



City of Columbus

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Legislation Text

File #: 1837-2017, **Version:** 1

BACKGROUND: This legislation authorizes the Director of Public Utilities to negotiate with multiple potential providers of purchase power to enter into a contract for purchase power and waives provisions of Columbus City Code relating to award of contracts through the RFP process. Negotiating contract terms and power pricing with more than one provider should allow the City to secure the best contract available.

The Department of Public Utilities will request proposals from potential suppliers and will negotiate contract terms and conditions with suppliers deemed to have submitted responsive proposals. This process will allow department staff to compare proposals and terms in order to select the best purchase power contract for the Division of Power.

The Department has secured purchase power contracts in effect through December 31, 2022. This new request would solicit pricing for 12-month, 17-month, 24-month, and 36-month terms in order to secure power up to and including December 31, 2025. The term of any contract that may be executed would depend on the pricing proposals received. The Department may also add a “green power” component to the pricing to support the City’s sustainability objectives.

It is in our customers' best interest to obtain stable prices in advance, and it may be beneficial to secure power for this period at this time. Wholesale electric prices are currently driven in large measure by the price for natural gas, which is often the fuel used to generate power by those generators setting price in the PJM market. Presently, low natural gas prices and record levels of natural gas in storage have pushed the market down over recent months resulting in favorable market conditions for procuring additional electric generation supply. This wholesale power market environment warrants authorizing the Director of Public Utilities to negotiate contract terms with more than one potential supplier. This ordinance does not require the Director of Public Utilities to execute a contract if the RFP process does not produce pricing/terms and conditions that serve the best interest of the City and its customers.

This ordinance is requested to be an emergency measure to allow contract negotiations to begin at the earliest possible date. Waiver legislation is required to allow the Director of Public Utilities to negotiate with multiple suppliers who have submitted responsive proposals.

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 contractual agreement for the purpose of locking down a firm fixed price for the supply of power. Ordinances will be submitted yearly to fund any planned phases of the contract.

To authorize the Director of Public Utilities to negotiate and enter into a contract for purchase power; to waive provisions of Columbus City Code relating to award of contracts through the request for proposal process; to authorize the expenditure of \$1.00 from the Electricity Operating Fund; and to declare an emergency. (\$1.00)

WHEREAS, it is necessary to enter into a contract for purchase power for estimated power needs prior to the expiration of current contracts which are secured through December 31, 2022; 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 conditions within the market to authorize the Director of Public Utilities to negotiate contract terms and enter into a contract with the power supplier deemed to provide the best overall terms and pricing for a term of up to December 31, 2025; and

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

WHEREAS, an emergency exists in the usual daily operation of the Division of Power, of the Department of Public Utilities, in that it is immediately necessary to authorize the Director to negotiate and enter into a contract for purchase power to allow contract negotiations to begin at the earliest possible date, 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 this Council finds the best interest of the City and its customers is served by waiving, and does hereby waive, the relevant Sections of Chapter 329 of the Columbus City Codes concerning awarding contracts through the request for proposal process.

SECTION 2. That the Director of Public Utilities is hereby authorized to negotiate for and to enter into a contract for the supply of purchase power for the Division of Power in the amount of one dollar (\$1.00).

SECTION 3. That this ordinance does not require the Director of Public Utilities to execute a contract if the RFP process does not produce pricing/terms and conditions that serve in the best interest of the City.

SECTION 4. 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 Supplies & Materials per the accounting codes in the attachment to this ordinance.

SECTION 5. 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.