



DEPARTMENT OF PUBLIC WORKS

Environmental Sustainability Division

m e m o r a n d u m

TO: Mayor Laurel Lunt Prussing and City Council
FROM: Mike Monson, Chief of Staff
Scott Tess, Environmental Sustainability Manager
DATE: January 11, 2016
SUBJECT: Municipal Electric Aggregation Resolution

Brief Description

On January 4, 2016 staff presented a resolution to authorize the Mayor to execute a service agreement for supply of electricity for residents and small businesses. Staff has removed a reference in that resolution as it was presented on January 4th which referred to the ‘meet or beat’ clause which previous supply agreements contained.

As explained by staff at the January 4th meeting, requests for proposals with ‘meet or beat’ clauses are no longer garnering competitive bids in the market. At our consultant’s recommendation, we will not include such a clause in future supply agreements and therefore need to remove reference to it from the resolution to authorize the Mayor to execute a service agreement.

Staff has prepared a strikethrough version of the resolution showing the deletion as well as a final version.

At the January 4th meeting, Councilor Brown inquired as to whether our supply agreement could offer a procedure allowing individuals participating in municipal electric aggregation to individually opt in to the purchase of renewable energy credits (RECs). Our consultant’s approximately 100 city competitive bid will be offering cities the choice between 50% RECs, 100% RECs, or no RECs. Individual, customer by customer RECs, is not being offered.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING EXECUTION OF A SERVICE AGREEMENT WITH THE LOWEST RESPONSIBLE BIDDER FOR THE SUPPLY OF ELECTRICITY FOR RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS WHO DO NOT OPT OUT OF SUCH A PROGRAM

(Municipal Electrical Aggregation/2016)

WHEREAS, the City of Urbana is a home rule unit of local government pursuant to the Illinois Constitution of 1970, Article VII, Section 6; and

WHEREAS, Section 1-92 of the Illinois Power Agency Act, 20 ILCS 3855/1-92, permits a municipality, if authorized by referendum, to adopt an ordinance by which it may operate a program to solicit bids and enter into service agreements for the sale and purchase of electricity and related services and equipment to residential and small commercial customers who do not opt-out of such a program; and

WHEREAS, the City of Urbana ("City"), in a referendum held on March 20, 2012, submitted the public question of whether it should operate the program as an opt-out program; and

WHEREAS, the referendum passed by a majority vote of the qualified electors voting on the question; and

WHEREAS, the City Council finds that the best interests of the City are served by entering into an agreement with the lowest responsible bidder, pursuant to 20 ILCS 3855/1-92, to aggregate the residential and small commercial retail electric loads located within the City and to arrange for competitive electric supply to these retail electrical accounts; and

WHEREAS, because electricity is a commodity for which supply bids typically are made each morning and expire the same day at the close of business, the City must act promptly to accept any such desired bid in order to contractually guarantee a per kilowatt hour electric rate for its residential and small commercial customers; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1.

The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to said execution of a service agreement with the lowest responsible bidder for the supply of electricity for residential and small commercial retail customers who do not opt out of such a program, said execution and attestation to take place within the applicable time constraints required by the bidder; ~~provided, however, that the electricity price to be paid per kilowatt hour pursuant to the agreement is less than the default rate currently in effect, resulting in savings for the City's residential and small commercial retail customers.~~

Section 2.

This Resolution shall be effective immediately and shall remain in effect until such time that a bid for electricity is accepted or rejected.

PASSED BY THE CITY COUNCIL this ____ day of _____,
_____.

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor

RESOLUTION NO. 2016-01-002R

A RESOLUTION AUTHORIZING EXECUTION OF A SERVICE AGREEMENT WITH THE LOWEST RESPONSIBLE BIDDER FOR THE SUPPLY OF ELECTRICITY FOR RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS WHO DO NOT OPT OUT OF SUCH A PROGRAM

(Municipal Electrical Aggregation/2016)

WHEREAS, the City of Urbana is a home rule unit of local government pursuant to the Illinois Constitution of 1970, Article VII, Section 6; and

WHEREAS, Section 1-92 of the Illinois Power Agency Act, 20 ILCS 3855/1-92, permits a municipality, if authorized by referendum, to adopt an ordinance by which it may operate a program to solicit bids and enter into service agreements for the sale and purchase of electricity and related services and equipment to residential and small commercial customers who do not opt-out of such a program; and

WHEREAS, the City of Urbana ("City"), in a referendum held on March 20, 2012, submitted the public question of whether it should operate the program as an opt-out program; and

WHEREAS, the referendum passed by a majority vote of the qualified electors voting on the question; and

WHEREAS, the City Council finds that the best interests of the City are served by entering into an agreement with the lowest responsible bidder, pursuant to 20 ILCS 3855/1-92, to aggregate the residential and small commercial retail electric loads located within the City and to arrange for competitive electric supply to these retail electrical accounts; and

WHEREAS, because electricity is a commodity for which supply bids typically are made each morning and expire the same day at the close of business, the City must act promptly to accept any such desired bid in order to contractually guarantee a per kilowatt hour electric rate for its residential and small commercial customers; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1.

The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to said execution of a service agreement with the lowest responsible bidder for the supply of electricity for residential and small commercial retail customers who do not opt out of such a program, said execution and attestation to take place within the applicable time constraints required by the bidder.

Section 2.

This Resolution shall be effective immediately and shall remain in effect until such time that a bid for electricity is accepted or rejected.

PASSED BY THE CITY COUNCIL this ____ day of _____,
_____.

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor