



Legislation Text

File #: 1380-2023, Version: 1

This ordinance authorizes the Director of Public Utilities to modify the Master Services Agreement with American Municipal Power, Inc. (AMP) to authorize AMP to purchase wholesale electricity through block power purchases for a term beginning with execution of the modification and ending no later than December 31, 2025.

The Division of Power's projections for purchase power needs accounted for 4.8 megawatts (MW) generated by biomass and combined heat and power generation units under construction at the Jackson Pike (JPWWTP) and Southerly (SWWTP) wastewater treatment plants. These projects have been delayed and are now estimated to come online in mid-2024 (JPWWTP) and 2026 or 2027 (SWWTP). AMP is currently procuring energy to make up the 4.8MW deficit through the Real-Time market, which is a spot market where electricity is procured for immediate delivery with prices calculated every five minutes (for more than 10,000 different pricing points) according to actual grid operating conditions. Block power purchases can lock in better pricing and provide more price stability.

This Ordinance is being submitted in accordance with the relevant provisions of Chapter 329 of City Code pertaining to contract modifications.

1. Amount of additional funds: The total amount of additional funds needed for this contract modification #18 is \$0.00. Total contract amount including this modification is \$335,450,534.00.
2. Reason additional funds were not foreseen: No additional funding is required.
3. Reason other procurement processes were not used: American Municipal Power, Inc. is a non-profit organization for state municipalities and, acting as a broker, has contracted for competitive prices on the City's behalf through a bidding process.
4. How was cost determined: The delay in biomass and combined heat and power generating units at the wastewater treatment plants was known while the budget was developed and the estimated cost of making up that energy (4.8MW) is already accounted for. Authorizing block power purchases allows AMP Inc. to lock in better pricing if available, and provides more price stability than buying power from the Real-Time market.

SUPPLIER:

American Municipal Power, Inc. | D365 Vendor #004495 | EIN on file | Expired 2/4/2023 |
Nonprofit Organization
American Municipal Power, Inc. does not hold MBE/FBE status.

The company is not debarred according to the Excluded Party Listing System of the Federal Government or prohibited from being awarded a contract according to the Auditor of State Unresolved Findings for Recovery Certified Search.

FISCAL IMPACT:

\$0.00. No additional funds are required.

\$18,407,222.49 has been spent in 2023
\$58,758,819.00 was spent in 2022
\$51,546,573.96 was spent in 2021

EMERGENCY DESIGNATION:

This ordinance is being submitted as an emergency in order to allow the purchase of necessary electricity through the more price-stable block purchase power mechanism. Without this capability, AMP Inc., on behalf of DOP, is subject to the Real-Time market prices when purchasing power to make up for the 4.8 MW deficit as a result of delays in the combined heat and power generation units at the Southerly and Jackson Pike wastewater treatment plants. While spot market prices are currently lower than typical, they can be volatile and are expected to rise over the summer. Immediate passage of this ordinance will allow AMP to procure blocks of energy at lower prices. It is to the Division's benefit to achieve price stability, as large increases could require reductions in other areas and affect overall service levels.

To authorize the Director of Public Utilities to modify the Master Services Agreement with American Municipal Power, Inc. (AMP) to authorize AMP to purchase wholesale electricity through block power purchases for a term beginning with execution of the modification and ending no later than December 31, 2025; and to declare an emergency. (\$0.00)

WHEREAS, the City of Columbus, Ohio is a political subdivision, organized and existing pursuant to the laws of the State of Ohio, that owns and operates an electric utility system for the sale of electric power and associated energy for the benefit of its citizens and customers; and

WHEREAS, in order to satisfy the electric energy requirements of its electric utility system, the Department of Public Utilities, Division of Power has an existing contract for the purchase of wholesale electricity and associated services with American Municipal Power, Inc. (AMP); and

WHEREAS, AMP is an Ohio non-profit corporation, of which the City is a member, and has heretofore purchased energy arranged by AMP; and

WHEREAS, it is necessary to modify the Master Services Agreement with AMP to authorize AMP to purchase wholesale electricity through block power purchases for a term beginning with execution of the modification and ending no later than December 31, 2025; and

WHEREAS, AMP will negotiate with one or more reputable and financially sound third-party power suppliers to enter into an agreement(s) to purchase electric energy in megawatt (MW) or megawatt hour (MWh) blocks, all of which will provide an economical source of electric energy; and

WHEREAS, AMP, has prepared and delivered to the City the form of a Fixed Volume Energy Supply Schedule, pursuant to which the City may purchase energy; and

WHEREAS, AMP has provided and will continue to provide appropriate personnel and information regarding the block power purchase(s) to the City, as such officers and representatives of the City deem necessary or appropriate, to enable the City to evaluate the benefits and risks of the block power purchase(s), to take actions contemplated by the Ordinance hereinafter set forth, and to determine that the same are in the public interest; and

WHEREAS, this ordinance is being submitted in accordance with the relevant provisions of Chapter 329 of City Code pertaining to contract modifications; 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 modify the Master Services Agreement with American Municipal Power, Inc. (AMP) to authorize AMP to purchase wholesale electricity through block power purchases for a term beginning with execution of the modification and ending no later than December 31, 2025, 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 hereby authorized to modify the Master Services Agreement with American Municipal Power, Inc. (AMP) to authorize AMP to purchase wholesale electricity through block power purchases for a term beginning with execution of the modification and ending no later than December 31, 2025. Modification No.18 to this contract includes no additional funding.

SECTION 2. That this modification is in accordance with the relevant provisions of Chapter 329 of City Code.

SECTION 3. That if any section, subsection, paragraph, clause or provision or any part thereof of this Ordinance shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Ordinance shall be unaffected by such adjudication and all the remaining provisions of this Ordinance shall remain in full force and effect as though such section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

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.