

FACILITIES DESIGN & CONSTRUCTION
OFFICE OF ENERGY MANAGEMENT



UTILITY SERVICES,
REPORT ON LONG-RANGE
PLAN 2014

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INTRODUCTION

The objective of the Office of Energy Management (OEM) program is to identify and implement strategies for state-owned building inventory to reduce utility consumption and by doing so, achieve energy and other utility savings while maintaining a healthy, comfortable working environment. OEM is also responsible for procurement of utilities and their reliability to support state owned facilities.

The purpose of this report is to outline the long range utility services plan to ensure reliability and cost effectiveness of these services.

DESCRIPTIONS OF CURRENT CONTRACT GOALS AND STRATEGIES FOR LONG TERM PROCUREMENT OF UTILITIES

The power reliability is an important consideration for TFC Office of Energy Management. TFC manages and provides utilities for Capitol of Texas governmental office buildings plus several other governmental agencies that rely on TFC for their facility management support. In addition to office buildings, TFC also directly manages several laboratories, HVAC central plants, and data centers that have critical operational needs as well as a small number of miscellaneous facilities such as a childcare center, cemetery buildings and warehouses. The goal for TFC is to provide state employees with comfortable space to work and prevent work disruption, therefore utility reliability and quality is critical in achieving this goal.

All facilities needed to provide utilities to State Capitol and supporting offices around the capitol (Capitol Complex) are managed by TFC. In addition to Capitol Complex, there are several other facilities in central and north Austin that are also managed by TFC, namely; Department of Health, Deaf School, Blind School, and TCEQ. Outside of Austin, TFC manages and purchases utilities for several state buildings as well. These buildings are located in various major Texas cities.

Utility services for all other facilities, leased by TFC for the state, are purchased and provided by the building owner as part of the lease agreement and are not procured by TFC directly.

- **Current contract and future plan for procurement of electricity including time frame, sources(s), type(s) of contracts:**

All facilities located in greater Austin area are serviced by Austin Energy and are inside the regulated areas. TFC does not have the option of selecting the electrical utility provider.

Current contracts with Austin Energy are relegated to paying standard commercial electric utility rates on the majority of the accounts. The exception to this is a long term contract on the accounts for which the electric demand is 500 kilowatts or larger. The rates on this contract are favorable and competitive, but this contract will expire at the end of May 2015. Current indications are that the long term contract accounts will transition over to standard commercial rates upon expiration of the contract. This will have a significant economic impact to the State's utility budget. In addition to regular inquiries and conversations with Austin Energy, TFC has communicated this issue to the Senate Committee on Governmental Organization. We are hopeful that the current discounted rate will be extended by Austin Energy but in case the rate will increase, TFC has requested additional funds as an exceptional item in the next biennium.

In the summer months, TFC participates in a non-binding load cooperative contract with Austin Energy that encourages implementation of energy curtailment measures during peak demand periods upon notification from Austin Energy. This program has multiple benefits for the State:

- Performance based rebates measured according to the degree of energy reduction achieved as compared to a baseline consumption
- Reduction in energy consumption and corresponding costs
- The higher frequency of Austin Energy curtailment requests allows for a rehearsed and more effective response

to ERCOT curtailment notices that will coincide with Austin Energy requests and coincidentally reap the benefits from the rebates

- Promotes on-going diagnostics of HVAC, electrical and controls systems
- Contributes to the overall reliability of the electrical grid

Facilities located outside of greater Austin are in the deregulated area and TFC uses the existing utility distribution system but purchases the electricity on the open market. These contracts are normally renewed every calendar year with input and help from State Energy Conservation Office (SECO) and the state utility procurement and bill processing vendor, ECOVA Inc.

All Critical facilities have electrical backup generators that are maintained by TFC staff and tested by outside vendor every calendar year. The vendors are selected using state procurement guidelines.

- **Current contract and future plan for procurement of natural gas including time frame, source(s), type(s) of contract(s):**

TFC has a contract with GLO (General Land Office) to purchase natural gas and uses the local distribution company to deliver gas to the facilities (in Austin the local distribution company is Texas Gas Service). In the past, TFC has collaborated with GLO on decisions to lock in gas rates for various periods of time or to ride the market. These strategies are most often employed over the winter months when demand drives the market price up. Currently, the abundance of natural gas extraction has consistently driven the market price down thus influencing TFC's existing strategy to not lock in on long term rates. TFC's current agreement with GLO is to purchase natural gas based on the market price at the time of the use. Recent history proves this strategy results in less expensive natural gas commodity cost in the long run.

- **Current contract and future plan for procurement of water and sanitary sewer including time frame, source(s), type(s) of contract(s):**

TFC uses the local municipal water/waste water utility company to purchase water and sewer services. There are no other cost effective alternatives. There is, however, opportunity in the near future to utilize City of Austin's (COA) emerging reclaimed water utility to reduce costs of secondary water uses such as irrigation and toilets. TFC has had multiple meetings with COA's water utility on the installation of reclaimed water mains coming to the edge of the capitol complex. While differentiated piping within buildings is currently considered to be cost prohibitive, conversion to reclaimed water for irrigation is a much more feasible approach. As the plans for the utility mains continue to develop, TFC continues to consider the prudent use of this secondary water source.

- **Current contract and future plans for self-generation or self-distribution:**

There are no current plans for self-generation or self-distribution in any of the TFC managed facilities. Historically self-generation and self-distribution of utilities found to be cost prohibitive. This was confirmed through a study TFC conducted on the cost analysis for a combined heating and power generation plant for the capitol complex in 2012. The study revealed that while self-generation could not be economically rationalized, self-distribution did provide marginal benefits and a long term return on investment. TFC's 2014-15 Exceptional Item Appropriation Request for centralizing thermal and electric utilities on the capitol complex was not approved. TFC will continue to promote the centralized utility concept for the capitol complex and consider self-generation for all major renovations and new construction as an alternative.

CONCLUSION

TFC is committed to continue identifying and implementing practical ways of managing resources with a focus on continuous improvement. TFC strives to provide the highest quality facilities and utility services to state agencies with a commitment to fiscal responsibility and stewardship of resources.

TFC Office Energy Management is responsible for managing utility contracts and future utility procurement, reliability and cost effectiveness. Most of the facilities under management of TFC are located in the regulated electricity area (city of Austin) and most other utilities are provided by local municipality so there is little opportunity to pick and choose providers.

TFC only has a choice of providers in the deregulated electric market outside of Austin which represents small portion of TFC portfolio. For these facilities TFC uses the state procurement guidelines to find the most cost effective electric providers.

Unfortunately utility self-generation and distribution are currently not a cost effective option but TFC will consider this alternative for its future major projects.