



House of Representatives

General Assembly

File No. 144

January Session, 2019

House Bill No. 7114

House of Representatives, March 26, 2019

The Committee on Energy and Technology reported through REP. ARCONTI of the 109th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING MUNICIPAL 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, 2019*) (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 not smaller than ten-point
9 type size, and (iii) on such nonprofit energy buying consortium's
10 Internet web site, (B) that contains clear evaluation criteria, and (C)
11 that meets a best value standard that may include the consideration of
12 factors other than price that have a significant impact on cost,

13 including, but not limited to, provisions regarding change in use or
14 change in law, the financial strength of the supplier, the availability of
15 customer service and the ability of the supplier to serve the customer
16 base;

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

26 (3) "Participating buyers" means any agency, executive office,
27 department, board, commission, bureau, division or authority of a
28 municipality that participates in or becomes a member of a nonprofit
29 energy buying consortium.

30 (b) Notwithstanding any municipal ordinance, general or special
31 law to the contrary, any agency, executive office, department, board,
32 commission, bureau, division or authority of a municipality may
33 participate in and become a member of any competitively procured
34 program organized and administered by or on behalf of a nonprofit
35 energy buying consortium or of any subsidiary organization thereof,
36 provided, if a participating buyer is located within the boundaries of a
37 community that is served by a municipal electric utility, such
38 participating buyer may not purchase electricity, electricity-related
39 products or renewable energy. Such nonprofit energy buying
40 consortium or any such subsidiary organization shall procure
41 electricity, natural gas, renewable energy, demand response, energy
42 efficiency, solar, storage and other energy-related products, or any
43 combination thereof, for such participating buyers. Any such
44 procurement made pursuant to this section shall be exempt from any
45 municipal competitive bidding requirements.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2019</i>	New section

ET *Joint Favorable*

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: None

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities	Potential Savings	See Below	See Below

Explanation

There is a potential savings to municipalities resulting from the bill, which permits towns to participate in energy purchasing agreements arranged by nonprofits. If participating municipalities purchase utilities at lower rates than normal due to the program, there is a savings equal to the difference between current prices and those obtained through the consortia.

The bill prohibits municipalities that are served by a municipal electric utility company from purchasing electricity or renewables from these agreements.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 7114****AN ACT CONCERNING MUNICIPAL COMPETITIVE PROCUREMENT OF ELECTRICITY, NATURAL GAS, RENEWABLE ENERGY AND OTHER ENERGY-RELATED PRODUCTS BY NONPROFIT ENERGY BUYING CONSORTIA.****SUMMARY**

This bill generally allows municipalities and their divisions to participate in a competitively procured program to purchase energy-related products (e.g., electricity, natural gas, solar, storage, renewable energy, demand response, and energy efficiency) through a nonprofit energy buying consortium, or its subsidiaries.

Under the bill, a consortium is a tax exempt nonprofit organization that aggregates participating buyers and procures energy-related products on their behalf. Participating buyers may include a municipal agency, executive office, department, board, commission, bureau, division, or authority. 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 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, 2019

COMPETITIVELY PROCURED PROGRAMS

Notification Requirements

Under the bill, a nonprofit energy buying consortium must publish notice of any procurement that is part of a competitively procured program at least 15 days before the procurement occurs. It may do so in a newspaper with general circulation in Connecticut, but must publish the notice on its website. The notice must be in a display form that notifies the public of the procurement in at least 10 point type size.

Evaluation Criteria and Best Value Standards

The bill requires competitively procured programs to have clear evaluation criteria and meet a best value standard. Meeting the best value standard may include considering factors other than price that significantly impacting cost, including:

1. provisions on 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

Yea 24 Nay 0 (03/14/2019)