

LFN 2012-12

July 16, 2012

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Electric and Natural Gas Supply Procurement Guidance

As energy markets evolve, a range of vendors are offering local officials assistance in reducing energy costs. Regrettably, some vendors are not aware of laws regulating energy procurement by local government.

The Local Public Contracts Law ("LPCL"), Public School Contracts Law ("PSCL") and the Electric Discount and Energy Competition Act of 1999 ("EDECA") direct the energy procurement process for local units and school districts. Located at N.J.S.A. 48:3-49 et seq., EDECA and its accompanying Board of Public Utility ("BPU") regulations (N.J.A.C. 14:4-6.1 et seq.) establish procedures that contracting units must follow in shopping for electric and natural gas supply from third party suppliers.

Please note that public bidding requirements under the LPCL and PSCL apply to contracts with third-party electric and natural gas suppliers, unless the supply is being purchased from the public utility under BPU-regulated tariffs. Separate procedures also exist for contracting units that participate, or serve as lead agency in, a cooperative pricing system; a topic discussed further in our article "[Energy Procurement and Cooperative Pricing Systems](#)".

The Division of Local Government Services' "E-Procurement Pilot Program" allows contracting units to accept bid for energy supply under certain circumstances through online technologies such as email bids or online auctions. Organizations conducting the auctions must be registered energy agents. Additional resources pertaining to E-Procurement and energy services are further detailed in our article "[Power Supply and Online Bidding Services](#)".

More information may be found in the following articles on the "Local Public Contracts Law" section of our website: [Procuring Power Supply through a Cooperative Purchasing System](#); [Overview of Local Unit Power Supply Bidding Practices](#); [Taking Advantage of Lower Electric Rates for Your Government Agency](#) and [Use of BPU Registered Suppliers, Energy Agents, and Consultants](#). For details on renewable energy power purchase contracts, please reference [Local Finance Notice 2009-10](#).

Approved: Thomas H. Neff, Director