



Report Highlights

Energy Efficiency Contracts 2022

Monitoring and Cost Saving

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Why We Conducted This Audit

We conducted this audit because state law [Louisiana Revised Statute 39:1622(E)(2)] requires the Louisiana Legislative Auditor to conduct periodic performance audits on each performance-based energy efficiency contract entered into by state agencies in effect on and after January 1, 2010. The purpose of this audit was to determine if the energy service companies conducted their monitoring activities and achieved the cost savings required by their contracts as of June 30, 2022.

What We Found

We found that as of June 30, 2022, there were two energy efficiency contracts in effect. The following table provides a summary of these contracts, which includes Southeastern Louisiana University (SELU) and the Louisiana Department of Corrections (LADOC).

| State Agency | Energy Service Company | Contract Initiation | Contract Length | Performance Commencement Date* | Total Cost | Total Guaranteed Savings | Projected Net Savings** |
|--------------|-------------------------------|---------------------|-----------------|--------------------------------|--------------|--------------------------|-------------------------|
| SELU | Honeywell International, Inc. | December 19, 2001 | 20 Years | November 1, 2003 | \$12,141,955 | \$12,581,651 | \$439,696 |
| LADOC | Johnson Controls, Inc. | September 22, 2011 | 16 Years | July 1, 2013 | \$38,800,538 | \$36,817,716 | \$-1,982,822 |

* The performance commencement date is the first day of the month after the month in which all equipment is installed and commenced operating per the contract.

** Projected Net Savings does not take into account actual savings in excess of the guaranteed savings. The negative projected net savings for the LADOC-Johnson Controls contract is a result of LADOC incurring costs prior to the closure of three facilities before related savings could be achieved.

Source: Prepared by legislative auditor’s staff using information from SELU - Honeywell and LADOC - Johnson Controls.

Monitoring

- Johnson Controls, Inc. and Honeywell International, Inc. conducted all monitoring activities required by their contracts.

Cost Savings

- Honeywell International, Inc. exceeded the annual savings guarantee for Year 19 of the SELU contract through October 2022. Year 19 is the last year in the contract term.
- Johnson Controls, Inc. exceeded the annual savings guarantee for Year 9 of the LADOC contract through June 2022.

View the full report at www.la.gov.