



2007 Electricity Procurement for State Buildings

Presentation to CEAB

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Procurement: Background

- OPM has authority to procure electricity for state-owned buildings
 - DAS has authority to execute contracts on behalf of Executive state agencies
 - Judicial and Legislative Management may “piggyback” on state agency contracts
- OPM can purchase on behalf of low income customers; DAS can purchase for municipalities
 - This auction does not include purchases for these groups
- Electricity supply for leased buildings not covered
 - OPM has limited data on these facilities
- Only facilities in UI and CL&P territory included



Procurement: Background

- Traditional RFPs to procure electricity were unsuccessful – better price through Standard Offer/SOLR
- OPM sought vendor to aggregate State's electric load and conduct auction process
 - Needed aggregator to assist in creating database of accurate account information
 - Sought auction process to “wring out” best market price
- World Energy, Inc., Worcester, MA, chosen through competitive RFP process
- On-line auction held on September 19, 2007



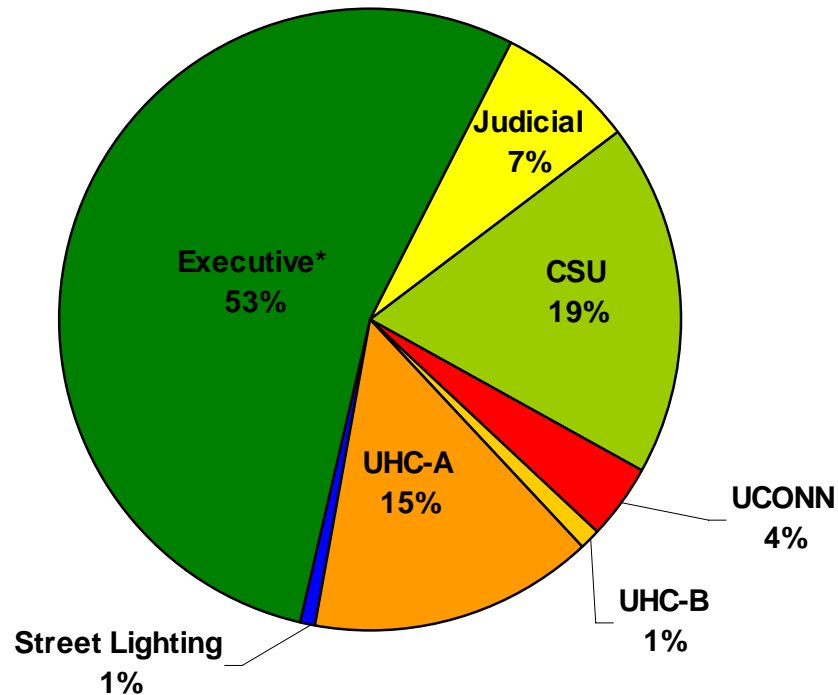
Auction Participation

- OPM participated on behalf of Exec. Branch agencies and CCC
 - CCC “opted in” to Exec. Branch pool
- CSU
- UConn campuses
 - Excluded portion of Storrs campus, covered by co-gen facility
- Judicial Branch
- Street lighting
- UConn Health Center (UHC)
 - Two separate bids “UHC A” and “UHC B”
 - UHC A – consists of main hospital building, >500kWh
 - UHC B – consists of several outbuilding offices, <500 kWh



Electricity Use by Contract

Annual % Volume by Category



*includes Community Colleges, which represent ~12% of Executive load

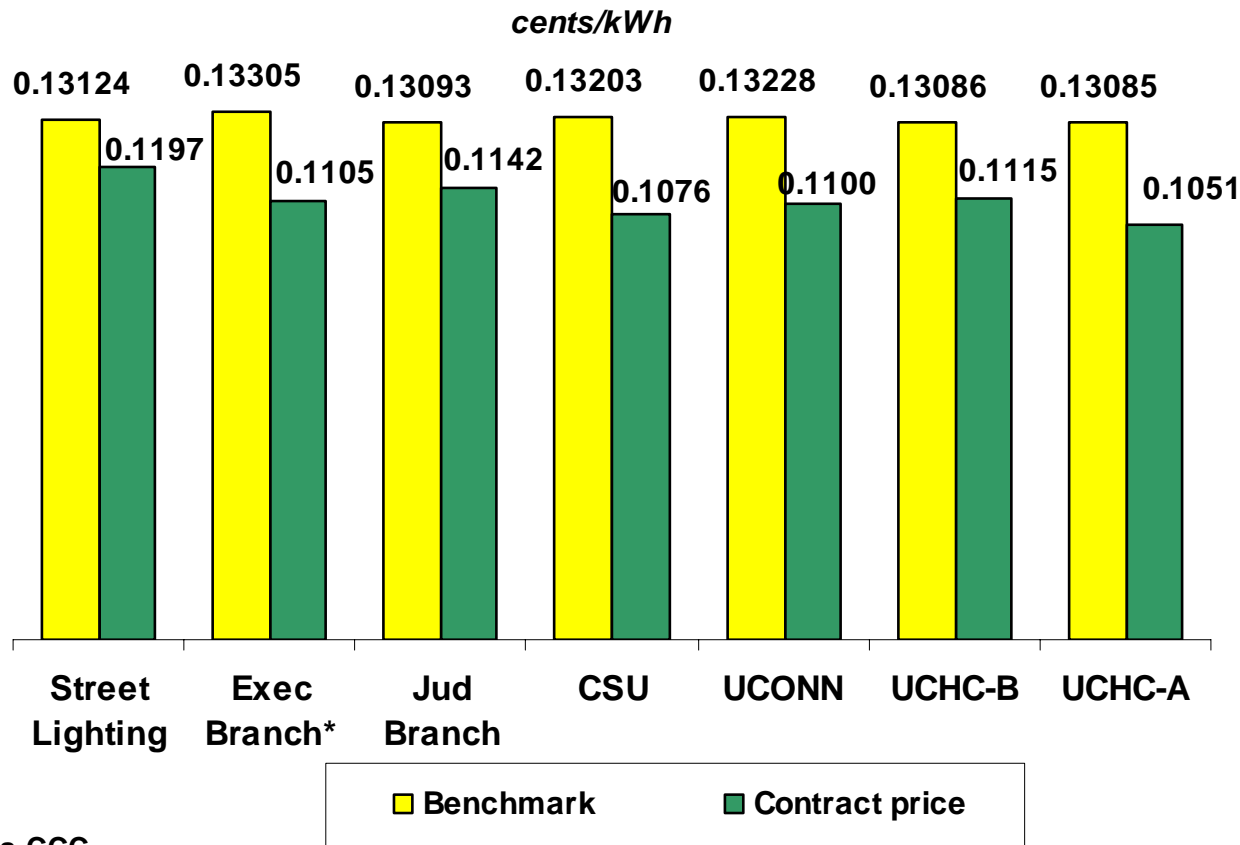


Auction Results

- Direct Energy winning bidder in each auction
 - Six 20-month contracts awarded
 - One 15-month contract awarded
 - UHC-A has existing contract through April, 2008
- ~18% total savings (\$18M) over life of contracts
 - Estimated Benchmark total cost \$107,246,332
 - Estimated total cost of contracts \$88,992,268
- Most purchases exceed State RPS requirements
 - Street lighting contract meets RPS requirements
 - All other agency contracts exceed RPS requirements
 - Exec Branch +25% green
 - UConn +15% green
 - CSU, UCHC, and Judicial +5% green



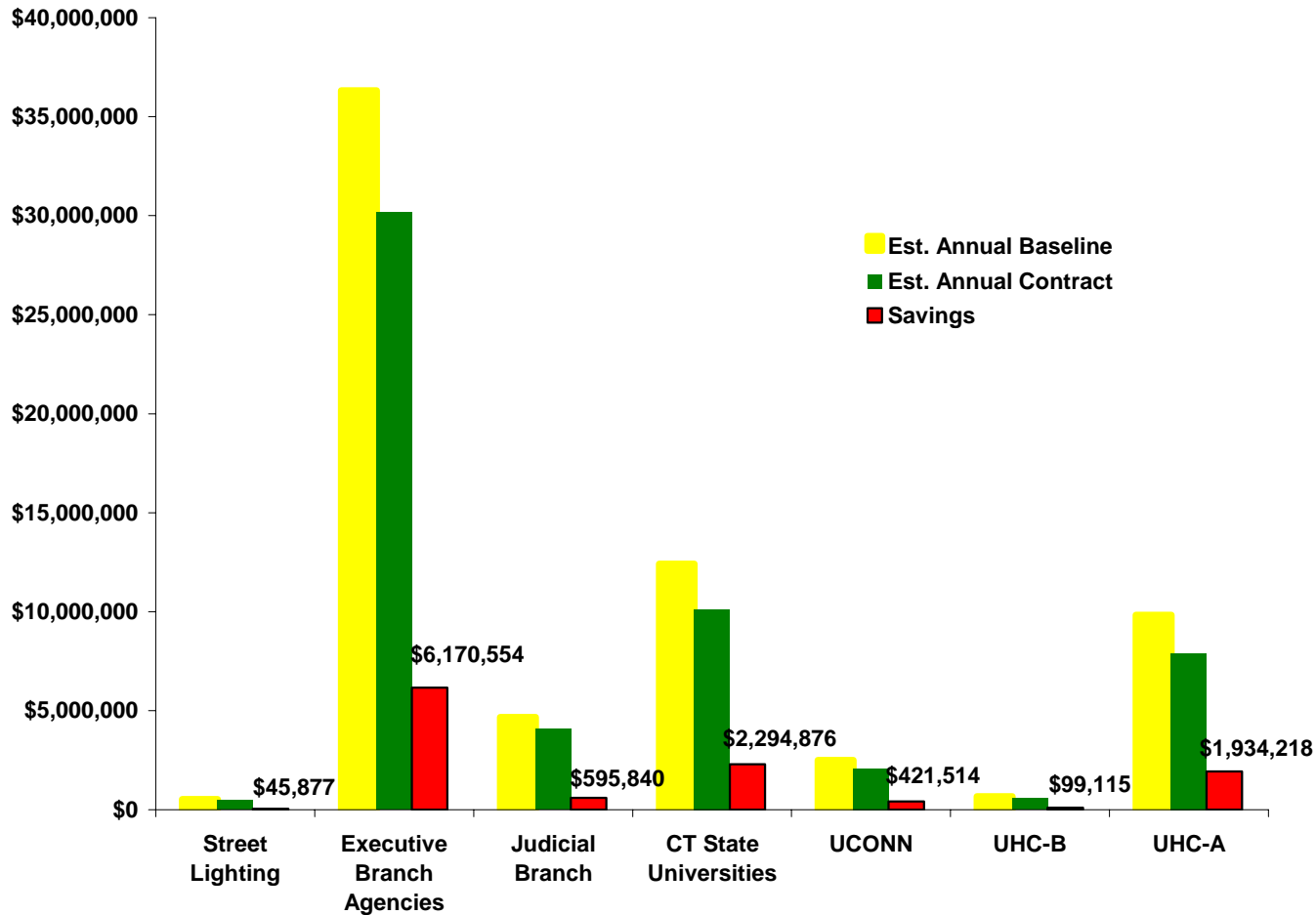
One to Three Cents Price Savings/kWh



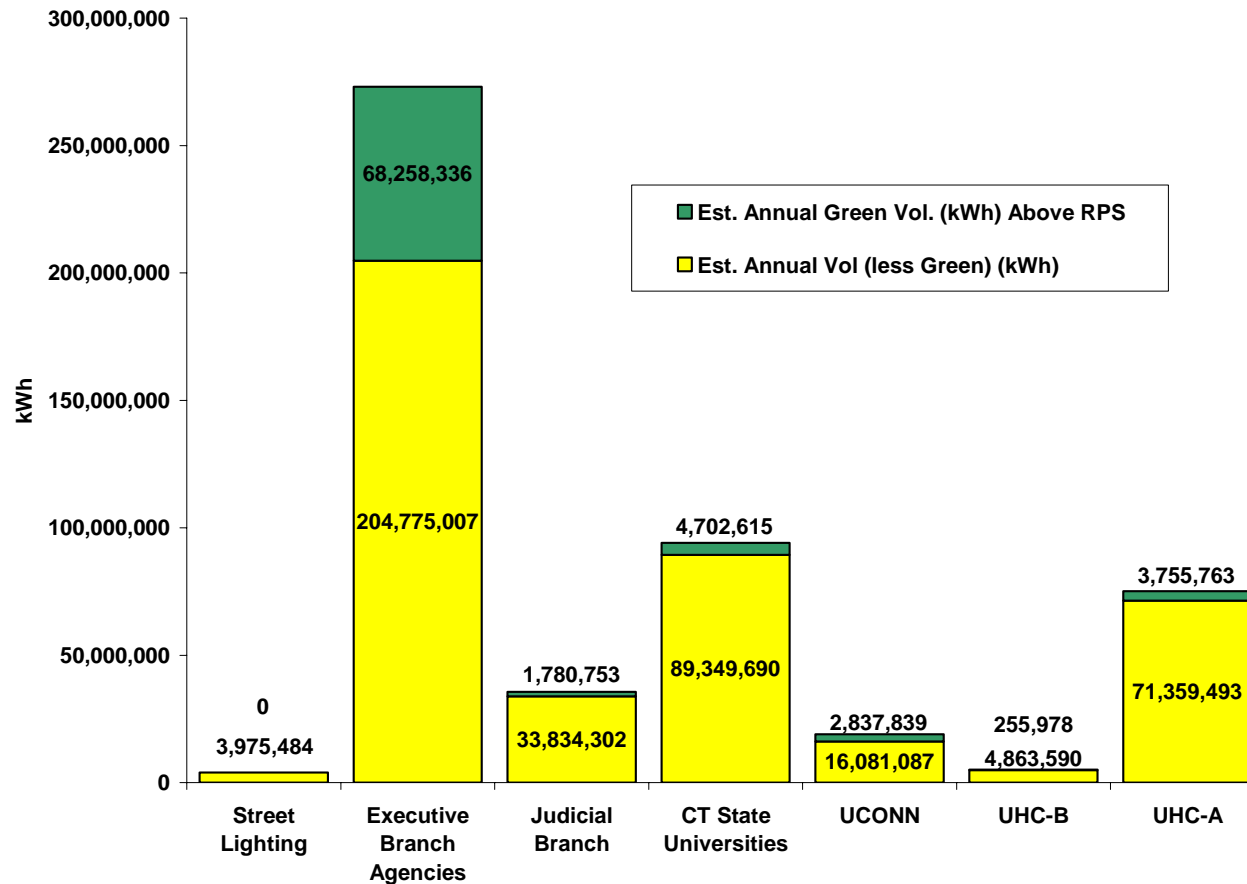
* includes CCC



Est. Annual Savings \$11.5M



All Contracts Meet or Exceed RPS



Next Steps

- September auction a “test case” of auction process
 - Did not include municipalities or low income customers
- Future auctions can expand pool
 - Cost uncertainties surrounding current rules will have to be addressed – “means tested” households
- Auctions for supply beyond June 2009 can be run at any time
 - State retains right to run additional auctions when market conditions are favorable

