



Legislation Text

File #: 1108-2023, Version: 1

This legislation authorizes the Director of Public Utilities to conduct a modified Request for Proposal (“RFP”) process, which will include discussion and negotiation with short-listed proposers, and to enter into a power supply agreement with the selected supplier to serve the Department of Public Utilities’ (“Department”) purchased power requirements beginning January 1, 2026. The resulting agreement will be for a term of up to three years to begin upon the expiration of the existing power supply agreement on December 31, 2025.

Since the Department executed its existing power supply agreement, it has become a counterparty to certain solar renewable energy projects under development within the City that will serve as a source of supply for the Department’s Division of Power (“Division”). As these new renewable projects serving the Division’s load achieve commercial operation, it may be appropriate for the Department to utilize an approach to power procurement that differs from that which it has previously used. Accordingly, this legislation authorizes the Department to issue an RFP that requests suppliers to offer proposals to address the Department’s changing purchased power requirements in a way that reduces market timing risks, minimizes liquidation potential, and maintains awarding of load-serving entity and back-office functions with the selected supplier. The RFP will also invite proposals that set forth other innovative approaches for the Department to procure its remaining power requirements given the Department’s reliability and sustainability goals.

This legislation authorizes the Department to enter into a power supply agreement that will best meet the Department’s requirements in light of these renewable energy projects and changing market conditions. The agreement may implement either a fixed-price, full-requirements supply with a single supplier for a fixed term or a laddering approach. Under a laddering approach, the Department may, from time to time as circumstances warrant during the agreement term, purchase blocks of energy, load-following blocks of energy, and/or indexed products. Purchases under a laddering approach would be executed upon approval of the Department during the agreement term such that the total size and duration of individual purchases would total 100% of hourly load needs prior to the start of an actual delivery period.

FISCAL IMPACT:

There is an expenditure of \$1.00 associated with this ordinance to allow the Director of Public Utilities the authority to enter into a power supply agreement for a term beginning January 1, 2026.

EMERGENCY DESIGNATION:

This ordinance is requested to be an emergency measure to allow the Director of Public Utilities to conduct a competitive process to negotiate and enter into a power supply agreement with a supplier that reduces market timing risks and minimizes liquidation potential, allows contract negotiations to begin at the earliest possible date, and allows the Department to take advantage of the best market prices.

To authorize the Director of Public Utilities to conduct a modified request for proposal process to negotiate with multiple suppliers and to select a supplier to fulfill the Division of Power’s electric power supply requirements for a one-year term beginning January 1, 2026 and extending for up to three year one-year renewal periods; to authorize the awarding of and entering into of such a power supply agreement; to authorize the Division to implement the strategy to purchase energy products on an ongoing basis if so provided under the terms of the power supply agreement; to waive provisions of Columbus City Code relating to the award of contracts through the request for proposal process as permitted by City

Code Section 329.15; to authorize the expenditure of \$1.00 from the Electricity Operating Fund; and to declare an emergency. (\$1.00)

WHEREAS, the Division of Power (the “Division”) needs to secure electric power supply for a term beginning January 1, 2026 to continue to provide electric power for the City and its businesses and residents; and

WHEREAS, the Division has historically fulfilled its electric power supply needs using a fixed-price, full-requirements supply contract with a single supplier for a fixed term (“Fixed Pricing”); and

WHEREAS, the Division desires to consider changes to the City’s current Fixed Pricing strategy due to its purchase of renewable energy from certain solar projects and other entitlements; and

WHEREAS, due to the volatility of the electric power supply market, the City’s plans for renewable energy sources to be a source of supply for the Division, and the necessity to lock-in favorable prices and power supply contracts immediately as they become available, it is necessary to vary the procedures, permitted by City Code Section 329.15, for entering into power supply contracts and to consider alternatives to Fixed Pricing; and

WHEREAS, it is necessary to authorize the Director of Public Utilities to conduct a competitive process to negotiate with multiple suppliers and to select a supplier for the Division’s electric power supply requirements for a term beginning January 1, 2026; and

WHEREAS, such a process may request proposals that set forth either a Fixed Pricing approach or alternatives to Fixed Pricing, including but not limited to a laddering approach, under which the Department may, from time to time as circumstances warrant during the agreement term, purchase blocks of energy, load-following blocks of energy, and/or indexed products; and

WHEREAS, in order to secure the best combination of contract terms and pricing, it is advisable to negotiate with more than one potential power supplier; and

WHEREAS, it is in the best interest of the City due to current market conditions to authorize the Director of Public Utilities to negotiate contract terms and enter into an agreement with the power supplier deemed to provide the best overall terms and pricing for a one-year term beginning January 1, 2026 and is subject to three one-year renewal periods; and

WHEREAS, it is necessary to waive the provisions of Columbus City Code relating to selection using the request for proposal process to allow negotiation with multiple power suppliers, as may be authorized under City Code Section 329.15; and

WHEREAS, the City seeks an expenditure of \$1.00 or so much thereof as may be needed, to be authorized in Fund 6300, Electricity Operating Fund, in object class 02, Materials & Supplies, per the accounting codes attached to the ordinance; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Public Utilities, Division of Power, in that it is immediately necessary to authorize the Director of Public Utilities to conduct a competitive process to negotiate and enter into a power supply agreement with a supplier that reduces market timing risks and minimizes liquidation potential, allows contract negotiations to begin at the earliest possible date, and if not passed as an emergency delays the Division’s ability to take advantage of the best market prices, without delay, for the immediate preservation of the public health, peace, property and safety; **now, therefore**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of Public Utilities is authorized under City Code Section 329.15, "Waiver of Regulations" to conduct a competitive procurement process to negotiate with multiple suppliers and to select a supplier to fulfill the City's power supply requirements beginning January 1, 2026 for a one-year term, subject to three one-year renewal periods, to implement the strategy to purchase energy products on an ongoing basis if so provided under the terms of the power supply.

SECTION 2. That the Director of Public Utilities is authorized to enter into a power supply agreement with the supplier selected from the foregoing process in the amount of one dollar (\$1.00) for a term beginning January 1, 2026 and is subject to three, one-year renewal periods.

SECTION 3. That the power supply agreement may provide for, and if so provided, the Director of Public Utilities is authorized to execute energy purchases and to determine the size and duration of purchases from the selected supplier on an ongoing basis during the term of the power supply agreement with the intent that individual purchases will total 100% of the Division's hourly load needs prior to the delivery period.

SECTION 4. That this Council finds the best interest of the City is served by waiving, as provided under Section 329.15, and does hereby waive the relevant provisions of Columbus City Code concerning awarding contracts through the request for proposal process for the purpose of awarding the power supply contract(s) and to the extent otherwise applicable during the term of any power purchase agreement authorized by this legislation.

SECTION 5. That the expenditure of \$1.00 or so much thereof as may be needed, is hereby authorized in Fund 6300, Electricity Operating Fund, in object class 02, Materials & Supplies, per the accounting codes attached to the ordinance.

SECTION 6. That the funds necessary to carry out the purpose of this ordinance are hereby deemed appropriated and the City Auditor shall establish such accounting codes as necessary.

SECTION 7. That the City Auditor is authorized to make any accounting changes to revise the funding source for all contracts or contract modifications associated with this ordinance.

SECTION 8. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this Ordinance is hereby declared to be an emergency measure, and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.