

# Request For City Council Action

**Date:** February 10, 2015

<b>Agenda Section:</b> General Business  <b>No.</b> 6	<b>Originating Department:</b>  City Manager's Office
<b>Item:</b> Authorization Granting Select Energy Partners, LLC, a Municipal Power of Attorney for the Purpose of Signing a Twenty Four (24) Month Contract with the Lowest Successful Bidder for the Supply of 100% Renewable Energy Generated Electricity  <b>No.</b> 6.5	<b>Approved:</b>

**Background:**

On November 6, 2012, the residents of the City of Carbondale voted to authorize the City to act on their behalf to arrange for the supply of electricity for residential and small commercial retail customers who do not opt out of such a program.

On December 11, 2012, the City Council approved an Electric Aggregation Plan of Operation and Governance and entered into an Intergovernmental Agreement with Chester, Coulterville, Elkhville, Marion, Sparta, Steeleville, Tamaroa, West Frankfort, and the unincorporated area of Perry County, for the purchase of electricity. The group is collectively known as the Consortium. Since the signing of the Intergovernmental Agreement, the number of members in the Consortium involved in the aggregation has grown to 54.

The Consortium chose Select Energy Partners, LLC., as their electrical aggregation consultant, to provide professional consulting services which includes conducting an open bid process, reviewing and analyzing the bids to determine the best possible supplier of electricity, reviewing contracts, and assist with administration duties. The Consortium selected Homefield Energy as the supplier of electricity for the first 24 month contract (March 2013 - March 2015) and a subsequent 3 month contract extension (March - June 2015). The current contract with Homefield expires in June 2015. Ameren remains the local distributor of the electricity and provides the billing to residents and small businesses.

In June 2015, new Ameren default rates will be announced. The default rate is the rate the residents and small businesses represented by the Consortium would have to pay if a new aggregation contract is not approved. The default rates are expected to increase significantly and be in the 6.0 to 6.5 cents per kilowatt hour range. Since the electricity market is so volatile, with rates changing every 15 minutes, Select Energy proposes conducting a new bid for the supply of electricity as soon as possible to lock in rates that are more favorable than the expected Ameren default rates.

Based on current trends in pricing, Select Energy believes they can secure bids for a 24 month contract in the 5.2 to 5.6 cents per kilowatt hour range. These prices represent a savings in the 11 to 14% range over the expected default rate. In comparison the original base bid rate in 2013 was 4.317 cents per kilowatt hour. Once bids are received, contracts must be signed within 24 hours. In order to obtain the best rates available, a series of bids might be necessary. The Illinois Open Meetings Act requires a public notice of at least 48 hours before a meeting can be held by a government agency.

Engineering Approval Obtained	Finance Approval Obtained	Legal Approval Obtained	Approval Obtained	Manager's Approval Obtained
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Council Action: Motion by \_\_\_\_\_ 2nd by \_\_\_\_\_ to \_\_\_\_\_

Because of the short time available to approve a contract, compliance with the Act prevents all the members of the Consortium from scheduling public meetings to vote on the bid results. In order to take advantage of the best bid rates, Select Energy proposes the members of the Consortium approve a Resolution granting a Power of Attorney to Select Energy Partners which will authorize them to execute a contract when the best possible bid rates are received. The Consortium previously granted a Power of Attorney to Select Energy Partners in the summer of 2014 when bids for the three (3) month contract extension were approved.

The Power of Attorney stipulates that Select Energy may sign a contract on behalf of the City of Carbondale if the 24 month aggregation contract rate is below the expected Ameren default rates for residential and small business customers as stated above.

When the original bid was selected in 2013, the City of Carbondale was the only member of the consortium who chose to accept the 100% renewable energy bid. The renewable energy price was 4.421 cents per kilowatt hour. This is 0.104 cents per kilowatt hour or approximately 2.5% higher than the 2013 base bid rate. It is expected that the new bids for 100% renewable energy will again be 2.5% higher than the base bid rate. This increase makes the expected new price to range from 5.3 to 5.7 cents per kilowatt hour.

**Recommended Action:**

It is recommend that the City Council grant Select Energy Partners, LLC., a Municipal Power of Attorney for the purpose of signing a twenty four (24) month contract with the lowest successful bidder for the supply of 100% renewable energy generated electricity.



**SOUTHERN ILLINOIS  
ELECTRICITY AGGREGATION CONSORTIUM**

**MUNICIPALITY POWER OF ATTORNEY**

**MUNICIPALITY:  
ADDRESS:  
CITY STATE ZIP:  
TELEPHONE:**

Municipality hereby appoints Select Energy Partners as Attorney-In-Fact for purposes herein and authorizes Select Energy to execute a 24 month electricity supply agreement ("contract") with the winning electric supply bidder on behalf of **MUNICIPALITY** as a member of the Southern Illinois Electricity Aggregation Consortium Program.

Municipality understands that the contract price will not exceed the June 2015 - May 2016 expected Ameren default rates for residential and small business customers.

The start date for the contract will coincide with the expiration of the Municipality's current agreement in June 2015. Municipality understands that the contract price is inclusive of all energy cost and known capacity charges, ancillary costs, transmission charges, line losses and RPS fees. This price does not include delivery costs and taxes from Ameren Illinois.

Municipality authorizes the execution of the contract by Select Energy under the above terms. Further, Municipality represents and warrants through the term of the agreement, as follows: 1) all acts necessary to the valid execution, delivery and performance of the agreement or contract extension, including without limitation, public notice, election, referendum, prior appropriation or other required procedures has or will be taken and performed as required; 2) all persons authorized to act on behalf of the Municipality are the duly elected or appointed incumbents in their positions and hold such positions in good standing in accordance with Municipality by-laws or other applicable law; 3) entry into and performance of this agreement are for a proper public purpose; 4) the term of this agreement or contract does not extend beyond any applicable limitation imposed by relevant or applicable law.

**MUNICIPALITY**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Please return signed SI Electricity Aggregation Consortium Power of Attorney to:

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Chicago, IL 60661  
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Email: abaluyot@selectenergypartners.com