

## **Processing Central Office Cost Center (COCC) Adjustments for an Existing Energy Performance Contract**

### **Purpose**

This provides guidance for breaking out Central Office Cost Center (COCC) utility consumption and costs from combined consumption and costs in a pre-Asset Management Energy Performance Contract (EPC).

### **Background**

Pre-Asset Management, Operating Fund utilities calculations on form HUD-52722 included all PHA-paid utilities. Under asset management, Operating Fund utilities calculations are at the project level. The COCC pays for utilities from its earned fees. Therefore, all COCC utility consumption and costs must be removed from forms HUD-52722.

COCC utility consumption/costs are not eligible for inclusion in the calculation of the PHA's/project's Utilities Expense Level (UEL). When the COCC is not located in a stand-alone building, a reasonable methodology to back out actual consumption, rolling base consumption and utility costs for the COCC from the project totals must be used. The PHA must include an explanation of this methodology as supporting documentation to the submission.

Energy conservation measures and related energy savings within an energy performance contract are maintained, calculated and reported by individual project. This requirement is consistent with 24 CFR 990.170(f)(2), which requires PHAs to keep utility records at the project level.

### **Pre-Asset Management EPC Adjustments**

PHAs must adjust Frozen Rolling Base and Add-On Subsidy incentives if COCC utilities were included in their original pre-asset management EPC approval. The following provides the process for such adjustments:

Determine if an adjustment is warranted based on the following scenarios:

- a) If the PHA does not have a COCC, no action is required.
- b) If the PHA has a COCC and no energy improvements were installed at the COCC, no action is required.
- c) If the PHA's COCC is part of a project included in an EPC, an adjustment may be necessary.

### **Frozen Rolling Base Utility Incentive**

Determine the adjustment to the Rolling Base Consumption Level (RBCL) for COCC energy conservation measures.

- a) Determine if the RBCL contains COCC consumption amounts, if yes:
- b) Calculate the adjusted frozen RBCL - Subtract the energy consumption directly connected to the COCC from the frozen RBCL.

### Add-on Subsidy Utility Incentive

Determine if the baseline consumption is utilized in calculating yearly energy savings. The baseline consumption is utilized to measure yearly energy savings if the Measurement and Verification (M&V) methodology is a measured type instead of a stipulated type. If yes:

- a) Determine if the baseline consumption contains COCC consumption amounts. If yes:
- b) Calculate the adjusted baseline - Subtract the energy consumption directly connected to the COCC from the baseline consumption.
- c) Calculate change due to COCC utility consumption – Adjusted baseline divided by total add-on subsidy consumption. Supporting documentation must be provided to the appropriate HUD Field Office.
- d) HUD Field Offices will calculate the revised add-on subsidy and provide a modified approval letter for these amounts.