

# NEW JERSEY SUSTAINABLE ENERGY JOINT MEETING (NJSEM) A Unique Energy Procurement Method

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## What is NJSEM?

- ▶ A Joint Meeting created pursuant to N.J.S.A. 40A:65-14
- ▶ NJSEM is a separate legal entity
- ▶ NJSEM does not purchase energy for itself
- ▶ NJSEM Members are all local government entities who are represented by municipal managers, administrators, CFOs, QPAs and other municipal decision-makers
- ▶ Structured Similar to the JIF model - Members in each region vote once a year for their own representative on a State Executive Committee
- ▶ NJSEM is managed by a State Executive Committee - the Executive Committee votes to award contracts.
- ▶ Organizational structure provides for broad-based representation, yet nimble and timely decision-making.

## What NJSEM is not:

A Joint Purchasing Agreement or Cooperative Purchasing System

A governmental Aggregation System

A Cooperative Purchasing Program

All of these systems and programs have limitations not applicable to the NJSEM form of procurement.

## How is NJSEM different?

- ▶ NJSEM acts as the contracting agent for energy and handles the entire process for its Members - NJSEM does not buy energy for itself.
- ▶ Executive Committee comprised of business administrators, QPAs and financial officers of local government entities with shared interests and concerns.
- ▶ NJSEM enters into a Master Performance Agreement on behalf of its Members, which is a standard form of contract drafted by the NJSEM for the benefit of its Members.
- ▶ NJSEM hires its own professionals to facilitate the process (attorneys, energy consultants, executive director, etc.).
- ▶ NJSEM professionals provide legal review, assure compliance with procurement law and audit requirements, and provide energy market advise and expertise.

## How is NJSEM different? continued

- ▶ NJSEM Members have access to the energy consultant after the contract is awarded to answer questions and address issues that may arise after the contract is awarded.
- ▶ All NJSEM Members are included in the contract - NJSEM Members do not need to do anything to take advantage of the contract.
- ▶ Only NJSEM Members can be part of a contract.
- ▶ NJSEM Members pay the Third Party Supplier directly.
- ▶ The only cost to NJSEM Members is the contract price.
- ▶ Every step of the procurement process and fees are transparent to members.
- ▶ NJSEM has a 10 year proven track record, delivering Member energy savings in excess of \$25M.

## NJSEM' Procurement Process

- ▶ Fully compliant with the New Jersey Local Public Contracts Law
- ▶ Utilizes a NJDCA-approved E-Procurement Process of the Energy Consultant
- ▶ The procurement process is overseen by NJSEM's attorney to ensure compliance

## NJSEM' Pre-Bid Process

1. The Executive Committee authorizes a bid and gives notice to its members.
2. NJSEM Members are divided into Bid Groups by utility and account type (e.g. PSE&G BGS-RSCP GPL accounts, PSE&G BGS-RSCP LPLS accounts, PSE&G street lighting accounts, etc.)
3. The Executive Committee sets a "strike price" (a maximum target price) which assures that contract award prices are below the utility tariff price.
4. NJSEM gives notice of strike price and gives Members an opportunity to opt-out.

## NJSEM' Bid Process

1. NJSEM prepares the RFB and uses a standard form contract for each bid.
2. NJSEM handles the entire RFB process.
3. Prior to bid opening, NJSEM's consultant provides a Cost Estimate, which is either at or below the Strike Price.
4. The Executive Committee holds a public hearing at bid opening.
5. The bids are evaluated based on the Strike Price and Cost Estimate.
6. NJSEM's consultants handle contract execution.
7. NJSEM notifies the Members of the contract award.

## Pitfalls of Using Supplier Contracts

Make sure you understand all of the Supplier's terms:

- ▶ Does the Contract contain all statutorily mandated contract terms?
- ▶ Do all of the bidders contracts contain comparable terms?
- ▶ Are there terms that will increase your costs?
  - ⊘ Billing Dates and Late Fees
  - ⊘ Early Termination Provisions/Damages Provisions
  - ⊘ Change in Law Provisions
  - ⊘ Material Usage Deviations

## To Join the NJSEM:

### Resolution

Adopt a Resolution binding your entity to join the NJSEM

### Contract

Sign the Joint Contract Joinder Agreement

### Utility Release

Complete a utility release form and provide us with your account numbers.

These documents are available on the NJSEM website at:

<http://www.njsem.org/index.php/membership/public-documents>

NOTE: NJSEM Members always have the opportunity to Opt-out of a bid prior to awarding a contract for that bid.

## FOR MORE INFORMATION:

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