



Legislation Text

File #: 2239-2014, **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 competitive bidding. 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 purchase power contracts in effect through November 30, 2019. This new request would solicit pricing for 6-month, 13-month, and 18-month terms in order to secure power up to May 31, 2021. The term of any contract that may be executed would depend on the pricing proposals received.

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 by volatile prices for natural gas and coal that are used to generate electricity. Prices are also adjusting to environmental regulation and gas-electric coordination issues revealed by the January 2014 winter weather conditions (commonly referred to as the "polar vortex").

Wholesale market conditions are currently favorable due to continued relatively low natural gas prices. 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.

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 competitive bidding provisions of Columbus City Code; 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 the estimated power needs prior to expiration of the current contract on November 30, 2019; 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 May 31, 2021; and

WHEREAS, it is necessary to waive the competitive bidding provisions of Columbus City Code 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 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 it to be in the best interests of the City to waive the competitive bidding provisions of City Code Chapter 329.

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 the expenditure of \$1.00 is hereby authorized from the Electricity Operating Fund 550, Division 6007, OCA 600830, OL1 02, OL3 2233.

SECTION 4. 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.