



**TESTIMONY**  
of the  
**CONNECTICUT CONFERENCE OF MUNICIPALITIES**  
to the  
**ENERGY AND TECHNOLOGY COMMITTEE**

March 8, 2011

CCM is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent about 90% of Connecticut's population. We appreciate this opportunity to provide testimony to you on issues of concern to towns and cities.

**CCM opposes Section 6 of HB 6544 "*An Act Concerning Energy Efficiency*" as currently drafted.**

Section 6 would (1) require the Energy Conservation Management Board and other state agencies to establish a standardized energy performance contract process, and (2) allow the state to charge municipalities an administrative fee for support services provided. CCM opposes the notion that there is a need for this added oversight by the state on municipalities. Municipalities enter into contracts for goods and services, including in some cases – energy performance contracts, without any state oversight; why should these contracts be any different?

CCM asks the committee to amend Section 6 of this proposal to (1) **eliminate municipalities from any standardized energy performance process requirements by the state, and (2) add enabling language clarifying the ability of municipalities to enter into energy performance contracts.** Such a simple clarification in statute would assist municipalities in meeting the needs of aging infrastructure by re-directing dollars currently spent on energy into much-needed improvements.

While CGS §7-148 allows municipalities to enter into contracts and authorizes them to provide a wide range of services that require the use of buildings, they do not specifically address whether municipalities are authorized to enter into "energy performance contracts." As a result, there are conflicting interpretations by local charters, codes, and municipal attorneys as to whether local entities may use performance contracting as a mechanism to make improvements to their infrastructure.

An energy performance contract is an agreement between a government and a private energy services provider, or ESP. The ESP identifies and evaluates energy-saving opportunities and

recommends improvements that can be paid for through savings. The ESP usually guarantees that savings will meet or exceed annual payments to cover all project costs.

Energy performance contracts include, (1) project development: identifying what needs to be done to save money, (2) measurement & verification of savings: both during equipment installation, also known as the construction phase, and beyond and, (3) financing agreements, including tax-exempt lease-purchase agreements. Tax-exempt lease-purchase agreements are most often used as the financial instrument in energy performance contracts. These agreements allow governments to pay for energy upgrades by using money already in their utility budgets rather than limited capital dollars, and include provision for annual non-appropriation of funds, which essentially renders each year of the term a separate agreement. This provision is especially important to enable school districts to utilize energy performance contracts.

According to a 2011 report by the Office of Legislative Research (2011-R-0067), "*a number of Connecticut municipalities have entered into energy performance contracts. These include Branford, Bristol, Bridgeport, Cromwell, East Hartford, Fairfield, Farmington, Mansfield, Naugatuck, and Windham. In addition, Cheshire recently issued a request for proposals for a performance contracting project.*"

Simple clarifying language would ensure that every municipality have the statutory tools needed to take advantage of energy efficient policy.

CCM urges the committee to *amend this bill as indicated above* before taking any action on it.

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If you have any questions, please contact Donna Hamzy, Legislative Associate of CCM via email [dhamzy@ccm-ct.org](mailto:dhamzy@ccm-ct.org) or via phone (203) 843-0705.