



General Assembly

January Session, 2025

Raised Bill No. 6444

LCO No. 3567



Referred to Committee on HIGHER EDUCATION AND
EMPLOYMENT ADVANCEMENT

Introduced by:
(HED)

**AN ACT ALLOWING THE CONSTITUENT UNITS OF THE STATE
SYSTEM OF HIGHER EDUCATION TO ENTER INTO ENERGY-
SAVINGS PERFORMANCE CONTRACTS.**

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

1 Section 1. Section 16a-37x of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2025*):

3 (a) As used in this section:

4 (1) "Energy-savings measure" means any improvement to facilities or
5 other energy-consuming systems designed to reduce energy or water
6 consumption and operating costs and increase the operating efficiency
7 of facilities or systems for their appointed functions. "Energy-savings
8 measure" includes, but is not limited to, one or more of the following:

9 (A) Replacement or modification of lighting and electrical
10 components, fixtures or systems, including daylighting systems,
11 improvements in street lighting efficiency or computer power
12 management software;

- 13 (B) Class I renewable energy or solar thermal systems;
- 14 (C) Cogeneration systems that produce steam or forms of energy,
15 such as heat or electricity, for use primarily within a building or complex
16 of buildings;
- 17 (D) Automated or computerized energy control systems;
- 18 (E) Heating, ventilation or air conditioning system modifications or
19 replacements;
- 20 (F) Indoor air quality improvements that conform to applicable
21 building code requirements;
- 22 (G) Water-conserving fixtures, appliances and equipment or the
23 substitution of non-water-using fixtures, appliances and equipment, or
24 water-conserving landscape irrigation equipment;
- 25 (H) Changes in operation and maintenance practices;
- 26 (I) Replacement or modification of windows or doors; and
- 27 (J) Installation or addition of insulation.
- 28 (2) "Cost effective" means the savings resulting from energy-savings
29 measures outweigh the costs of such measures, including, but not
30 limited to, any financing costs, provided the payback period for any
31 financing provided pursuant to this section is less than the functional
32 life of the proposed energy-savings measure and the payback period for
33 the comprehensive package of measures does not exceed [twenty] thirty
34 years.
- 35 (3) "Operation and maintenance cost savings" means a measurable
36 decrease in operation and maintenance costs and future replacement
37 expenditures that is a direct result of the implementation of one or more
38 utility cost savings measures. Such savings shall be calculated in
39 comparison with an established baseline of operation and maintenance

40 costs.

41 (4) "Qualified energy service provider" means a corporation
42 approved by the Department of Administrative Services with a record
43 of successful energy performance contract projects experienced in the
44 design, implementation and installation of energy efficiency and facility
45 improvement measures, the technical capabilities to ensure such
46 measures generate energy and operational cost savings, and the ability
47 to secure the financing necessary to support energy savings guarantees.

48 (5) "Utility cost savings" means any utility expenses eliminated or
49 avoided on a long-term basis as a result of equipment installed or
50 modified, or services performed by a qualified energy service provider;
51 "utility cost savings" does not include merely shifting personnel costs or
52 similar short-term cost savings.

53 (6) "State agency" has the same meaning as provided in section 1-79.

54 (7) "Municipality" has the same meaning as provided in section 4-230.

55 (8) "Participating municipality" means a municipality that voluntarily
56 takes part in the standardized energy-savings performance contract
57 process.

58 (9) "Standardized energy-savings performance contract process"
59 means standard procedures for entering into an energy-savings
60 performance contract and standard energy-savings performance
61 contract documents established by the Department of Energy and
62 Environmental Protection.

63 (10) "Investment-grade energy audit" means a study by the qualified
64 energy services provider selected for a particular energy-savings
65 performance contract project which includes detailed descriptions of the
66 improvements recommended for the project, the estimated costs of the
67 improvements, and the utility and operations and maintenance cost
68 savings projected to result from the recommended improvements.

69 (11) "Energy-savings performance contract" means a contract
70 between the state agency, [or] municipality or constituent unit and a
71 qualified energy service provider for evaluation, recommendation and
72 implementation of one or more energy-savings measures. An energy-
73 savings performance contract shall be a guaranteed energy-savings
74 performance contract, which shall include, but not be limited to, (A) the
75 design and installation of equipment and, if applicable, operation and
76 maintenance of any of the measures implemented; and (B) guaranteed
77 annual savings that meet or exceed the total annual contract payments
78 made by the state agency, [or] municipality or constituent unit for such
79 contract, including financing charges to be incurred by the state agency,
80 [or] municipality or constituent unit over the life of the contract.

81 (12) "Constituent unit" has the same meaning as provided in section
82 10a-1.

83 (13) "Participating constituent unit" means a constituent unit that
84 voluntarily takes part in the standardized energy-savings performance
85 contract process.

86 (b) [On or before July 1, 2012, the] The Commissioner of Energy and
87 Environmental Protection, in coordination with the Energy
88 Conservation Management Board and in consultation with the Office of
89 Policy and Management and the Department of Administrative
90 Services, shall, within available appropriations, establish a standardized
91 energy-savings performance contract process for state agencies, [and]
92 municipalities and constituent units. The standardized process shall
93 include standard procedures for entering into an energy-savings
94 performance contract and standard energy-savings performance
95 contract documents, including, but not limited to, requests for
96 qualifications, requests for proposals, investment-grade audit contracts,
97 energy-savings performance contracts, including the form of the project
98 savings guarantee, and project financing agreements. A municipality or
99 constituent unit may use the established state standardized energy-
100 savings performance contract process or establish its own energy-

101 savings performance contract process.

102 (c) The Commissioner of Energy and Environmental Protection, in
103 consultation with the Office of Policy and Management and the Energy
104 Conservation Management Board, shall manage the established
105 standardized energy-savings performance contract process and apprise
106 state agencies, [and] participating municipalities and participating
107 constituent units of opportunities to develop and finance energy-
108 savings performance contract projects and provide technical and
109 analytical support, including, but not limited to, (1) procurement of
110 energy-savings performance contract services; (2) reviewing verification
111 procedures for energy savings; and (3) assisting in the structuring and
112 arranging of financing for energy-savings performance contract
113 projects. The Energy Conservation Management Board, in consultation
114 with the Office of Policy and Management, shall create promotional
115 materials to explain the energy-savings performance contract program.

116 (d) The Department of Energy and Environmental Protection may fix,
117 charge and collect fees to cover costs incurred for any administrative
118 support and resources or services provided under this section from the
119 state agencies, [and] participating municipalities and participating
120 constituent units that use its technical support services. State agencies,
121 [and] participating municipalities and participating constituent units
122 may add the costs of these fees to the total cost of the energy-savings
123 performance contract. All such fees shall be disclosed prior to services
124 being rendered. Any participating municipality or participating
125 constituent unit may opt out of the state energy-savings performance
126 contract process rather than incur such fees. Initial administrative
127 funding to establish and manage the energy-savings performance
128 contracting process for state agencies, [and] participating municipalities
129 and participating constituent units shall be recovered from the Energy
130 Conservation Management Board.

131 (e) The standardized energy-savings performance contract process
132 for state agencies, [and] participating municipalities and participating

133 constituent units shall include requests for qualifications or requests for
134 proposals.

135 (1) The Department of Administrative Services, in consultation with
136 the Department of Energy and Environmental Protection, shall issue a
137 request for qualifications from companies that can offer energy-savings
138 performance contract services to create a list of qualified energy service
139 providers. A state agency shall use the qualified list. A municipality or
140 constituent unit may use the qualified list or establish its own
141 qualification process.

142 (2) When reviewing requests for qualifications, the department shall
143 consider a company's experience with (A) design, engineering,
144 installation, maintenance and repairs associated with energy-savings
145 performance contracts; (B) conversions to a different energy or fuel
146 source, associated with a comprehensive energy efficiency retrofit; (C)
147 post-installation project monitoring, data collection and reporting of
148 savings; (D) overall project management and qualifications; (E)
149 accessing long-term financing; (F) financial stability; (G) projects of
150 similar size and scope; (H) in-state projects and Connecticut-based
151 subcontractors; (I) United States Department of Energy programs; (J)
152 professional certifications; and (K) other factors determined by the
153 department to be relevant and appropriate.

154 (3) Before entering into an energy-savings performance contract
155 pursuant to this section, a state agency, or participating municipality
156 or participating constituent unit shall issue a request for proposals from
157 three or more qualified energy service providers. A state agency, or
158 participating municipality or participating constituent unit may award
159 the energy-savings performance contract to the qualified energy service
160 provider that best meets the needs of the state agency, or participating
161 municipality or participating constituent unit, which need not be the
162 lowest cost provided. A cost-effective feasibility analysis shall be
163 prepared in response to the request for proposals.

164 (4) The cost-effective feasibility analysis included in the response to
165 the request for proposals shall serve as the selection document for
166 purposes of selecting a qualified energy service provider to engage in
167 final contract negotiations. Factors to be included in selecting among the
168 qualified energy service providers shall include, but need not be limited
169 to, (A) contract terms, (B) comprehensiveness of the proposal, (C)
170 financial stability of the provider, (D) comprehensiveness of cost
171 savings measures, (E) experience and quality of technical approach, and
172 (F) overall benefits to the state agency, [or] municipality or constituent
173 unit.

174 (f) One qualified energy service provider selected as a result of the
175 request for proposals set forth in subsection (e) of this section shall
176 prepare an investment-grade audit, which, upon acceptance, shall be
177 part of the final energy-savings performance contract entered into by
178 the state agency, [or] participating municipality or participating
179 constituent unit. Such investment-grade energy audit shall include
180 estimates of the amounts by which utility cost savings and operation
181 and maintenance cost savings would increase and estimates of all costs
182 of such utility cost savings measures or energy-savings measures,
183 including, but not limited to, (1) itemized costs of design, (2)
184 engineering, (3) equipment, (4) materials, (5) installation, (6)
185 maintenance, (7) repairs, and (8) debt service. The qualified energy
186 service provider and the state agency, [or] participating municipality or
187 participating constituent unit shall agree on the cost of the investment-
188 grade audit before it is conducted. If, after preparation of the
189 investment-grade audit, the state agency, [or] participating municipality
190 or participating constituent unit decides not to execute an energy-
191 savings performance contract and the costs and benefits described in the
192 investment-grade audit are not materially different from those
193 described in the cost-effective feasibility analysis submitted in response
194 to the request for proposals, the state agency, [or] participating
195 municipality or participating constituent unit shall pay the costs
196 incurred in preparing such investment-grade audit. In all other

197 instances, the costs of the investment-grade audit shall be deemed part
198 of the costs of the energy-savings performance contract.

199 (g) The guidelines adopted pursuant to this section may require that
200 the cost savings projected by the qualified provider be reviewed by a
201 professional engineer licensed in this state who has a minimum of three
202 years experience in energy calculation and review, is not an officer or
203 employee of a qualified provider for the contract under review, and is
204 not otherwise associated with the contract. In conducting the review, the
205 engineer shall focus primarily on the proposed improvements from an
206 engineering perspective, the methodology and calculations related to
207 cost savings, increases in revenue, and, if applicable, efficiency or
208 accuracy of metering equipment. An engineer who reviews a contract
209 shall maintain the confidentiality of any proprietary information the
210 engineer acquires while reviewing the contract.

211 (h) A municipality or constituent unit may use funds designated for
212 operating and capital expenditures or utilities for any energy-savings
213 performance contract, including, but not limited to, contracts entered
214 into pursuant to this section.

215 (i) A guaranteed energy-savings performance contract may provide
216 for financing, including tax exempt financing, by a third party. The
217 contract for third-party financing may be separate from the energy-
218 savings performance contract. A state agency, or participating
219 municipality or participating constituent unit may use designated
220 funds, bonds, lease purchase agreements or master lease for any energy-
221 savings performance contracts, provided its use is consistent with the
222 purpose of the appropriation.

223 (j) Each energy-savings performance contract shall provide that all
224 payments between parties, except obligations on termination of the
225 contract before its expiration, shall be made over time and the objective
226 of such energy-savings performance contracts is implementation of cost
227 savings measures and energy and operational cost savings.

228 (k) An energy-savings performance contract, and payments provided
229 thereunder, may extend beyond the fiscal year in which the energy-
230 savings performance contract became effective, subject to appropriation
231 of moneys, if required by law, for costs incurred in future fiscal years.
232 The energy-savings performance contract may extend for a term not to
233 exceed [twenty] thirty years. The allowable length of the contract may
234 also reflect the useful life of the cost savings measures. An energy-
235 savings performance contract may provide for payments over a period
236 not to exceed deadlines specified in the energy-savings performance
237 contract from the date of the final installation of the cost savings
238 measures.

239 (l) The energy-savings performance contract may provide that
240 reconciliation of the amounts owed under the energy-savings
241 performance contract shall occur in a period beyond one year with final
242 reconciliation occurring within the term of the energy-savings
243 performance contract. An energy-savings performance contract shall
244 include contingency provisions in the event that actual savings do not
245 meet predicted savings.

246 (m) The energy-savings performance contract shall require the
247 qualified energy service provider to provide to the state agency, [or]
248 participating municipality or participating constituent unit an annual
249 reconciliation of the guaranteed energy cost savings. If the reconciliation
250 reveals a shortfall in annual energy cost savings, the qualified energy
251 service provider shall make payment to the state agency, [or]
252 participating municipality or participating constituent unit in the
253 amount of the shortfall. If the reconciliation reveals an excess in annual
254 energy cost savings, the excess savings shall remain with the state
255 agency, [or] municipality or constituent unit, and shall not be used to
256 cover potential energy cost savings shortages in subsequent years or
257 actual energy cost savings shortages in previous contract years.

258 (n) During the term of each energy performance contract, the
259 qualified energy service provider shall monitor the reductions in energy

260 consumption and cost savings attributable to the cost savings measures
261 installed pursuant to the energy-savings performance contract and
262 shall, not less than annually, prepare and provide a report to the state
263 agency, [or] participating municipality or participating constituent unit
264 documenting the performance of the cost savings measures to the state
265 agency, [or] participating municipality or participating constituent unit.
266 The report shall adhere to the most current version of the International
267 Performance Measurement and Verification Protocol.

268 (o) The qualified energy service provider and state agency, [or]
269 participating municipality or participating constituent unit may agree
270 to modify savings calculations based on any of the following:

271 (1) Subsequent material change to the baseline energy consumption
272 identified at the beginning of the energy-savings performance contract;

273 (2) Changes in the number of days in the utility billing cycle;

274 (3) Changes in the total square footage of the building;

275 (4) Changes in the operational schedule of the facility;

276 (5) Changes in facility temperature;

277 (6) Material change in the weather;

278 (7) Material changes in the amount of equipment or lighting used at
279 the facility; or

280 (8) Any other change which reasonably would be expected to modify
281 energy use or energy costs.

282 (p) Any state agency, [or] participating municipality or participating
283 constituent unit that enters into an energy-savings performance contract
284 pursuant to this section shall report the name of the project, the project
285 host, the investment on the project and the expected energy savings to
286 the Office of Policy and Management and the Department of Energy and

287 Environmental Protection. Such reporting shall be done at the same time
288 that the energy-savings performance contract is executed.

289 (q) A state agency, [or] participating municipality or participating
290 constituent unit may direct savings realized under the energy-savings
291 performance contract to contract payment and other required expenses
292 and may, when practicable, reinvest savings beyond that required for
293 contract payment and other required expenses into additional energy-
294 savings measures.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2025	16a-37x

Statement of Purpose:

To allow the constituent units of the state system of higher education to solicit and enter into an energy-savings performance contract under the energy-savings performance contract program established by the Commissioner of Energy and Environmental Protection.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]