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## **OLR Bill Analysis**

### **HB 6444**

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

#### **SUMMARY**

This bill:

1. allows a constituent unit of higher education to establish its own energy-savings performance contract process, rather than using the Department of Energy and Environmental Protection's (DEEP) standardized process; and
2. extends, from 20 to 30 years, the limit on the financing payback period for energy savings measures implemented by a municipality or state agency (including a constituent unit) under an energy-savings performance contract.

EFFECTIVE DATE: July 1, 2025

#### **CONSTITUENT UNITS OF HIGHER EDUCATION**

Currently, municipalities and state agencies (including constituent units of higher education) may participate in DEEP's standardized energy-savings performance contract process, but only municipalities may opt to establish their own process. The bill allows the constituent units to opt out as well.

By law, the Department of Administrative Services must compile a list of qualified energy service providers and state agencies must use a provider on this list for one of these contracts. As with municipalities currently, the bill allows a constituent unit to use this list or create its own contractor qualification process.

As with municipalities currently, the bill allows a constituent unit to

use funds designated for operating and capital expenses or utilities for these contracts.

Under the bill, constituent units that do not opt out to create their own process can continue to voluntarily take part in DEEP's process. By law, this process includes:

1. standard procedures and documents for these contracts, such as requests for proposals, project recommendations and estimated cost savings, and savings guarantees;
2. DEEP technical and analytical support, including for procurement and assistance in arranging financing, and fees for these services;
3. requirements for a request for proposals from at least three qualified energy service providers and preparation of a cost-effective feasibility analysis to use in choosing a provider;
4. requiring the chosen provider to prepare an audit estimating all costs and cost savings for a project;
5. annual reconciliations that require the provider to pay any shortfall in energy savings; and
6. restrictions on when savings calculations can be modified.

## **BACKGROUND**

### ***Energy-Savings Performance Contracts***

By law, an energy-savings performance contract is a contract entered into with a qualified energy service provider to evaluate, recommend, and implement energy savings measures (improvements that reduce energy or water consumption and operating costs and increase efficiency). The contract must involve design and implementation of equipment, may include operation and maintenance, and must guarantee annual savings that at least equal the annual contract payments over the life of contract.

***Constituent Units of Higher Education***

By law, the constituent units of higher education are the (1) University of Connecticut, including all its campuses, and (2) Connecticut State Colleges and Universities, including the state universities, regional community technical colleges, and Charter Oak State College.

**COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable

Yea 17    Nay 0    (02/04/2025)