

# Case study

# Tennessee Energy Initiative

## State of Tennessee



## Background

The Tennessee Energy Initiative (TEI) was started in the State's Department of Finance and Administration with the purpose of retrofitting all 60 million square feet of state owned space in 15 years. The goal of the TEI is to reduce energy consumption, utility costs and deferred maintenance in state facilities; report economic and environmental impact annually; and provide training to agency facility staff in energy efficient operations.

Tennessee state building space is divided into four segments: University of Tennessee System, Tennessee Board of Regents System, Facility Revolving Fund buildings and General Government Agencies. Energy saving performance contracts have been awarded to cover all of these segments with the exception of the University of Tennessee System. In 2003, Johnson Controls Inc. was awarded an Indefinite Delivery/Indefinite Quantity performance contract with the agencies that fall under General Government.

These agencies include: Department of Correction, Environment and Conservation, Mental Health, Children Services, Commerce and Insurance, Agriculture, Labor, Safety, Military, Transportation, Revenue and the Tennessee Bureau of Investigation. The contract is scheduled to run seven years for installation, with the performance period extending out to 15 years. In addition to applicable energy savings, cost avoidance and operational savings may be used to fund the projects.

The Department of Correction and the Department of Environment and Conservation are the two leading agencies to participate. Johnson Controls has done site surveys at all

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19 Department of Correction facilities and is conducting site surveys at some of the state's 54 parks. A needs analysis was conducted with the Department of Correction to develop key success factors for the project. Similarly, a needs analysis will be conducted with the Department of Environment and Conservation and the other agencies involved in future projects.

## Benefits

The magnitude of opportunity in the Department of Correction alone is estimated at \$20-\$25 million in savings over the 15-year period. The performance contract with Johnson Controls allows the state to accomplish upgrades to facilities while having more control of the products and vendors used.

Overall the Tennessee Energy Initiative will provide the following benefits to state agencies:

- Reduced energy costs, making savings available for other high priority needs
- Improved maintenance of state facilities
- Reduction in emergency repairs and unscheduled maintenance
- Increased environmental awareness by state employees and clients