

Request for Legislation

Authorizing the Directors of Finance and Public Utilities to enter into one or more contracts with Northeast Ohio Public Energy Council (NOPEC), for electric aggregation services and power supply for residential and small commercial customers from August 2017 meter read dates through December 2019.

Summary:

The Directors of Finance and Public Utilities desire to enter into one or more contracts with **Northeast Ohio Public Energy Council (NOPEC)**, to create and manage an electric aggregation program for Illuminating Company customers in the City of Cleveland, for a price of \$.05447/Kwh for the first three months of the aggregation term, or the program price option offered to other NOPEC community customers, whichever is lower. After the first three months, pricing will include periodic adjustments based on wholesale market prices. The term of the program shall begin with the August 2017 meter read dates and continue through December 2019. An administrative fee not to exceed \$.0001 may be included in the charges billed to customers.

Below is a summary of the aggregation program terms:

<i>FACTOR</i>	<i>SELECTION</i>
Aggregation Proposer	NOPEC with NextEra Energy Services Ohio, LLC. ('NextEra')
Contract	August 2017 – December 2019; the City can withdraw from the NOPEC electric aggregation program by passing legislation authorizing withdrawal and providing NOPEC with six months' notice prior to the end of the program term
Opt-Out Aggregation Price	\$.05447/Kwh for first three months, then periodic adjustments based on wholesale market prices
Opt-In Aggregation Price	Through December 2019, residents can opt-in to a 6% off the Illuminating Company's Price to Compare; small businesses can choose 4% off.
Opt-Out Renewable Energy	50% Renewable
Opt-In Renewable Options	100% Renewable (approx. \$.00025/Kwh incremental cost)
Savings	Approximately \$4/month for average resident and \$20/month for average small business from Aug-Oct 2017; Savings will vary after
City Admin Fee	\$.0001/Kwh (Approx. \$50,000/year) may be included

In parallel, there is a separate Request for Legislation to approve NOPEC's Plan of Operation and Governance for the electric aggregation.

Background/Purpose:

The Departments of Finance and Public Utilities, in collaboration with the Mayor's Office of Sustainability, solicited proposals to provide electric aggregation program services for the City of Cleveland. Approximately 55,000 residential and 7,000 small commercial customers of the Illuminating Company are eligible aggregation customers.

The City's electric aggregation program brings together citizens to gain group buying power to purchase electricity from an electric generation provider certified by the Public Utilities Commission of Ohio (PUCO). The primary goals of the City's electric aggregation program include: 1) providing lower electricity costs and more predictability for Cleveland's citizens; 2) supporting renewable energy development, especially local renewable energy generation, to advance Cleveland's sustainable economy; and 3) ensuring that supplier(s) provide quality, reliable service and first-rate customer service.

Five organizations responded to this RFP. The responding firms were Constellation, Dynegy, NOPEC (with NextEra), TPI Efficiency (with First Energy Solutions) and YellowLite. Technical proposals and oral presentations were evaluated by a five-member committee, including representation from the Office of Sustainability, Cleveland Public Power (Department of Public Utilities) and Purchasing (Department of Finance).

The evaluation criteria included:

- Adherence to RFP submission requirements
- Qualifications, expertise & previous relevant experience
- Program Management Plan
- Proposed schedule for planning, development, and delivery
- Controls costs for residential & small commercial customers
- Proposed support for local renewable energy generation
- Sustainability of proposer's own operations

Based on the proposals, two teams were invited to provide oral presentations, followed by detailed written questions and answers. The review team spent considerable effort in evaluating the top two proposals across a variety of factors. Key factors are highlighted below along with the rationale for selecting NOPEC.

- Because of market fluctuations associated with energy prices, NOPEC/NextEra uses a rigorous wholesale-market-based hedging strategy that will be used for periodic adjustment to the program's pricing. Energy prices are very difficult to predict more than one year into the future, so this approach should reduce risk for aggregation customers.
- NOPEC's contracts ensure there are no pass through charges (e.g. polar vortex fee) to residents and businesses.
- NOPEC administers electric aggregation programs for more than 200 other cities in Northeast Ohio.
- NOPEC is committed to customer service and retaining aggregation customers through a robust supplemental mailing process. NOPEC also agrees to send a supplemental postcard mailer to Cleveland aggregation customers.
- Compared to other proposers, NOPEC had the best approach to supporting energy efficiency for homes and businesses.
- NOPEC provides several additional valuable programs, such as the "Do Not Knock" program that prohibits solicitation to enrolled households.
- NextEra, the energy supplier, is the largest generator of renewable energy in the U.S.

The legislation also authorizes the Directors of Finance and Public Utilities to withdraw from the NOPEC program at the end of the 2019 term if the Directors determine withdrawal is in the City's best interest.

Justification/Urgency:

The City must begin the new aggregation program with the August 2017 meter reads to avoid a gap in service. Meeting this deadline requires signed contracts by mid-May.

Anticipated Costs and funding source:

There is no cost to the City associated with these contracts.

Schedule or Term of Contract:

The contract term for the program will be through December 2019.

Current Contract(s):

Vendor Company Name	Vendor Address	Vendor Contact	Contract Info
Constellation Energy Services	1716 Lawrence Drive, DePere, Wisconsin 54115	Julia Hall	Awarded Amt.: N/A Contract Exp. Date: July 2017 (Through the July 2017 meter read cycle dates)

CSB Participation on the Current Contract:

Goals: N/A

Note: OEO goals were waived for the RFP