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## REPORT TO CITY COUNCIL

**FROM:** Dorothy Ann David, City Manager

**DATE:** August 16, 2013

**SUBJECT:** MUNICIPAL ELECTRICITY AGGREGATION – SS 2013-044

**A. Introduction:** The purpose of this report is to review and obtain Council input on the purchasing parameters staff proposes to use to renew the electricity rate for the City's Municipal Electricity Aggregation (MEA) program.

**B. Recommended Action:** Direct staff to incorporate Council input on the purchasing parameters for the renewal of the electricity rate for the City's MEA program.

**C. Prior Council Action:**

- November 22, 2011, Study Session, Council directed staff to put a resolution authorizing the electric aggregation referendum on the December 6, 2011, agenda.
- December 6, 2011, Council Meeting, Council approved CB-2011-236, "An Ordinance Authorizing The Submission Of A Public Question To Adopt An "Opt-Out" Program For The Supply Of Electricity To Residential And Small Commercial Retail Customers."
- February 28, 2012, Study Session, Council provided input on aggregation policies and directed staff to develop the Plan of Operation and Governance for the MEA program.
- April 17, 2012, Council Meeting, Council adopted an ordinance that amends the City Code to establish the City's electricity aggregation program.
- April 24, 2012, Study Session, Council provided input on the Plan of Operation and Governance for the City's MEA program.
- May 15, 2012, Council Meeting, Council approved CB 2012-069 that approved the Plan of Operation and Governance for the City's MEA program.
- May 22, 2012, Council Meeting, Council accepted a 24 month, 100% renewable, \$0.04149 per kilowatt hour (kWh) price and authorized the City Manager to execute an Aggregation Supply Agreement with Integrys Energy Services for the City's MEA program.
- June 17, 2013, notified Council that Integrys Energy Service planned to increase the City's MEA rate from \$0.4149 to \$0.04315 per kWh.

**D. Summary:**

- Integrys Energy Services is currently under contract to provide electricity for the City's MEA program. The contract electricity rate is currently \$0.04315 per kWh. The contract expires at the end of June 2014.

- The future of MEA is uncertain. As the difference between the default rate (\$0.0468 per kWh) and the market price (\$0.04315 per kWh) for electricity narrows, it becomes difficult for a retail electric supplier to provide a fixed long-term electric rate.
- Staff requests Council input on four purchasing parameters staff intends to use to guide the renewal of the City's MEA program.

## **E. Background:**

**1. Municipal Electric Aggregation (MEA).** MEA is the result of a 2010 law that allows Illinois municipalities to purchase electricity for residents and small businesses in their community. It allows the municipality to pool the electric supply of residents and small businesses and then seek bids from retail electric suppliers (RES) on the open market for an electric rate for its pooled MEA members. The residents and small businesses were given an opportunity to opt-out of RES service, should they have wished to remain on the utility default supply service.

**2. MEA Benefits.** The potential benefits from MEA are summarized below. Not all MEA programs can achieve these benefits 100% of the time. The RES and the open market will determine what benefits can be achieved at any particular time.

- a. **Better Terms** – Due to the fact that municipal MEA programs have thousands of members, an MEA can negotiate better contract terms from a RES than an individual. For example, individual RES contracts often have early termination fees. Champaign's MEA program allowed members to enter and exit freely without penalties.
- b. **No Action** – To become a member of a municipal MEA program is easy. To become a member when an MEA is initially forming, a citizen did not have to do anything. If you were eligible and did not "opt-out", you became a member of the MEA program automatically. The municipalities did all the work. The municipality negotiated the MEA contract terms with the RES and "shopped" for the most competitive electricity rate. To become a member after an MEA program has been established, all that is required is to either email or call the MEA electricity supplier and provide them with account information and the citizen becomes an MEA member on their next electricity bill.
- c. **Lower Rates** – In the initial period, MEA programs generally obtained lower electricity rates from a RES than the Ameren default rate. On the average in 2012, MEA program electricity rates were approximately 30 percent lower than the Ameren default rate. However, as Ameren's default rate has gone down and is closer to current market levels, the savings may not be as high in the future.
- d. **Greener Energy** – The current renewable standard for Ameren default energy is eight percent. By state law, this renewable standard increases 1.5 percent each year to a maximum of 25 percent. In 2012 for little additional cost, MEA programs were able to purchase 100 percent renewable energy for their community.

**3. Champaign's MEA Program.** March 20, 2012, the referendum giving the City authority to establish a MEA program passed 5,206 vs. 2,866. April 17, 2012, Council adopted an ordinance that amended the City Code establishing the City's MEA program. May 15, 2012, Council approved the City's MEA Plan of Governance (POG). The POG generally outlines how the City intends to operate its MEA program. The POG is posted on the City's website.

May 22, 2012, Council accepted an electricity bid and authorized the City Manager to execute an Aggregation Supply Agreement with Integrys Energy Services for the City's MEA program. Integrys agreed to provide to the City's MEA program 100% renewable energy at a rate of \$0.04149 per kWh for 24 months. The City's Aggregation Supply Agreement is posted on its website.

May 31, 2013, Integrys notified the City they were going to increase the MEA electricity rate from \$0.04149 to \$0.04315 per kWh. Both the Illinois Commerce Commission (ICC) and Midwestern Independent System Operator (MISO) had increased their tariffs and Integrys was passing along the tariff increases. The City's Aggregation Supply Agreement with Integrys allows the pass through. (See Exhibit A – Press release concerning the Integrys rate increase.)

Per Integrys June, 2013 report, the City's MEA program currently has over 30,000 members and has provided those members with more than \$1.6M in electricity savings as compared to Ameren Illinois default service.

**4. MEA Renewal Steps.** The City's current Aggregation Supply Agreement for the MEA program expires with the June 2014 meter reads. To renew the City's MEA program, staff would need to complete three steps.

- a. Professional Services – The electricity market is complex and staff would need professional help with MEA renewal. Spring 2013, per the City's 2.08 Administrative Policy, staff completed a Qualification Based Selection Process for an electricity purchasing consultant. Brubaker and Associates, Inc. (BAI) was selected as the City's consultant. BAI has assisted the City with several electricity purchases for City facilities.

Staff estimates that professional services for the MEA renewal would cost an estimated \$75,000. The BAI professional services agreement for MEA renewal would be presented to Council for approval September 2013. The agreement would only be for services to assist staff with the current renewal.

Illinois Community Choice Aggregation Network (ICCAN) helped staff in 2011/12 to establish the City MEA program. Staff was not satisfied with those services. ICCAN would not consistently return staff phone calls or respond to e-mails in a timely fashion.

In addition to professional services, the MEA program renewal would also require the City's Environmental Sustainability Specialist position to be filled. This position was approved as part of the FY14 budget. It has been under-filled with a Project Specialist. Staff was uncertain that MEA would continue past June 2014. If MEA is renewed, the position would be filled permanently and this individual would manage all aspects of the MEA program.

- b. Bidding – To continue the City’s MEA program beyond June 2014 would require the City to rebid the City’s MEA electricity rate. Prior to rebidding, the Aggregation Supply Agreement would be reviewed and updated. The Request for Proposal documents that were used to obtain electricity rate bids to start the City’s MEA would also be reviewed and updated. The City’s consultant would assist staff with the review and updating of these documents.
- c. Pre-authorization Resolution – The electricity market currently is very volatile. Electricity bids submitted by a RES for MEA will be good for a few hours. In 2012, staff was able to require MEA bids to be good for 10 hours; that may not be the case for the MEA renewal if the City wants to maximize the number of bids and obtain a competitive price.

To overcome this problem, staff proposes to obtain Council pre-authorization based on purchasing parameters for MEA renewal. The pre-authorization would be in the form of an approved resolution. If the purchasing parameters in the resolution are met with the MEA bid, the City Manager would be authorized to accept the bids and execute the Aggregation Supply Agreement. A similar purchasing process has been used several times for the purchase of electricity for City facilities.

Pre-authorization would also allow the City to move more quickly on its MEA renewal. If “softness” is detected in the electricity market and the pre-authorization resolution has been approved by Council, staff can move quickly with obtaining electricity rate bids for the MEA renewal.

**5. Future of MEA.** The future of MEA is very uncertain. Attached as Exhibit B is an article from the weekly business newspaper Crain’s Chicago Business. The article indicates municipalities whose MEA rates “are expiring are struggling to attract decent” bids. The primary reason cited is the expiration of higher priced power contracts within the utility default supply rate.

Staff anticipates that it may be very difficult for the City to get a competitive multi-year fixed price bid from a RES that will on a monthly basis be lower than the Ameren default rate. There are two reasons why this will be difficult:

- a. Default Rate – The difference between the Ameren default rate and market price for electricity is getting smaller. For example, the default rates were \$0.06169 and \$0.0468 per kWh in 2012-13 and 2013-14, respectively. The City’s fixed MEA rate that was contracted with Integrys in May 2012 was \$0.04149 per kWh. Integrys increased that rate June 2013 to \$0.04315 per kWh. As the gap between the Ameren default rate and the market price for electricity narrows, it becomes more difficult for a RES to provide a fixed long term competitive MEA electric rate.
- b. Purchased Electricity Adjustment – The Ameren default rate calculated by the ICC does not include the Purchased Electricity Adjustment (PEA) factor. The PEA is a monthly charge that appears only on Ameren customer bills that are not MEA members. The PEA fluctuates monthly and it can raise or lower the electricity bill of an Ameren customer.

The PEA is an ICC calculation that allows Ameren to “true up” any difference (over or under) between what Ameren paid to acquire the electric supply and what Ameren charged its customers. For the last several months, the PEA has been a credit. In August, it was over one cent credit. Since MEA customers do not receive their electricity from Ameren, they do not qualify for the PEA adjustments. When the PEA is a credit, it reduces even more the gap between the Ameren and MEA rates. It is possible as the market forces MEA and Ameren rates to come closer together, there could be a month or two where the Ameren rate would be lower than the MEA rate due to the PEA credit.

**6. MEA Purchasing Parameters.** The purchasing parameters that would be used by staff to renew the electricity rate for the City’s MEA program are summarized below. These parameters would be placed in the pre-authorization resolution that Council would approve.

- a. The City’s MEA program must be revenue neutral. The cost for City staff and professional services to renew MEA and to manage the MEA program needs to be paid from the MEA savings.
- b. The City’s MEA renewal rate must “meet or beat” the Ameren default rate. Staff is being told that some RES’s are not bidding MEA’s that have “meet or beat” clauses in their Aggregation Supply Agreements. This requirement could result in the City getting fewer bids or no acceptable bids.

Staff recommends the “meet or beat” requirement. Without it staff cannot guarantee savings. It is not consistent with the original reason why the City established the MEA program for there to be no savings.

- c. Renewal of the City’s MEA program would need to be for one year; two years would be preferred. Staff would not recommend a renewal for anything less than one year. Renewals would require new opt-out letters to be sent to all MEA eligible customers in the City. This would include current City MEA members and those that chose to opt-out when the original program was started. Staff feels more frequent renewals could result in more customer confusion and questions.
- d. Renewal of the City’s MEA program should try to maximize the use of renewable energy. State law requires eight percent renewable. This would increase approximately 1.5 percent each year until a maximum of 25 percent. The City’s current MEA program is 100 percent renewable. The goal would be to obtain multiple bids for various amounts of renewable energy, i.e., 25 percent, 50 percent, and 100 percent. Acceptance of renewable bids would be limited to the constraints of the other purchasing parameters.

**7. Next Steps.** Listed below are the steps that need to be completed to renew the electricity rate for the City’s MEA program. The dates assigned to each step are illustrative. If “softness” in the electricity market is detected, the completion schedule for each task would be accelerated. All steps would need to be completed by the end of June 2014 when the current MEA contract with Integrys expires.

- a. October 2013 – Council approval of the MEA pre-authorization resolution. The resolution would authorize the City Manager to accept an electricity rate bid for the City’s MEA program that met the purchasing parameters outlined above. The resolution would also authorize the City Manager to execute an Aggregation Supply Agreement with the RES that was the successful bidder. A sample of the resolution is attached as Exhibit C.
- b. November 2013 to January 2014 – Staff and BAI would review and update the Plan of Governance, Aggregation Supply Agreement, and the RFP requesting electricity rate bids for the City’s MEA program renewal.
- c. February to March 2014 – Electric rate bids would be requested, received, and evaluated. If there was a competitive bid that met the City’s purchasing parameters, the bid would be accepted and an Aggregation Supply Agreement executed with the successful RES bidder. Staff would prepare an Information Only Memo notifying Council of the bid results and the action taken.
- d. April to June 2014 – City MEA program customers would either stay with Integrys (if they are the successful bidder) or switched to a new RES or returned to Ameren. Switching customers from Integrys to another RES would require an opt-out process. All eligible residents and small businesses in the City’s corporate limits would receive an opt-out letter. Those choosing not to opt-out would be enrolled in the City’s MEA program.

**8. Good Energy.** Good Energy, LP is assembling a group of municipalities to re-bid fall 2013 their MEA electricity rate. This group consists of approximately 100 Illinois communities whose MEA rates expire in mid-2014. The City of Urbana was part of this group in 2012; they are probably going to be part of this group again for their renewal.

Good Energy would like the City of Champaign to be part of this group. Good Energy is an energy management consultant that procures energy for both the public and private sectors.

Good Energy services are paid for by the RES. The RES is required by the bidding document to add Good Energy’s service cost to their bid. Good Energy’s service fee is \$0.00075 per kWh for electricity purchased for the duration of the power supply agreement. The electricity purchase estimate for the City of Champaign is 150,000,000 kWh per year. Based on this number, Good Energy’s fees for the City would be \$112,500 per year.

Staff has not completed our evaluation or negotiations with Good Energy to join their fall 2013 bidding group. There are several concerns which are discussed below:

- a. It may not be beneficial for the City to be part of this group. Champaign has a unique electricity load characteristic. Due to the University and the reduced student population during the summer, electricity usage is lower during June, July, and August, when traditionally electricity rates on the open market are higher. This is not typical for a non-university community where electricity usage is usually highest during those months due to air conditioning. This load characteristic may provide the City a unique advantage when bidding. That advantage would not be realized if Champaign was pooled in a much larger group of communities with typical higher summer electricity usage.

The City did not realize this advantage when MEA was bid in 2012. However, with the current energy market, this may be a bigger factor in 2013 and 2014.

- b. Good Energy's proposed language for "meet or beat" is unacceptable. Good Energy has proposed a weighted average for the summer and winter default rates. This could result in more months during the year where monthly MEA rates would be higher than Ameren monthly rates. This is a real potential when you factor in PEA.
- c. Good Energy's annual fee for the City is estimated to be \$112,500, which is high. Staff estimates the fee based on the scope of services to re-bid MEA should be no higher than \$75,000.

**F. Alternatives:**

1. Direct staff to incorporate Council input and finalize the purchasing parameters that staff would use to renew the electricity rate for the City's MEA program.
2. Do not direct staff to finalize the principles and provide further direction.

**G. Discussion of Alternatives:**

**Alternative 1** would direct staff to incorporate Council input and finalize the purchasing parameters that staff would use to renew the electricity rate for the City's MEA program.

**a. Advantages**

- Continues progress toward renewal of the City's MEA program which could result in energy savings and renewable energy for MEA participants.

**b. Disadvantages**

- To continue the City's MEA program will require additional staff time. This staff time could be used to work on other City projects.

**Alternative 2** would direct staff not to finalize the principles for renewing the electricity rate for the City's MEA program and provides an opportunity for Council direction.

**a. Advantages**

- May not require additional staff time for the City's MEA program.
- Provides an opportunity for Council input.
- Depending on Council action, there could be other advantages.

**b. Disadvantages**

- Delaying could result in the City’s MEA program expiring and City MEA participants returning to Ameren for electricity supply. Ameren electricity rates could be higher and Ameren electricity would not be 100 percent renewable. In addition, if customers are returned to Ameren supply service for longer than two billing periods (months), they must remain on Ameren service for 12 months.
- Allowing the City’s MEA program to expire could be interpreted by some citizens as inconsistent with the direction the City received from the March 20, 2012, referendum.
- Difficult to identify disadvantages without knowing what Council direction could be.

**H. Community Input:** There have been numerous Council agenda items on the City’s MEA program. The public had an opportunity to provide input on all of those agenda items.

There were numerous activities (press releases, post card mailings, newspaper articles, etc.) completed to educate the public prior to the March 20, 2012, referendum. The referendum establishing the City’s MEA program passed 5,206 vs. 2,866.

**I. Budget Impact:** Per the purchasing parameters, MEA must be revenue neutral. Table 1 summarizes estimated cost for the City’s MEA program.

Table 1  
Municipal Electricity Aggregation  
One-Time and Recurring Costs

Item	One-Time Cost	Recurring Cost
Professional Services	\$75,000	-
Environmental Sustainability Specialist (full-time w/ benefits)	-	\$74,400
Other Costs (supplies, professional development, etc)	-	\$ 2,000
<b>TOTAL</b>	<b>\$75,000</b>	<b>\$76,400</b>

The Aggregation Supply Agreement would require the RES to pay the City \$151,400 (one-time and recurring cost) 90 days after execution of the agreement for a one-year agreement. A two-year agreement would require a payment of \$230,000 to support additional, recurring costs in the second year.

**J. Staffing Impact:** Renewal of the City’s MEA program will require approximately 100 hours of the Public Works Director’s time. This time commitment has been budgeted in the Director’s service plan. In addition, the vacant Environmental Sustainability Specialist position is under-filled with a temporary Project Specialist, who will devote time to this project.

The Environmental Sustainability Specialist, once hired, would be responsible for all aspects of the City’s MEA program, as well as other energy efficiency and sustainability projects. Currently, the position is scheduled to be filled prior to Thanksgiving. This position is totally funded from utility savings from the City MEA program.

Prepared by:

Dennis Schmidt, PE  
Public Works Director

Attachments: Exhibit A – Press Release re: Integrys Rate Increase  
Exhibit B – Crain’s Chicago Business Article  
Exhibit C – MEA Resolution

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Public Works Department • 702 Edgebrook Drive, Champaign IL 61820 • (217)403-4700 • fax (217)403-4755 • www.ci.champaign.il.us

## FOR IMMEDIATE RELEASE

DATE: June 27, 2013  
TIME: 10 a.m.

CONTACT: Dennis Schmidt  
(217) 403-4700

### **MUNICIPAL ELECTRIC AGGREGATION SAVINGS TO THE CITY AND UPCOMING CHANGES TO THE PROGRAM**

Champaign – The City of Champaign has received reports from Integrys Energy Service (IES), the City’s electricity supplier for our Municipal Electricity Aggregation (MEA) Program, of an estimated \$1.6M in savings. This is the total savings from the start of the program (August 2012 through May 2013). The City executed the MEA agreement with IES beginning May 24, 2012 for two years (through June 2014 meter reads).

On May 31, 2013, IES notified the City that they planned to increase the MEA electricity rate from \$0.04149 to \$0.04315 per kWh, a four percent (4%) increase due to increased tariffs from the ICC and MISO (see tariff definitions below). The increase will be effective with the June 2013 meter reads billed in July. IES is not increasing their energy supply unit price, in accordance with the executed MEA agreement. However, IES is passing along the ICC/MISO tariff increases which is allowable under the agreement. It is standard MEA contract language to allow the electricity supplier to pass along tariff and tax increases. The current Ameren price to compare is \$0.0468 per kWh. The MEA rate is still lower; however, Ameren’s price to compare has decreased significantly since the City executed the MEA agreement with IES (\$0.06169 to \$0.0468).

#### Tariff Definitions:

- ICC Tariff: The ACP (Alternative Compliance Payment) is a required payment that all retail electricity suppliers in Illinois must pay to the ICC for every kWh of electricity they sell in Illinois. The ICC uses these dollars to ensure/enforce compliance with the Illinois

Renewable Portfolio Standard. The ICC increased this tariff May 13, 2013, effective June 1, 2013.

- MISO Tariff: The NITS (Network Integration Transmission Service) is a MISO (Midwestern Independent System Operator) tariff that Ameren distribution customers must pay. The tariff covers MISO expenses associated with delivering and balancing electricity on the regional grid. MISO increased the tariff late 2012, effective January 1, 2013.

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## Why alternatives to ComEd are no longer a great deal

By Steve Daniels     July 13, 2013

Two years after suburbs began generating huge savings on their residents' electric bills by contracting with alternative suppliers to Commonwealth Edison Co., many municipalities whose deals are expiring are struggling to attract decent offers. A few towns are sending their constituents back to ComEd, and others are signing deals at prices higher than ComEd's rate.

Meanwhile, the city of Chicago, which late last year negotiated **the nation's largest such contract** with Chicago-based Integrys Energy Services, already has seen its electricity price increase by 3 percent to 5.59 cents per kilowatt-hour from 5.42 cents. Integrys' price change, which passed through transmission costs outside of the supplier's control and is permitted under its contract, puts Chicago slightly above the **5.51 cents per kilowatt-hour** ComEd customers are paying.

The recent developments call into question the promise of municipal power purchasing, which roiled the northern Illinois power market over the past few years as suppliers easily bested ComEd prices. The vast majority of towns in ComEd's service territory struck such deals with outside suppliers.

Then **ComEd's price fell dramatically** in June after a high-priced, long-term supply contract expired. Now, most alternative suppliers are unable or unwilling to make better offers.

"The good times are over," says Craig Schuttenberg, a Chicago energy consultant who recently advised Oak Park to extend a price above ComEd's for five months in return for the supplier, Integrys, agreeing to help finance landfill gas controls that reduce carbon emissions. "I can't justify (a price) over the ComEd price unless you're getting something else for the community."

But many suburbs are doing just that. West suburban Franklin Park last spring re-upped with Integrys at 5.85 cents per kilowatt-hour, 6 percent above ComEd's rate. That contract runs through March. South suburban Dolton recently extended its deal with Integrys, at a price of 5.75 cents, through January. Integrys also agreed to extend deals with a consortium of seven northwest suburbs, including Arlington Heights and Buffalo Grove, at 5.58 cents.

In a statement, Integrys says it "continues to deliver benefits to communities and customers interested in the savings, cleaner-energy options and stable, long-term pricing that electric aggregation brings to Illinois consumers."

In letters to constituents (**see the PDF**), many of the communities and their suppliers said their deals produced savings over an "effective" ComEd price of a little more than 6 cents. But those interested had to read the fine print to understand the figure assumed ComEd would charge its customers a maximum of 0.5 cents each month to cover potential costs associated with buying power.

The "purchased electricity adjustment" only affects ComEd customers. It can be either a charge or a credit, and most of the time this year it has been the latter: In June, ComEd customers received a 0.5-cent credit, making ComEd's effective energy charge just 5 cents (**view the PDF**). That made the utility's price last month well below that of the city of Chicago and many suburbs.

"Some of the communications we've seen to consumers are not as transparent as we'd like," says David Kolata, executive director of consumer advocacy group Citizens Utility Board.

Michael Negrón, chief of policy for Chicago Mayor Rahm Emanuel, says that if it looks as though Chicago's

price will consistently be above ComEd's, including the PEA charge, then the city will send its nearly 1 million customers back to ComEd, as the Integrys contract allows. But Mr. Negron thinks there likely will be savings over the rest of the deal, which expires in May.

ComEd has told suppliers that it's "likely" the PEA will be a charge for the remainder of 2013, although not necessarily at the 0.5-cent level. July's charge is 0.3 cents. For next year, there are no projections.

The bottom line in today's municipal-aggregation market, Mr. Kolata says, is "you're getting what the ComEd price is in general." It will be up to suppliers to convince consumers and local politicians that there's extra value in their deals, he says.

A few aren't seeing it anymore. Northwest suburban Fox River Grove, one of the first suburbs to strike a power savings deal on behalf of its residents, in 2011, is sending its constituents back to ComEd after the deal with Toronto-based Direct Energy expires in September ([view the PDF](#)). West suburban North Aurora terminated its contract with Integrys last month to return its residents to ComEd after Integrys told the village it was raising its price to 5.95 cents from 5.75 cents. North Aurora then struck a new **one-year deal with supplier Verde Energy USA** at 5.32 cents, which will start in September. In the meantime, North Aurora residents will get their power from ComEd.

Southwest suburban New Lenox recently decided to send its residents back to ComEd when its deal with Direct Energy expires in August. But Mayor Tim Baldermann said late last week that he might recommend that the village board approve an eleventh-hour offer of 5.15 cents from Integrys.

"We absolutely would not do this unless we were pretty well- assured the savings would be there for our people," Mr. Baldermann says.

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**The commenter section of Crain's Chicago Business is an opportunity for our readers to start a dialog on our content. While we don't require you to use your real name, we do ask that you participate as though you were – that is, keep the conversation civil, stay on topic, avoid profanity, vulgarity and personal attacks, and please don't post commercial or self-promotional material. We will remove comments that violate these standards.**



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COUNCIL BILL NO. 2013 -

A RESOLUTION

AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT  
FOR THE PURCHASE OF ELECTRICITY FOR THE CITY'S  
MUNICIPAL ELECTRICITY AGGREGATION PROGRAM  
(Public Works – Electricity)

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 purchase of electricity for residential and small commercial customers who do not opt-out of such a program; and

WHEREAS, the City of Champaign, 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 a contract 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 the retail electrical accounts which do not opt out of said program; and

WHEREAS, the City of Champaign has engaged in a fair and open process to request proposals for supplying electricity for the future from such certified suppliers; and

WHEREAS, to obtain the most competitive price, the process of entering into a contract for the supply of electricity requires the City to accept a proposal within two hours after it is

submitted, which short-time requires delegation of authority to the City Manager to enter into a contract.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHAMPAIGN, ILLINOIS, as follows:

**Section 1.** That the City Manager, or City Manager’s designee, is authorized to execute contracts for and to take such other steps as necessary for the purchase of electricity for City use from a retail electrical supplier for a period of at least 12 months (July 1, 2014, through June 30, 2015) if :

- 1) The electricity rate is below the Illinois Commerce Commission published summer, non-summer default rates for Rate Zone III; and
- 2) The electricity rate incorporates reimbursement of all City cost to manage and staff its municipal aggregation program; and
- 3) The rate complies with the Illinois Renewable Energy Portfolio Standards.

**Section 2.** That the City Manager shall notify the City Council by June 30, 2014, of actions taken pursuant to the Resolution.

COUNCIL BILL NO. 2013 -

PASSED:

APPROVED: \_\_\_\_\_

Mayor

ATTEST: \_\_\_\_\_

City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney