



Agenda Item Summary

File #: RES 19-34, **Version:** 1

Submitted By

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Agenda Item Title

A Resolution Awarding an Electric Power Sale Agreement with Constellation NewEnergy, Inc. at the Rate of .0535520 per kWh for a 12 Month Period for the Purchase of Fixed Price Electricity for Certain Municipal Facilities and Authorizing its Execution

Overview

The Village is working with Mark Pruitt, Principal of the Illinois Energy Choice Aggregation Network (ICCAN), for the solicitation of bids for third party pricing for electrical power supply for five Village accounts:

1. 720 North Blvd. - The Avenue Parking Garage
2. 1150 Holley Court - Holley Court Parking Garage
3. 1155 Holley Court - Holley Court Parking Garage
4. 129 Lake Street - Central Pumping Station and the North and South pumping stations)
5. 137 North Scoville- OPRF Parking Garage

During the meeting, on January 28, 2019, bid results will be discussed during the Regular Meeting. Bids will be received in the morning of January 28, 2019. This item will be updated on the village website.

Staff Recommendation

ICCAN is recommending a sales agreement with Constellation for a 12-month period at the rate of .0535520.

Fiscal Impact

The applicable Enterprise Funds (Parking Fund and the Water/Sewer Fund) appropriates the necessary funding for electrical expenses.

Based on preliminary rate research, 2019 fixed rates ranging from \$0.054 to \$0.056/kWh is higher than the previous 2015 rate of \$0.04924. The estimated annual consumption for all 5 accounts is 2,050,234 kWh which could be an annual rate increase range of \$9,700 to \$14,000.

The rate difference is due entirely to a higher capacity rate that is paid by all ComEd customers. That rate is set by the regional transmission organization (PJM) under the authority of the Federal Energy Regulatory

Commission (FERC). The rate is the same from all suppliers and cannot be avoided or hedged.

Background

The Village pays for electricity at its revenue generating facilities, including the parking garages and the water pumping stations. (The Village does not pay for electricity at Village Hall or the Fire Stations under the terms of the Franchise Agreement with ComEd). Retail electricity purchases were deregulated in 2006 such that the Village has since that time had the option of purchasing electricity from suppliers other than Com Ed. As a result, the Village now obtains competitive quotes for electricity for eligible accounts. ComEd remains the distributor of the electricity, but suppliers provide competitive rates to deliver the electricity.

The Village has two options for purchasing electricity: ComEd's supply or 3rd party supply (deregulated electricity). Competitive fixed prices bids were solicited for the following five (5) accounts:

1. 720 North Blvd. - The Avenue Parking Garage
2. 1150 Holley Court - Holley Court Parking Garage
3. 1155 Holley Court - Holley Court Parking Garage
4. 102 North Lombard (Central Pumping Station and the North and South pumping stations)
5. OPRF Parking Garage

The current agreement with Constellation is set to expire in February, 2019. ICCAN advises the Village to secure the lowest 12-month electric supply rate from Constellation New Energy, Inc. Community Solar resources supplying to the ComEd service region will likely become available for subscription in early 2020. ICCAN will investigate the potential for savings for the Village accounts from Community Solar.

Alternatives

Subject to the information received on January 28, 2019, the Village Board could defer action.

Previous Board Action

The current contract with Constellation provides a fixed rate of \$0.4924/kWh and was awarded in December, 2015. This rate includes energy, capacity, ancillaries, line losses and transmission from Constellation. It does not include ComEd's distribution cost.

Citizen Advisory Commission Action

N/A.

Anticipated Future Actions/Commitments

N/A.

Intergovernmental Cooperation Opportunities

N/A.

Performance Management (MAP) Alignment

N/A.