

May 26-27, 2021

**ITEM 194-1501-R0521**

**Request for Authorization to Execute an Energy Performance Contract for LED Lighting Upgrades on the Montana Tech campus and Highlands College.**

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**THAT**

Consistent with provisions of MCA 90-4-1101, MCA 90-4-1103 and in accordance with Board of Regents Policy 1003.7, the Board of Regents authorizes Montana Technological University to proceed with an Energy Performance Contract to execute a campus wide LED lighting upgrade for its main campus and for Highlands College, with costs not to exceed \$2.5 million.

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**EXPLANATION**

On March 25, 2021, the Chancellor of Montana Technological University authorized Montana Tech to contract for an investment grade energy audit that would focus, specifically, on upgrades to all campus lighting. The cost of this investment grade audit is \$20,000. The audit will result in a defined set of energy conservation objectives for which Montana Tech intends to enter into an energy performance contract as authorized by MCA 90-4, Part 11.

Montana Technological University followed statutory and Department of Environmental Quality processes and selected Ameresco Engineering Services Company, as the Energy Services Contractor to perform the energy audit and the eventual energy conservation work under an Energy Performance Contract.

The scope of this project will look at upgrades to all campus lighting, and will include, interior lights and fixtures within the buildings, as well as, all exterior lights and fixtures. Where needed, this project will not only upgrade lighting technology to energy efficient LEDs, but will also provide upgrades to dated and inconsistent fixtures.

Montana Tech expects to finance this project through options made available by the Energy Service Contractor. The proposed financing structure would result in monthly payments of approximately \$15,000 over 15 years. The incremental expense would be offset entirely through energy savings during the first 8 years and would be cash flow positive for the final 7 years of the term. Estimated payback from the investment is expected to be 12 years. This item further authorizes Montana Technological University to negotiate the financial agreements necessary to execute the project.

An ESCO, or Energy Service Company, is a business that develops, installs, and arranges financing for projects designed to improve the energy efficiency and maintenance costs for facilities over an established time period. ESCOs generally act as project developers for a wide range of tasks and assume the technical performance risk associated with the project. ESCOs provide a turnkey service. The ESCO will be the party responsible for designing, implementing, and measuring the results of the energy performance contract project. The ESCO can make a variety of recommendations of possible retrofit measures specific to each client's needs.

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**ATTACHMENTS**

Attachment #1: Ameresco Energy Performance Project Summary.