AGENDA ITEM SUMMARY

1. NAME OF ITEM: Multi-Campus Power Purchase Authorization

2. INITIATED BY: James H. Page, Chancellor

3. BOARD INFORMATION: BOARD ACTION: X

4. BACKGROUND:

The University of Maine System under Policies 701 and 801 is pursuing new thermal energy agreements at as many as four campuses through the Systemwide Energy Team.

The initiative specifically seeks to use alternative contracting approaches to assist multiple campuses in converting existing heating oil consumption to economically advantageous natural gas or related products even in the absence of a natural gas pipeline. Using a thermal energy agreement approach will allow private partners, rather than the University, to make the initial capital investments that may be necessary to accomplish the conversion.

The core goals are to maximize energy savings and to minimize the need for initial capital investment by the University. Additional benefits, such as an improved environmental footprint, also are possible. Current expectations indicate the project could cost-effectively displace as much as 200,000 gallons of heating oil.

This initiative ultimately may generate agreements that involve capital projects valued at more than $500,000 and leases sufficient in scope to require Board review. In certain circumstances, the Board would approve such a capital project before it is advertised for public bidding. In this case, the contracting process is different and information sufficient to present any particular project to the Board will not be available until after the initiative solicits proposals from private sector partners. Consequently, approval to proceed to that point is being requested.

The campuses directly involved at this project are the University of Maine at Presque Isle, the University of Maine at Machias, the University of Maine at Augusta and the University of Maine at Farmington.

The University of Southern Maine and the University of Maine already use or are in the process of converting to natural gas or related products. The University of Maine at Fort Kent is in the process of converting nearly all of its energy to biomass. All campuses have participated in the dialogue that has resulted in the initiative coming forward.
5. TEXT OF PROPOSED RESOLUTION

At its October 30, 2012 Finance/Facilities Committee meeting, the Committee approved the following resolution for submission to the Consent Agenda at the November 4-5, 2012 Board meeting:

That the Board of Trustees authorizes the thermal energy initiative to proceed in principle contingent on the return to the Board of any specific project that would warrant further specific consideration by the Board per Policy 701 or 801.

10/25/2012