



STATE OF CONNECTICUT
Office of Policy and Management

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**THE OFFICE OF POLICY AND MANAGEMENT RELEASES PRELIMINARY
FINDINGS CONCERNING THE REVIEW OF THE CONNECTICUT CLEAN
ENERGY FUND AND THE PROJECT 100 PROCUREMENT PROCESS**

In response to Governor M. Jodi Rell's directive earlier this summer, the Office of Policy and Management (OPM) has completed a review of the Project 100 procurement process conducted by the Connecticut Clean Energy Fund (CCEF), the Department of Public Utility Control (DPUC) and the utility companies. The Project 100 initiative is aimed at procuring 100 megawatts of long-term power purchase contracts with Class 1 renewable energy source projects by July 2008. Following questions raised by various stakeholders, the Governor requested the review in order to ensure that the selection process for these contracts was open, fair and competitive based on the merits and value of the proposals.

While OPM's review found no evidence of any intent to circumvent an open, competitive bidding process, their findings do reveal several flaws in this procurement process that created unnecessary delays in moving these projects forward. These flaws included an initial failure to provide prospective bidders with required pricing option information as referenced in the initial Request for Proposals (RFP) and a failure to request and review detailed pricing information prior to recommending bidders to the utility companies. In addition, certain pricing requirements were modified after the deadline for submission of proposals.

More specifically, the RFP clearly required that contract pricing for successful bidders must not exceed the statutory price cap of the comparable wholesale market price for generation plus five and one-half cents per kilowatt hour at the time of approval by the DPUC. However, the two proposals recommended to the utilities by the CCEF and currently being considered by the DPUC are not compliant with this mandatory cap. This raises a concern that other potential bidders who would have applied but for the price cap requirement were, in effect, precluded from participating. Put more simply, there may be other applicants who would have applied had they known that the price cap would not be applied to certain proposals. This creates a fundamental question as to the openness and fairness of the process.

Based on these findings, OPM is recommending that any proposals approved for Project 100 contracts must be made to comply with the price cap requirements as spelled out in the RFP. This will potentially allow the current projects to move forward for further review by the utilities and the DPUC without significant delay while ensuring that the initial RFP criteria are applied uniformly and fairly to all proposals.

At the Governor's request, OPM is continuing to review the practices, procedures and structure of CCEF's operations with a view toward potential recommendations for changes in the next legislative session.