment Lease Agreement (GEL)	June 2029
Easement Agreement (EA)	June 2029
Energy Services Agreement (ESA)	August 2019
Management, Operations and Maintenance Agreement (MOMA)	August 2019



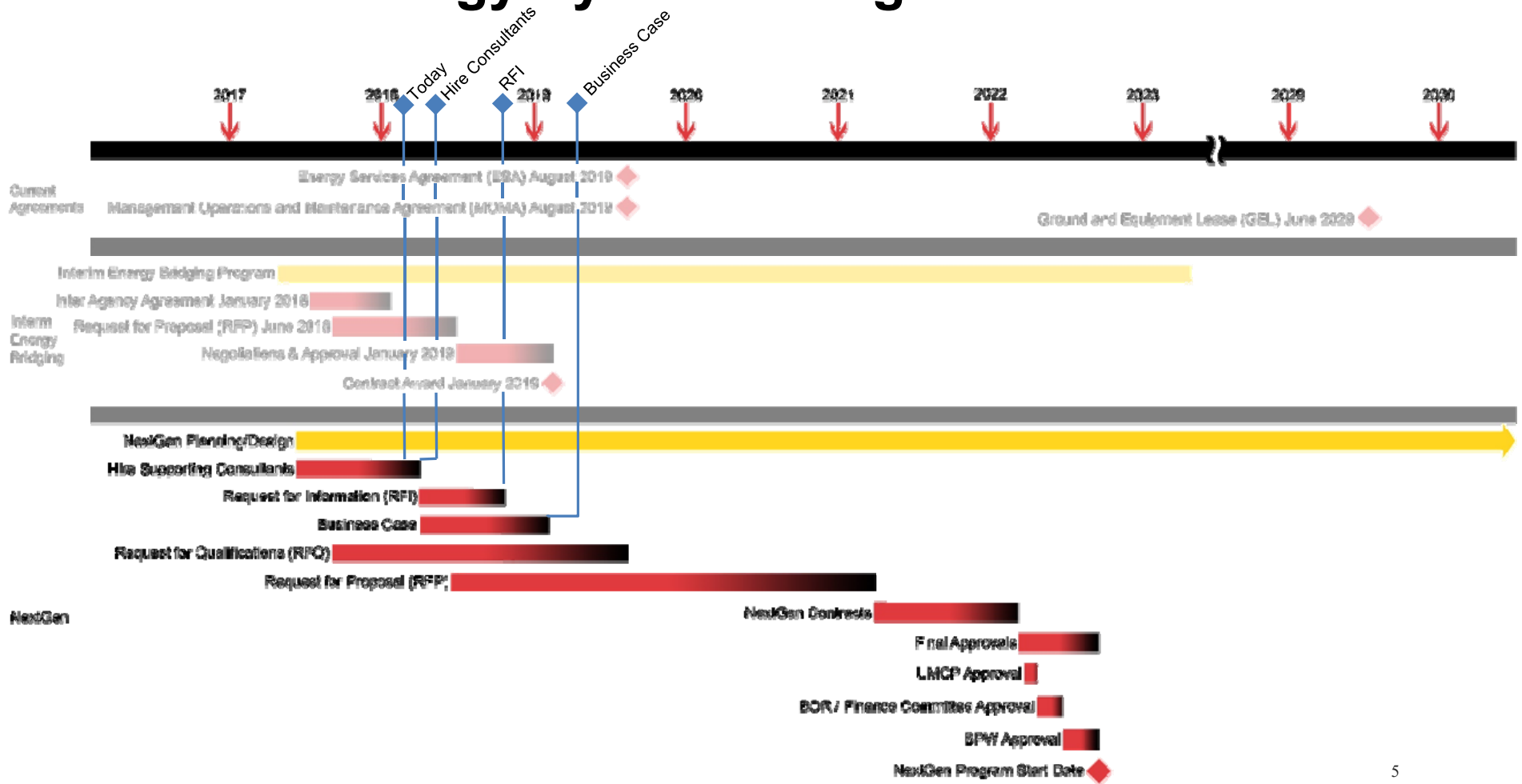
Driving the Need to Renew Energy System

- Central Energy Plant (CEP) GE Combustion Turbines
 - Past Operational Life
 - Unreliable and not supported by manufacturer
- Utility Conditions Assessments performed in 2016:
 - Existing CEP requires major capital infusion
 - Steam Distribution system losses (29% of supplied steam)
 - 40% of the steam distribution system is 30 years beyond life expectancy

Develop NextGen Energy System Program Scope

- Repower central energy plant
- Renew thermal distribution system
- Deploy assets that will have value beyond the end of NextGen contract
- Install controls upgrade to add resiliency and reliability
- Optimize plant controls to achieve energy savings.
- Deliver renewable energy strategies.

NextGen Energy Systems Program Timeline



Current & Interim Energy System Program Timeline

