



# CLEAN WATER ACTION

CONNECTICUT

## Testimony of Roger Smith, New England Energy Program Director, Before the GAE Committee March 2, 2011

Testimony regarding S.B. No. 1059 (RAISED) AN ACT IMPLEMENTING THE  
RECOMMENDATIONS OF THE COMMISSION ON ENHANCING AGENCY OUTCOMES.

Clean Water Action is an environmental non-profit with 24,000 Connecticut members. We have worked on energy-related issues in Connecticut since 1998, and have worked to support renewable energy at the state level and in towns through the 20% by 2010 clean energy campaign.

Clean Water Action was appalled to learn in the Enhancing Agency Outcomes report that state energy costs increased 60% in four years to approximately \$200 million despite an overall stabilization in the cost of energy, many state buildings perform extremely poorly in EnergyStar benchmarking against their peers, and that the state has taken no action to implement existing state law and executive orders requiring energy reductions from state facilities. It is inexplicable that the state government has barely made use of the CT Clean Energy Fund and CT Energy Efficiency Fund programs. The state of Connecticut should lead by example, not serve as a cautionary tale.

We support the recommendations in sections 305 and 306 to set energy reduction targets for state buildings and require OPM and DPW to move forward with performance contracting. The benefit of performance contracting for the state is that a third party is responsible for much of the engineering and building that would take place and they assume the risk as if expected energy savings are not achieved, that third party would be required to pay the state for any shortfall. State law already required OPM to undertake a pilot performance contracting program, and such contracts are used on a regular basis by corporations, the federal government and other state governments. Given the proven nature of this mechanism we suggest strengthening the performance contracting recommendations in this bill beyond the establishment of a pilot.

**The legislature should require the CT Energy Efficiency Fund and OPM to create a streamlined standardized performance contracting program that all public entities (including municipalities) can access.** The standardization should include a standard process, model contracts, and pre-approving performance contracting companies. The US Department of Energy has consultants and other resources available to help Connecticut create and implement such a program, which already exists in states like New York and Massachusetts. By designing a standardized program and process the state can reduce the transaction costs of entering into such contracts and benefit both state and municipal government. The costs of creating such a program is minimal compared to the potential to save tens of millions of dollars annually in state energy costs.

**With such a program in place, we urge the legislature to require OPM and DPW to reduce energy usage and for performance contracting to be the preferred mechanism to achieve these reductions.**

We also suggest that the annual reports required by this bill should also be reported to the Energy and Technology Committee to ensure state energy policy adequately supports energy improvements in state buildings.