



Senate

General Assembly

File No. 517

February Session, 2018

Substitute Senate Bill No. 334

Senate, April 16, 2018

The Committee on Energy and Technology reported through SEN. WINFIELD of the 10th Dist. and SEN. FORMICA of the 20th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING MUNICIPAL AND STATE COMPETITIVE
PROCUREMENT OF ELECTRICITY, NATURAL GAS, RENEWABLE
ENERGY AND OTHER ENERGY-RELATED PRODUCTS BY
NONPROFIT ENERGY BUYING CONSORTIA.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2018*) (a) As used in this
2 section:

3 (1) "Competitively procured program" means a program (A) for
4 which a nonprofit energy buying consortium publishes notice of any
5 procurement (i) at least fifteen days prior to such procurement, which
6 may include publication in a newspaper of general circulation in the
7 state, (ii) in a display form that shall serve substantially to notify the
8 public of such procurement and in print no smaller than ten-point type
9 size, and (iii) on such nonprofit energy buying consortium's Internet
10 web site, (B) that contains clear evaluation criteria, and (C) that meets a
11 best value standard that may include the consideration of factors other

12 than price that have a significant impact on cost, including, but not
13 limited to, provisions regarding change in use or change in law, the
14 financial strength of the supplier, the availability of customer service
15 and the ability of the supplier to serve the customer base;

16 (2) "Nonprofit energy buying consortium" means an entity
17 recognized as exempt from taxation pursuant to Sections 501(c)(3) or
18 501(c)(4) of the Internal Revenue Code of 1986, or any subsequent
19 corresponding internal revenue code of the United States, as amended
20 from time to time, whose purpose is to aggregate a group of
21 participating buyers and perform the procurement of electricity,
22 natural gas, renewable energy, demand response, energy efficiency,
23 solar, storage and other energy-related products, or any combination
24 thereof, for such participating buyers; and

25 (3) "Participating buyers" means any agency, executive office,
26 department, board, commission, bureau, division or authority of a
27 municipality or the state, including the executive, legislative and
28 judicial branches of the state, or of any political subdivision thereof, or
29 any authority established by the General Assembly to serve a public
30 purpose that participates in or becomes a member of a nonprofit
31 energy buying consortium.

32 (b) Notwithstanding any municipal ordinance, general or special
33 law to the contrary, any agency, executive office, department, board,
34 commission, bureau, division or authority of a municipality or the
35 state, including the executive, legislative and judicial branches of the
36 state, or of any political subdivision thereof, or any authority
37 established by the General Assembly to serve a public purpose may
38 participate in and become a member of any competitively procured
39 program organized and administered by or on behalf of a nonprofit
40 energy buying consortium or of any subsidiary organization thereof,
41 provided if a participating buyer is located within the boundaries of a
42 community that is served by a municipal electric utility, such
43 participating buyer may not purchase electricity, electricity-related
44 products or renewable energy. Such nonprofit energy buying

45 consortium or any such subsidiary organization shall procure
46 electricity, natural gas, renewable energy, demand response, energy
47 efficiency, solar, storage and other energy-related products, or any
48 combination thereof, for such participating buyers. Any such
49 procurement made pursuant to this section shall be exempt from any
50 municipal or state competitive bidding requirements.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2018</i>	New section

ET *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

The bill allows governmental entities to participate in a competitively procured program to purchase energy-related products through a nonprofit energy buying consortium.

It is anticipated that the majority of municipalities already participate in energy consortium and as such, there would be no fiscal impact to those municipalities. There may be a savings to any municipality, however, that does not currently participate in a consortium.

To the extent various state agencies currently participate in an energy buying consortium, no fiscal impact is anticipated. There may be savings, however, to any agency currently not a member of a consortium.

The Out Years

Any savings that occur as a result of participating in a consortium would continue into the future subject to the terms of energy contracts.

OLR Bill Analysis**sSB 334*****AN ACT CONCERNING MUNICIPAL AND STATE COMPETITIVE PROCUREMENT OF ELECTRICITY, NATURAL GAS, RENEWABLE ENERGY AND OTHER ENERGY-RELATED PRODUCTS BY NONPROFIT ENERGY BUYING CONSORTIA.*****SUMMARY**

This bill generally allows governmental entities to participate in a competitively procured program to purchase energy-related products (e.g., electricity, natural gas, solar, and renewable energy) through a nonprofit energy buying consortium, or its subsidiaries.

Under the bill, a consortium is a 501(c) tax-exempt nonprofit organization that aggregates participating buyers and procures energy-related products on their behalf. Participating buyers may include various governmental entities, such as state or municipal agencies and the executive, legislative, and judicial branches, among others. But the bill prohibits participating buyers located in communities served by a municipal electric utility from purchasing electricity, electricity-related products, or renewable energy (presumably, through the program).

Additionally, the bill:

1. establishes requirements for competitively procured programs;
2. exempts procurements made through these programs from municipal and state competitive bidding requirements; and
3. specifies that its provisions supersede any municipal ordinance or general or special law that would otherwise preclude a participating buyer from participating in or becoming a member of such a program.

EFFECTIVE DATE: October 1, 2018

COMPETITIVELY PROCURED PROGRAMS

Participating Buyers

The bill permits the following entities to participate in or become a member of a competitively procured program:

1. state or municipal agencies, executive offices, departments, boards, commissions, bureaus, divisions, or authorities;
2. the state's executive, legislative, or judicial branches and its political subdivisions; or
3. any authority the legislature established to serve a public purpose.

Notification Requirements

Under the bill, a nonprofit energy buying consortium must publish notice of any procurement that is part of a competitively procured program, and may do so in a newspaper with general circulation in Connecticut. The consortium must publish the notice:

1. at least 15 days before the procurement,
2. in a display form that notifies the public of the procurement in print no smaller than 10 point type size, and
3. on its website.

Evaluation Criteria and Best Value Standards

The bill requires competitively procured programs to contain clear evaluation criteria and meet a best value standard, which may include considering factors other than price that have a significant impact on cost, including:

1. provisions regarding change in use or change in law,
2. the supplier's financial strength,

3. customer service availability, and
4. the supplier's ability to serve the customer base.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 21 Nay 4 (03/29/2018)