



Report Highlights

Energy Efficiency Contracts 2020 Monitoring and Cost Savings

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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, 2020.

What We Found

We found that as of June 30, 2020, there were three energy efficiency contracts in effect. The following table provides a summary of these contracts, which includes the Louisiana School for the Deaf and Visually Impaired (LSDVI), 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**
LSDVI	Johnson Controls, Inc.	May 19, 2004	15 Years	September 1, 2005	\$4,385,684	\$4,421,960	\$36,276
SELU	Honeywell International, Inc.	December 19, 2001	20 Years	November 1, 2003	\$12,141,954	\$12,581,651	\$439,697
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 the LSDVI - Johnson Controls, SELU - Honeywell, and LADOC - Johnson Controls.

Monitoring

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

Cost Savings

- Johnson Controls, Inc. did not achieve the annual savings guarantee for Year 15 of the LSDVI contract through June 2020 and paid LSDVI the \$9,343 shortfall.
- Honeywell International, Inc. exceeded the annual savings guarantee for Year 17 of the SELU contract through October 2020.
- Johnson Controls, Inc. exceeded the annual savings guarantee for Year 7 of the LADOC contract through June 2020.

View the full report at www.la.gov.