

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
JUNE 5, 2012 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Pre-Qualification of RFP Respondents and Selection of Power Mix for Electrical Aggregation Program	Resolution Ordinance ✓ Motion Discussion Only	Allison Deitch Management Analyst

SYNOPSIS

A motion is requested pre-qualify certain licensed and certified alternative retail electric suppliers and to authorize the Village Manager to enter into the Master Power Supply Agreement for a 24-month term with the lowest qualified proposer for electricity supply offset 100% by renewable energy certificates.

STRATEGIC PLAN ALIGNMENT

The goals for 2011 to 2018 include *Exceptional Municipal Services. Evaluating Options for Electrical Aggregation* is a High Priority Action Item for 2012.

FISCAL IMPACT

There is no direct cost to the Village for the electrical aggregation program. Downers Grove residents and eligible businesses could see savings of approximately 40% over the ComEd supply rates.

RECOMMENDATION

Approval of a motion to pre-qualify First Energy, MC Squared, Integrys Energy and CNE/Exelon and to authorize the Village Manager to enter into the Master Power Supply Agreement for a 24-month term with the lowest qualified proposer for electricity supply offset 100% by renewable energy credits.

BACKGROUND

On March 20, 2012, the voters of Downers Grove approved a referendum authorizing the Village to operate an opt-out electrical aggregation program. After the Village Council approved the Plan of Operations and Governance on May 15, 2012, staff, working with the Village of Westmont and the Villages' consultant, Belden Energy Solutions issued a Request for Proposals. Seven suppliers responded.

Staff evaluated the seven proposals based on the suppliers' experience and ability to meet the requirements of the program. Two suppliers' proposals were determined to be non-responsive based on the information submitted. One additional supplier was determined to be unqualified based on its limited resources to meet the program requirements. Based on staff's evaluation, four respondents, First Energy, MC Squared, Integrys Energy and CNE/Exelon, are qualified to provide electrical supply according to the terms and conditions of the RFP. Belden Energy Solutions will notify the pre-qualified suppliers and will seek best-and-final pricing by approximately the end of this week. At that time, the Village Manager will enter into a binding power supply agreement, which the Council will approve at an upcoming meeting.

The proposals included preliminary pricing for 12, 24 and 36 month terms for rates that include increasing levels of renewable energy certificates (RECs) from the state-minimum of 7% to a maximum of 100%. The range of pricing from the four pre-qualified suppliers is indicated in the Table 1 below. Belden Energy Solutions will seek best-and-final pricing from the pre-qualified suppliers and final pricing is anticipated to be close to the low end of the range listed below.

Table 1
Preliminary Pricing Ranges from Pre-Qualified Suppliers

Term Length	ComEd Rate to Compare (in cents per kWh)	Minimum RECs	25% RECs	50% RECS	75% RECs	100% RECs
12 Months	8.20*	4.40 - 4.68	4.42 - 4.699	4.44 - 4.717	4.46 - 4.734	4.48 - 4.751
24 Months	Unknown	4.70 - 5.121	4.72 -5.140	4.74 - 5.158	4.76 - 5.177	4.78 - 5.195

* Estimated Rate-to-Compare. The actual annual rate varies based on usage.

The difference in rate between the minimum required REC's and 100% REC's is approximately 0.08 cents (approximately \$8.28 per year for a typical residential customer). Based on the favorable pricing and the spread between minimum RECs and 100% RECs, staff recommends an initial term of 24 months for a fixed rate for supply, supplemented 100% by renewable energy certificates. Belden Energy Solutions is recommending the 24-month term to protect against an increase in energy prices that is anticipated past 2013. Current rates are at historic lows and are likely to increase in the future. If at any time, the ComEd "Price to Compare," currently estimated at 8.2 cents per kilowatt hour (kWh) for the period of June 2012 until May 2013, falls below the aggregation rate, the supplier will meet the rate or the Village may terminate the contract and return customers to the ComEd rate.

Based on the preliminary pricing provided, the typical residential customer would achieve annual savings of approximately \$354 to \$362 (see Table 2 below). The savings is based on preliminary pricing and the actual rate may be slightly higher or lower.

Table 2
Estimated Annual Savings for a Typical Residence (10,350 kilowatt hours per year)

Type of Supply	Estimated Rate	Estimated Annual Cost	Estimated Annual Savings to Rate to Compare
Com Ed Rate	8.20	\$849	NA
Min. REC (24 Month)	4.70	\$486	\$362
50% REC (24 Month)	4.74	\$491	\$358
100% REC (24 Month)	4.78	\$495	\$354

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Legal Department **DATE:** June 5, 2012
(Name)

RECOMMENDATION FROM: _____ **FILE REF:** _____
(Board or Department)

NATURE OF ACTION:

- Ordinance
- Resolution
- Motion
- Other

STEPS NEEDED TO IMPLEMENT ACTION:

Motion to pre-qualify certain licensed and certified alternative retail electric suppliers and to authorize the Village Manager to enter into a 24-month term Master Power Supply Agreement with the lowest qualified proposer for electricity supply offset 100% by renewable energy certificates.

SUMMARY OF ITEM:

Adoption of this motion shall pre-qualify certain licensed and certified alternative retail electric suppliers and to authorize the Village Manager to enter into a 24-month term Master Power Supply Agreement with the lowest qualified proposer for electricity supply offset 100% by renewable energy certificates.

RECORD OF ACTION TAKEN:
