



Legislation Text

File #: 1749-2019, **Version:** 1

BACKGROUND: This legislation authorizes the Director of Finance and Management to negotiate with multiple certified energy suppliers in the State of Ohio for the deregulated electric supply of all City owned facilities on the AEP Ohio distribution system. The legislation also waives provisions of Columbus City Code relating to award of contracts through the Request for Proposal (RFP) process.

The Department of Finance and Management will request proposals from potential energy suppliers and will negotiate energy supply contract terms and conditions with multiple 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 City. Due to the future start date of the potential power contract, the City is not obligated to purchase power through this process if proposals do not meet the budgetary goals.

The Department of Finance and Management and the Department of Public Utilities currently have a total of 5 contracts in place for varying kilowatt hours with different expiration dates. Detail of these contracts by Department is provided below:

- 1) Public Utilities - Power; 10,075,000 kWh; June 2021 expiration
- 2) Public Utilities - Sewer and Water; 9,600,000 kWh; May 2021 expiration
- 3) Finance, Public Service, Rec & Parks; 25,000,000 kWh; May 2021 expiration
- 4) Finance, Public Service, Rec & Parks; 4,500,000 kWh; May 2021 expiration
- 5) Finance, Public Service, Rec & Parks; 2,800,000 kWh; May 2021 expiration

Based on current market conditions, the Department of Finance and Management and the Department of Public Utilities have the opportunity to lock in electricity supply rates that are expected to provide budget savings starting May/June of 2021.

This RFP will solicit pricing options up to 12-months, 18-months, 24-months, or 36-month terms, based on recommendations from its Energy Consultant. The Departments may also add a “green power” component to the pricing to support the City’s sustainability objectives.

It is the Departments' best interest to obtain stable prices in advance and take advantage of favorable energy market conditions. Wholesale electric prices are currently driven in large measure by the price for natural gas. Presently, low natural gas prices have incentivized power generation developers to build efficient low-cost natural gas fired generation. This new electricity supply has pushed wholesale electricity pricing to near record lows resulting in an opportunity to proactively lock in low rates for electric supply. The current power market environment warrants authorizing the Director of Finance and Management to negotiate contract terms with more than one potential supplier. This ordinance does not require the Director of Finance and Management 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 Finance and Management to negotiate with multiple suppliers who have submitted responsive proposals to obtain the most favorable terms, conditions and pricing for the City of Columbus. This process is not currently available under Columbus City Code Chapter 329..

FISCAL IMPACT:

There is an expenditure of \$1.00 associated with this ordinance to grant the Director of Finance and Management 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 Finance and Management to negotiate and enter into contract for contract energy supply; to waive the competitive bidding provisions of Columbus City Code, Chapter 329 relating to award of contracts through the Request for Proposals process; to authorize the expenditure of \$1.00 from the General Fund; and to declare an emergency. (\$1.00)

WHEREAS, it is necessary to enter into a contract for contract energy supply for the estimated power needs for several Departments prior to the expiration of current contracts which are secured through June 2021 and May of 2021; 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 Finance and Management to negotiate contract terms and enter into a contract with the power supplier deemed to provide the best overall terms and pricing up to 12-months, 18-months, 24-months, or 36-months; and

WHEREAS, it is necessary to waive provisions of the City Code Chapter 329 related 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 Department of Finance and Management, in that it is immediately necessary to authorize the Director to negotiate and enter into contracts for energy supply 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 the Director of Finance and Management is hereby authorized to negotiate and to enter into contracts for the supply of power, with a potential green power option, for multiple City Departments in the amount of one dollar (\$1.00).

SECTION 2. 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 City Codes concerning awarding contracts through the request for proposal process.

SECTION 3. That this ordinance does not require the Director of Finance and Management 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 from the General Fund 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.