

ITEM 147-1001-R0510

Energy Services Contracts; The University of Montana – Missoula

THAT

Pursuant to new legislation passed in HB 98 of the 61st legislature, and in collaboration with the Montana Department of Environmental Quality, The University of Montana is in the initial stage of selecting an energy service company (ESCO) to assess the feasibility of constructing a state-of-the-art biomass thermal system to augment the current campus steam plant.

EXPLANATION

The proposed biomass thermal system could reduce by more than 50% the amount of natural gas currently consumed by the central steam plant. The biomass plant will also reduce greenhouse gas emissions derived from fossil fuels by over 9,500 tons per year, approximately 22% of UM's total CO2 emissions.

After a qualified/experienced ESCO firm has been selected, a technical analysis of the proposed project will be done to determine the appropriate biomass thermal technology, plant design and the potential for cost savings. UM will negotiate the price and scope of this analysis with the ESCO. Once a firm cost is known, the University will present the results of this analysis at the July 2010 BOR meeting. While a firm estimate of project cost is not yet available, similar scale biomass systems cost in the range of \$9 -12 million.

If UM and the BOR decide to pursue the project further, UM will present the final scope of work and services, as well as the preferred option for project financing, for approval at the September 2010 BOR meeting. If it is determined that University bonds should be issued to finance this project, the Board should anticipate that a resolution approving the issuance of bonds will be part of overall project approval.

ATTACHMENTS

Background Information