


December 11, 2024

TO: Members of the Board of Trustees 

FROM: Jeffrey P. Geoghegan, CPA
Executive Vice President for Finance & Chief Financial Officer

RE: Authorization to Execute Firm Electricity Purchase Contracts Resulting from
Competitive Pricing Solicitation

RECOMMENDATION:

That the Board of Trustees authorizes the Administration to execute contracts with a third-party electricity supplier for the purchase of electricity and attributes for the Storrs, Regional (excluding Avery Point), and Health Center campuses for up to five (5) years not to exceed \$30 million per year.

BACKGROUND:

In 2020 the University and Connecticut State Colleges and Universities Board of Regents (CT BoR) utilized a Connecticut Department of Administrative Services contract authorizing reverse energy auctions to lock in favorable and firm electricity and attribute rates through April 2025. This followed previous successful reverse auctions in 2016, 2013, and 2009 when the University, CT BoR and other state agencies utilized a Connecticut Department of Administrative Services contract authorizing reverse energy auctions to lock in favorable and firm electricity and attribute rates from third-party suppliers. The Connecticut Department of Administrative Services contract authorizing reverse energy auctions has expired, which requires competitive pricing solicitation.

The University and UConn Health plan to participate in a competitive pricing solicitation prior to the April 30, 2025, expiration of this contract to determine whether they can again lock in favorable and firm electricity and attribute rates through 2030 from third-party suppliers. Should the reverse auction fail to yield favorable pricing terms, attributes will be acquired by a separate solicitation and electricity will be purchased via the standard or "last resort" offers provided through the local distribution companies, subjecting the University to seasonal price volatility and potentially higher annual costs overall.



FY 2026 ENERGY BUDGET

University of Connecticut



NOVEMBER 2024

The Health Center's FY 2026 energy budget totals **\$18.8 million**.

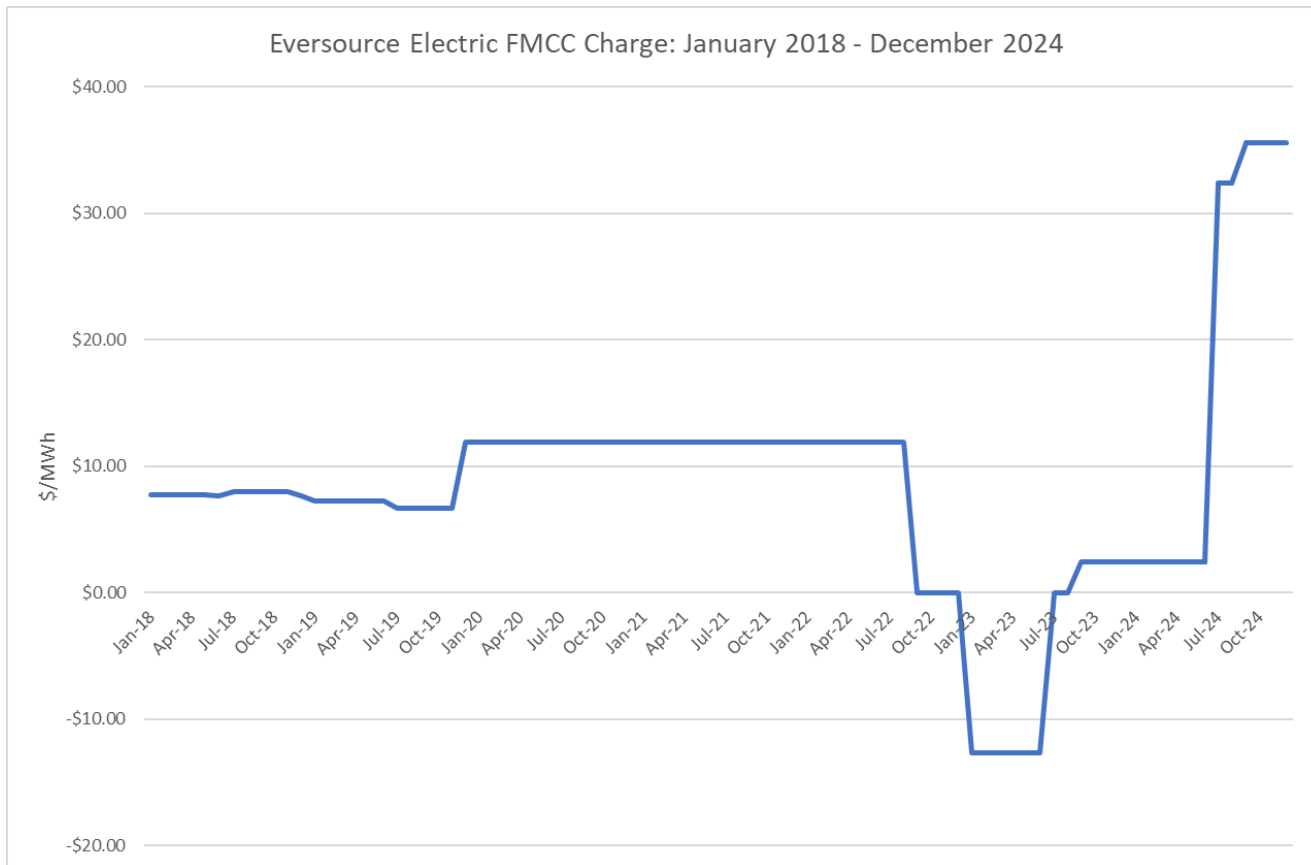
The total represents a 20% increase over the FY 2025 Rev1 budget total (\$15.5 million).

The total represents a 50% increase over the three-year rolling average of actual cost (\$12.4 million).

UCH Energy Costs (Actuals & Budget Forecast): FY 2022 – FY 2026

Cost Category	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Rev1 Budget	FY 2026 Rev0 Budget
Natural Gas Supply	\$1,830,928	\$2,397,743	\$1,315,322	\$1,642,552	\$1,694,504
Natural Gas Delivery	\$672,914	\$649,608	\$772,640	\$777,328	\$841,822
Grid Electricity Supply	\$5,456,703	\$5,288,591	\$5,397,115	\$5,600,823	\$7,891,441
Grid Electricity Delivery	\$4,689,241	\$4,169,457	\$4,557,351	\$7,472,602	\$8,325,149
Total Energy Cost	\$12,650,571	\$12,505,399	\$12,042,428	\$15,493,305	\$18,752,915

ASSUMPTIONS | Eversource Electric FMCC



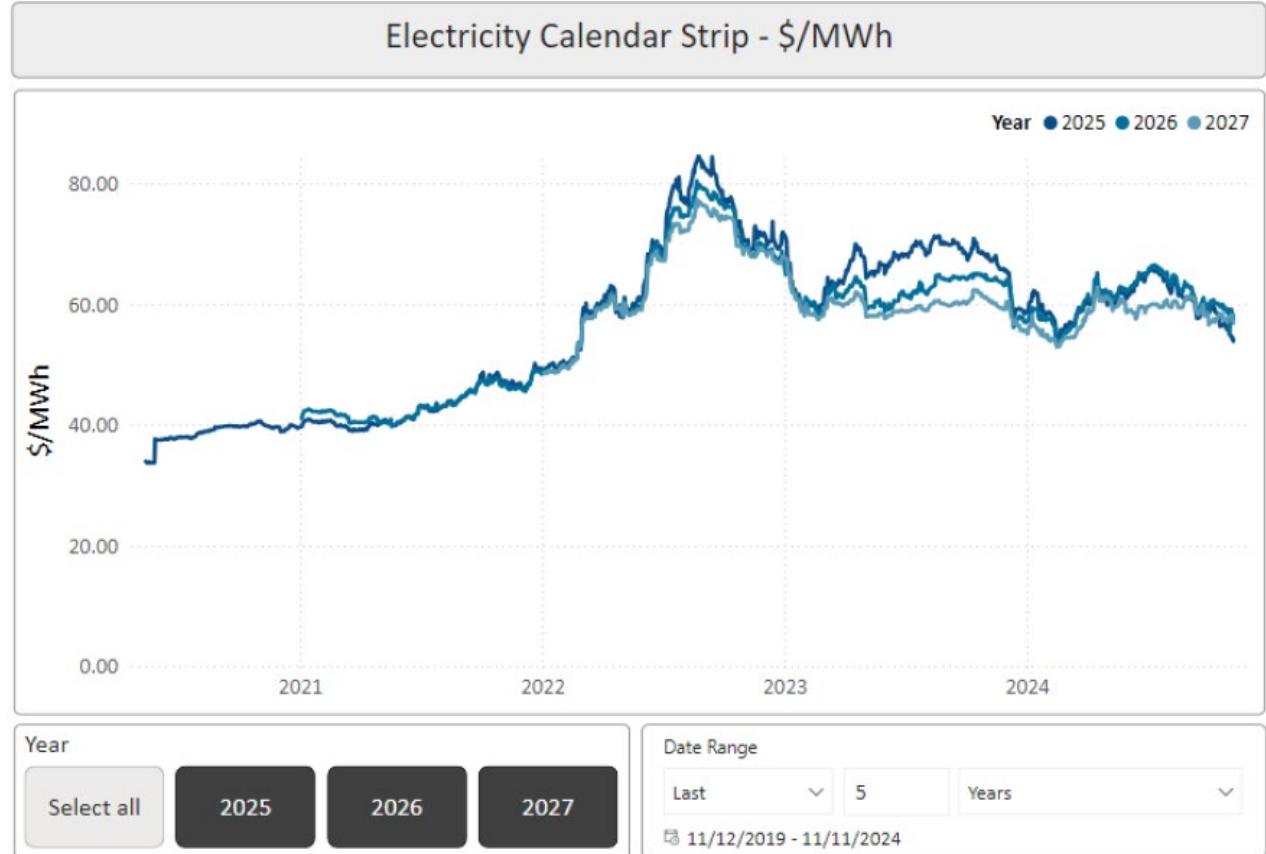
← **Rev0 Budget
(Nov 2024)**

} **\$5/MWh change
= \$400,000/year**

ASSUMPTIONS | Electric Supply Pricing

The Health Center's four-year electric supply contract with Constellation runs through April 2025.

We have projected a nearly 50% increase in the new price for FY 2026, rising from \$68.10 per MWh to **\$100 per MWh.**



ASSUMPTIONS | CNG Gas Supply Pricing

Average Annualized
CNG Default Supply

FY21: \$3.83 per MMBtu

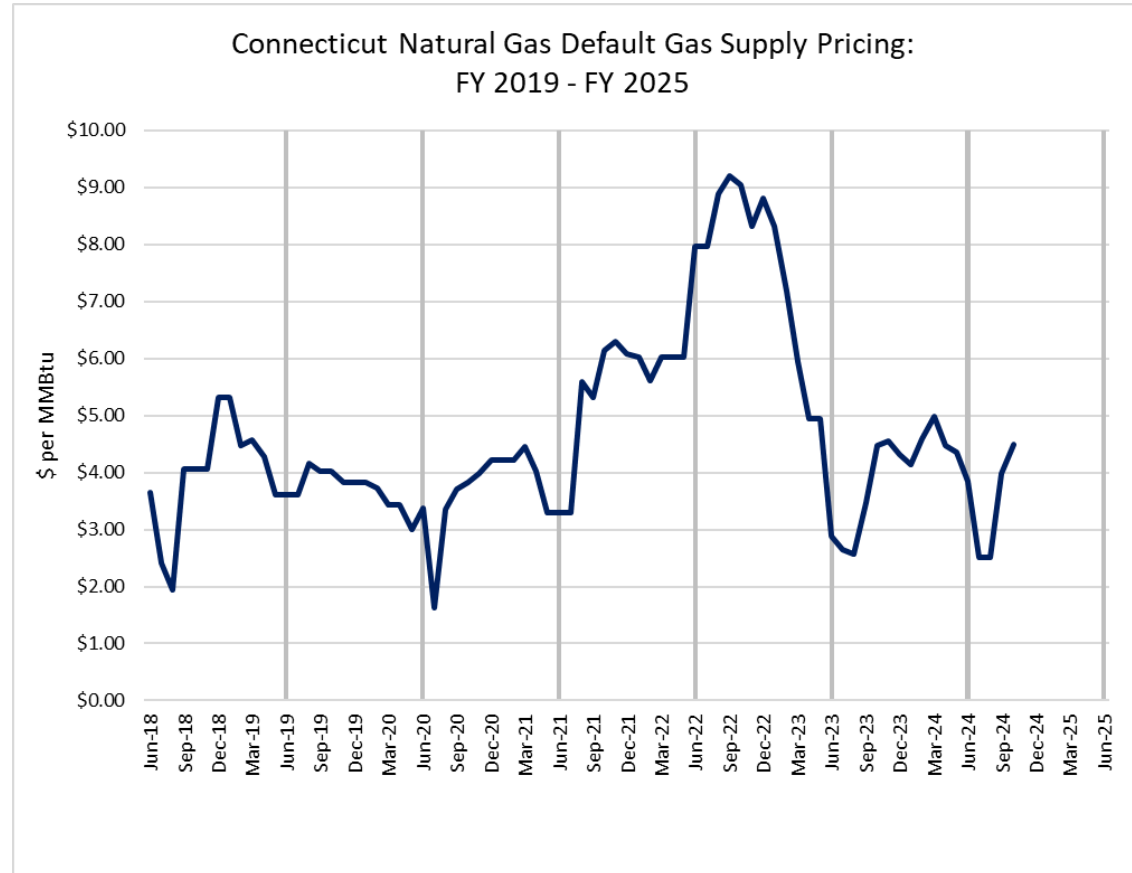
FY22: \$5.60 per MMBtu

FY23: \$7.59 per MMBtu

FY24: \$4.11 per MMBtu

FY25 Rev1: \$5.20

FY26 Rev0: \$5.41



The Health Center's FY 2026 energy budget totals **583,000 MMBtu**.

The total represents a 2% increase compared to actual use in FY 2024 (573,000 MMBtu).

The total represents a <1% reduction from the three-year rolling average of actual use.

UCH Energy Usage (Actuals & Budget Forecast): FY 2022 – FY 2026

Usage Category	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Budget Rev1	FY 2026 Budget Rev0
Electricity (kWh) Main Account	68,207,990	66,373,440	62,627,910	67,290,715	67,000,675
Electricity (kWh) Other Accounts	11,919,811	11,285,745	11,624,879	11,906,640	11,913,734
Gas (MMBtu) Main Accounts	255,638	247,569	245,135	250,163	245,394
Gas (MMBtu) Other Accounts	71,342	61,814	74,895	66,127	68,001
Total Energy Use (MMBtu)	600,376	574,356	573,381	586,511	582,651

The broader UCONN FY 2026 energy budget totals **\$24.2 million**.

The total represents a 7% increase over the FY 2025 Rev1 budget total (\$22.6 million).

The total represents a 2% increase over the three-year rolling average of actual cost (\$23.7 million).

UCONN Energy Costs (Actuals & Budget Forecast): FY 2022 – FY 2026

Cost Category	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Rev1 Budget	FY 2026 Rev0 Budget
Natural Gas Supply	\$10,358,310	\$16,370,881	\$13,390,774	\$10,941,396	\$11,144,823
Natural Gas Delivery	\$2,529,809	\$2,079,849	\$2,200,380	\$2,232,103	\$2,415,253
Grid Electricity Supply	\$3,061,528	\$2,623,945	\$2,210,188	\$2,942,365	\$3,711,818
Grid Electricity Delivery	\$3,303,760	\$3,647,265	\$4,449,240	\$4,427,319	\$5,119,968
#2 Oil	\$1,207,356	\$1,251,457	\$530,921	\$1,425,839	\$1,231,883
Hartford District Energy	\$556,694	\$612,310	\$614,121	\$645,822	\$619,906
Total Energy Cost	\$21,017,457	\$26,585,707	\$23,395,624	\$22,614,843	\$24,243,650

ASSUMPTIONS | CUP Natural Gas Pricing



Average Annualized
Delivered CUP Gas

FY21: \$5.18 per MMBtu

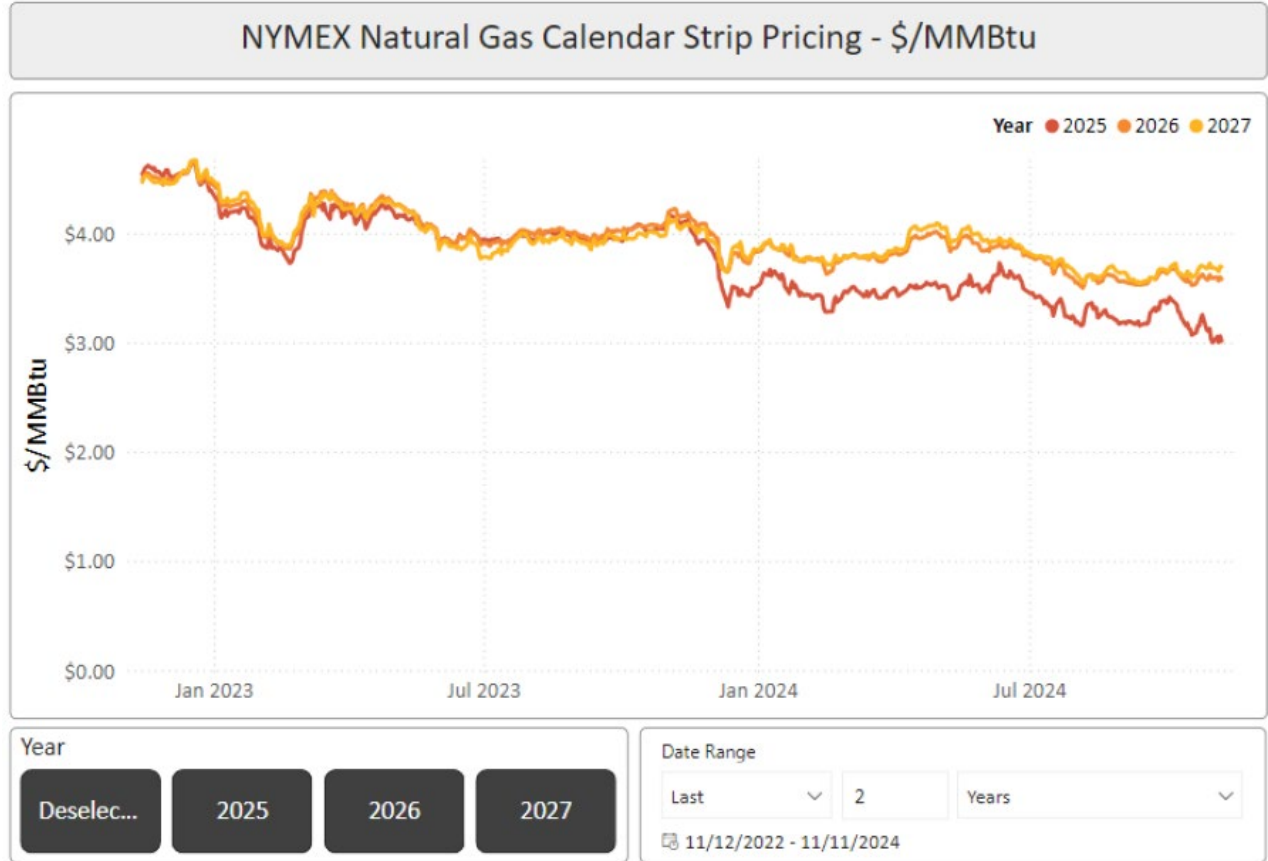
FY22: \$5.73 per MMBtu

FY23: \$8.79 per MMBtu

FY24: \$7.34 per MMBtu

FY25 Rev1: \$6.02

FY26 Rev0: \$5.99

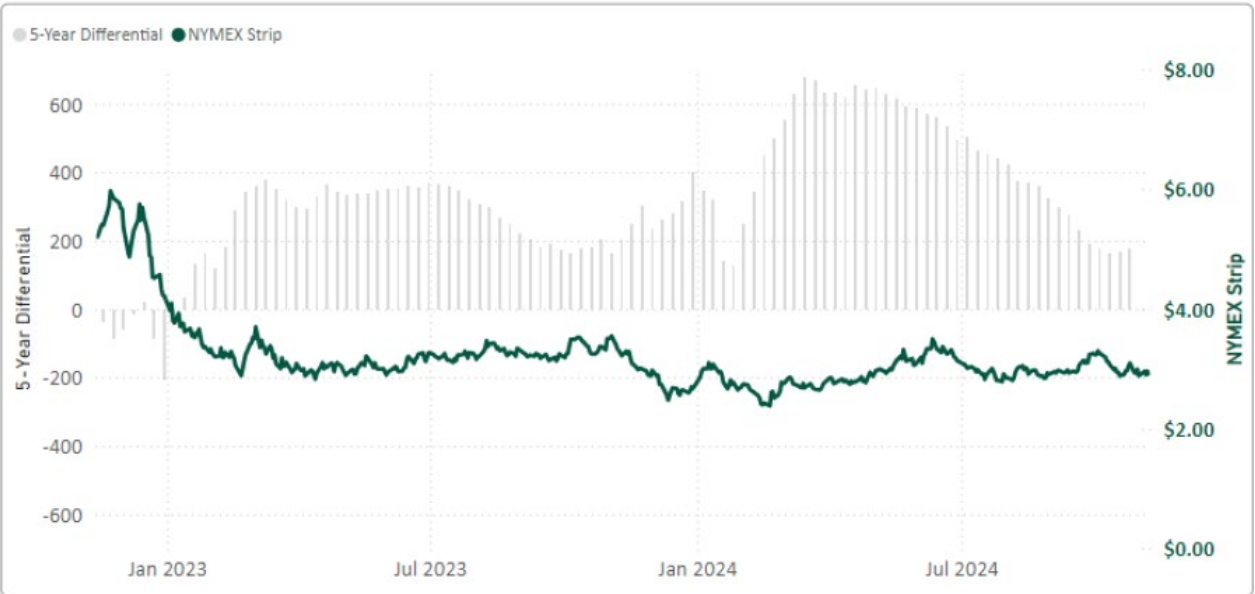


ASSUMPTIONS | CUP Natural Gas Pricing

To date, UCONN has hedged 980,000 MMBtu of gas supply for the CUP in FY 2026 at an average weighted price of \$3.47 per MMBtu.

Remaining gas volumes have been budgeted based on Tetco M3 and NYMEX futures for non-fixed gas and IS volumes respectively.

5-Year Storage Differential vs. NYMEX Rolling 12 Month Strip Futures - \$/MMBtu



NYMEX Futures Contract Options

12

24

36

Prompt

Date Range

Last

2

Years

11/12/2022 - 11/11/2024

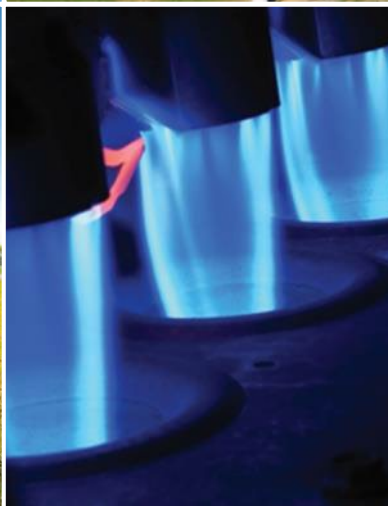
The broader UCONN FY 2026 energy budget totals **2.18m MMBtu**.

The total represents a <1% increase to actual usage in FY 2024.

The total represents a 1% increase above the three-year rolling average of actual use (2.16 million MMBtu).

UCONN Energy Usage (Actuals & Budget Forecast): FY 2022 – FY 2026

Usage Category	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Rev1 Budget	FY 2026 Rev1 Budget
Gas (MMBtu) Storrs CUP	1,665,387	1,687,385	1,725,659	1,675,148	1,692,454
Electricity (kWh) Storrs CUP	11,127,853	12,524,296	11,469,615	11,826,075	12,156,108
Oil (gallons) Storrs CUP	408,138	285,671	72,806	319,789	285,827
Electricity (kWh) Other Accounts	24,308,143	22,824,021	22,135,715	24,474,068	23,798,937
Gas (MMBtu) Other Accounts	294,429	314,030	330,993	314,289	329,974
Total Energy (MMBtu)	2,137,455	2,161,732	2,181,433	2,157,744	2,184,837



THANK YOU

