The Central Power Plant (CPP) is a highly efficient natural gas co-generation facility providing steam heat and electrical power to most central and medical campus buildings. The electricity is generated from steam that otherwise would be wasted, resulting in an overall efficiency of 80 percent that is much higher than most power plants. We propose the construction of a 12,000-gross-square-foot building addition (see graphic) to house a new 15-megawatt combustion turbine that will reduce the university’s greenhouse gas emissions by an estimated 100,000 tons per year, or halfway toward our university goal of reducing total emissions for the Ann Arbor campus by 25 percent. The project will require a State of Michigan Department of Environmental Quality air emission permit and will incorporate all appropriate pollution control technologies. We will return with additional technical information and the impact on service vehicle parking when we seek approval of schematic design.

The estimated cost of the project is $80,000,000. Funding will be provided from Utility resources. The construction cash flow may be provided, all or in part, by bond proceeds or increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Board of Regents. The architectural firm of Black & Veatch will design the project. The project is expected to provide an average of 130 on-site construction jobs. Design is scheduled to begin immediately and we will return with a construction schedule when we seek approval of schematic design.

We recommend that the Board of Regents approve the Central Power Plant Expansion project as described and authorize commissioning Black & Veatch for its design.

Respectfully submitted,

Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

March 2017
Attachment