



## Legislation Text

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**File #:** 1974-2016, **Version:** 1

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**Background:** Ordinance 0786-2013 authorized the Director of the Department of Finance & Management to enter into an Electric Service Agreement with AEP Energy, Inc. for the provision of electric service at certain set rates for various city-owned facilities under the purview of the Departments of Finance & Management, Public Service, and Recreation & Parks.

This agreement was modified pursuant to the authority granted under Ordinance 2539-2013, which allowed for thirty-percent (30%) green power sourcing (i.e. wind-generated, solar-generated, etc.) and was later modified pursuant to Ordinance 1151-2015, which allowed for fifty-percent (50%) green power sourcing as well as extending the original term from May 2, 2016 to May 2, 2018. Ordinance 1151-2015 also allowed for the inclusion of city-owned facilities under the purview of the Department of Public Utilities.

This legislation requests authority to modify the existing agreement with AEP Energy, Inc. to allow for fifty-percent (50%) green power sourcing, to include the Department of Public Utilities, Finance & Management, Recreation & Parks, Technology, and Public Service and the city-owned facilities under their purview, and to extend the contract termination date from May 2, 2018 to May 2, 2019.

It is necessary to modify the terms of the existing contract to respond to market conditions and new environmental regulations that are causing uncertainty in the marketplace. The market is currently on the rebound from a historically low pricing period and will continue to rise in relation to the natural gas market. The Energy Information Administration is predicting a 2.5% annual rise in electricity costs into the next year. This contract extension will allow the City to take advantage of the current lower price in the market and manage electricity costs in the near term as is common practice with many entities trying to budget their energy expenses.

AEP Energy is guaranteeing a supply energy price not to exceed \$60.00/MWh/ that would begin in June of 2018 and end in May of 2019. This contract extension also extends the green power purchasing component which is in-line with Green Memo III. This new contract will save an estimated \$42,500 over the next two year period.

The Department of Finance & Management feels that it is in the best interest of the City of Columbus to modify the existing agreement with AEP Energy, Inc. to continue to take advantage of the current electricity market and to reduce the city's carbon footprint. This ordinance is being submitted as an emergency so that the department can modify this agreement at the earliest time possible to take advantage of cost savings and to begin greenhouse gas reductions.

**FISCAL IMPACT:** No funding required for this contract.

**Contract Compliance No.:** AEP Energy, Inc. 030459115

To authorize the Director of the Department of Finance & Management to modify the existing Electric Service Agreement with AEP Energy, Inc. for the purchase of electric power. (\$0.00)

**WHEREAS,** AEP Energy, Inc. is a competitive retail electric service provider and affiliate of AEP Ohio; and

**WHEREAS**, the Department of Finance & Management has a need to coordinate with AEP Energy, Inc. in an effort to reduce the power costs and greenhouse gas emissions of associated city-owned facilities under the purview of the Departments of Finance & Management, Public Service, Recreation & Parks, and Public Utilities; and

**WHEREAS**, by modifying the current Electric Service Agreement these city departments are projected to reduce greenhouse gas emissions and increase the cost savings negotiated under the original Electric Service Agreement; and

**WHEREAS**, relevant provisions of Chapter 329 of the Columbus City Code exempts items for which fixed prices prevail, such as utility services, from the bidding process; and

**WHEREAS**, it has become necessary in the usual daily operation of the Department of Finance and Management to authorize the Director to modify the electric service agreement with AEP Energy, Inc. for the public health, safety and welfare; now, therefore;

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

**SECTION 1.** That the Director of the Department of Finance & Management be and is hereby authorized to modify and extend the existing Electric Service Agreement with AEP Energy, Inc. to include a fifty-percent green power sourcing feature for the provision of electric service at certain set rates for various city-owned facilities under the purview of the Departments of Finance & Management, Public Service, Recreation & Parks, and Public Utilities.

**SECTION 2.** That this ordinance shall take effect and be in force from and after the earliest period allowed by law.