The Connecticut Conference of Municipalities (CCM) is Connecticut’s statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent 99% of Connecticut’s population. We appreciate the opportunity to testify on bills of interest to towns and cities.


CCM has concerns with HB 7114 as it is unnecessary. Municipalities, school districts, etc., already participate in buying consortia as there is no prohibition against doing so today. The real purpose of this bill is to allow for an entity to bypass local bidding to gain unfair market share, as opposed to participating in a free and open competitive market along with numerous other similar entities.

In principle, establishing a precedent to allow for the by-passing of competitive bidding is bad public policy and it directly threatens the integrity of locally approved ordinances related to this process. Local governments are responsible to effectively and efficiently provide services to and for the property tax payers in their communities. This responsibility is supported by the municipality’s rights to competitively bid for such services, including the management of costs related to energy.

Our neighbors to the north, Massachusetts, have enacted similar legislation that is proposed by SB 334. Here is an excerpt from a report by the Massachusetts Office of the Inspector General describing how these consortia work in Massachusetts, I have attached the report to my testimony:

“Energy-buying consortia and municipal associations receive payments from both the members that use their services and the suppliers they recommend to those members. Suppliers pay fees to energy-buying consortia and municipal associations in exchange for recommending those suppliers to their members. However, it appears that energy-buying consortia and municipal associations do not necessarily disclose those fees to their members. Thus, a public awarding authority may not know how much money an energy-buying consortium or municipal association is receiving from a supplier even though the payment is in part due to the public awarding authority’s use of that supplier.”
The lack of transparency between the consortia and suppliers in Massachusetts should create pause for Committee members when considering this legislation. It is imperative that in Connecticut we continue to protect the intent of competitive bidding on the local level to ensure that transparency and competition are protected, both of which are critical to keeping corruption out of our local governments.

**CCM Energy Purchasing Program**

Today in Connecticut there are two related programs currently in operation which are subject to competitive bidding on behalf of their participants and are not influenced by kickbacks from the highest paying supplier, one of these programs is CCM Energy Purchasing Program. Since 2004, CCM’s Energy Purchasing program has saved participating CCM-member municipalities, school districts and local public agencies tens of millions of tax dollars on the purchase of electricity, natural gas, and renewable energy. By leveraging the buying clout of the CCM membership, this service helps members by quantifying their energy needs, procuring competitive bids, negotiating and analyzing the proposed contracts from each bidder/supplier — and ultimately securing more cost-effective sources of energy.

CCM’s program, which is solely funded by voluntary member buy-in fees and does not in any way receive financial support from any supplier, as we are strictly supplier neutral, provides the program participants the opportunity to competitively bid for energy. In doing so, CCM acknowledges the limited expertise and resources our members have in the area of energy procurement and contract negotiations and as such provides them this expertise for a reasonable fee. CCM starts the bid process with negotiating contract terms. Most suppliers offer cookie cutter contracts that weigh heavily in their favor and which are difficult to negotiate once the price is bid and accepted. Then, once the pool of suppliers willing to concede on contract terms is identified the competitive bid process for the rate/price begins. The ultimate goal of our approach is to ensure the municipality is not only receiving the best rate but is protected equally within the contract.

In closing, if there are no rules today to prohibit entities to enter into such consortia, like the CCM Energy Purchasing Program, why then is this proposal seeking to establish such a consortia to usurp competitive bidding? Ultimately, this proposal is really seeking to provide for a special circumstance and position to do business in Connecticut.

CCM urges you to **carefully consider H.B. 7114 before taking any action.**

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If you have any questions, please contact Donna Hamzy Carroccia, Advocacy Manager of CCM at dhamzy@ccm-ct.org or (203) 843-0705.