



MICHIGAN STATE UNIVERSITY  
**BOARD OF TRUSTEES**  
Executive Action Summary

Budget & Finance – Attachment 3

**APPROVED**  
**APRIL 10, 2026**  
**BOARD OF TRUSTEES**  
**MICHIGAN STATE UNIVERSITY**

**Committee Name:** Budget & Finance

**Date:** April 10, 2026

**Agenda Item:** Budget Revision - Combined Heat & Power Unit and West Regional Chilled Water Plant

Information

Review

Action

**Resolution:**

BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to separate the Combined Heat & Power Unit and West Regional Chilled Water Plant project into two separate projects entitled TB Simon Power Plant – Addition 6 - Combined Heat & Power Unit, with a budget of \$185,000,000, and West Regional Chilled Water Plant, with a budget of \$145,000,000.

**Recommendation:**

The Trustee Committee on Budget & Finance recommends that the Board of Trustees authorizes the Administration to separate the previously approved project entitled Combined Heat & Power Unit and West Regional Chilled Water Plant into two separate projects and to approve revised budgets for both projects. The projects will be entitled TB Simon Power Plant – Addition 6 - Combined Heat & Power Unit with a budget of \$185,000,000 and West Regional Chilled Water Plant with a budget of \$145,000,000.

**Prior Action by BOT:** The Board authorized both planning and proceeding for the combined project entitled Combined Heat & Power Unit and West Regional Chilled Water Plant on June 28, 2024.

**Responsible Officer(s):**

Kenneth McFarlane, Associate Vice President for Strategic Infrastructure Planning and Facilities

**Summary:**

The new Combined Heat & Power Unit and West Regional Chilled Water Plant were originally approved as a single project, with authorization to proceed granted before full design completion and budget

finalization to meet Federal IRA Investment Tax Credit (ITC) deadlines. As design and procurement have advanced, ITC requirements and project costs have become more fully defined. More complete scope, market volatility in materials and labor, and the need for expedited delivery to maintain ITC eligibility have driven a budget increase that now reflects current conditions rather than preliminary assumptions. Additionally, the single project has now been separated into two separate projects to allow for ITC application and financing flexibility.

The new Combined Heat & Power Unit, renamed TB Simon Power Plant - Addition 6 - Combined Heat & Power Plant, will add electric generation capacity, restore lost steam generation capacity, and provide utility services for the new West Regional Chilled Water Plant. The new West Regional Chilled Water Plant will provide cooling to the Leinweber Center for Engineering and Digital Innovation and provide chilled water to existing facilities with chillers that are likely to fail in the near future without significant intervention (Engineering, Communication Arts & Sciences, Anthony Hall, Packaging, Natural Resources, Food Science, Erickson Hall, Wells Hall, and International Center). The West Regional Chilled Water Plant design will also provide space for future cooling capacity expansion should building opportunities identified in *Vision 2050: An Integrated Facilities and Land Use Plan for Michigan State University* come to fruition.

The new Combined Heat & Power Unit and West Regional Chilled Water Plant will:

- Reduce risk of disruption to programs and research
- Enable long-term campus growth in support of academic and research initiatives
- Increase energy efficiency and deliver progress on university sustainability goals
- Improve infrastructure reliability and resiliency
- Provide long-term savings to the campus

**Background Information:**

The new Combined Heat & Power Unit will replace roughly 80% of the steam capacity lost with the shutdown of Boiler 4 in May of 2022, improve overall efficiency at the T.B. Simon Power Plant, and supply utilities for the new West Regional Chilled Water Plant, aligning with the MSU Utility Master Plan, supporting University priorities, and advancing campus sustainability goals.

The new West Regional Chilled Water Plant will utilize about 35% less equipment than decentralized systems and enable improved energy efficiency and lower embodied carbon. It will serve approximately two million gross square feet of facilities, more than 70% of which currently rely on decentralized chilled water systems that are aging, inefficient, or at risk of failure.

The new Combined Heat & Power Unit and West Regional Chilled Water Plant projects are being fully coordinated with major capital projects, the Facilities and Land Use Plan, and the Utility Master Plan to ensure long-term alignment with university infrastructure and sustainability objectives.

**Source of Funds:**

The projects are being funded from a combination of tax credits, capital renewal reserves, including some funds set aside to support investments in HVAC renewals, and debt. Debt service will be repaid, in part, from annual recurring funding to support facility and infrastructure renewal as well as upgrades for sustainability and related utility savings. The remainder will be committed from future incremental general fund revenues and will require prioritization against other planned investments.

**Resource Impact:**

This West Regional Chilled Water Plant is planned for substantial completion at the end of 2026 to accommodate and coordinate with the construction of the Plant and Environmental Sciences Building which has a completion date of December 2027. The Combined Heat & Power Unit forecasted substantial completion timeframe is early 2028.

# Combined Heat & Power Unit and West Regional Chilled Water Plant



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