

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

_____ Resolution or Ordinance (Blue) _____ *Waiver of First Requested*
_____ Recommendations of Boards, Commissions & Committees (Green)
 X Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: June 6, 2016 (COW)(B of T) June 16, 2016

TITLE: Motion to Approve a Contract for the Provision of Electrical Energy for
Street Lighting With the Supplier Selected by the Village Board

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

Bids from alternative electric suppliers will be received by the Village's consultant NIMEC in the afternoon on June 16, 2016. Staff will present the bid options to the Village Board at the Board meeting that evening, along with a recommendation of length of the contract based on the one, two and three year proposed pricing.

Review (as necessary):

Village Attorney X _____ Date _____
Finance Director X _____ Date _____
Village Manager X _____ Date _____

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



To: Scott Niehaus
Village Manager

From: Timothy Sexton
Director of Finance

Date: June 6, 2016

Subject: Provision of Electrical Energy for Street Lighting

As a result of the deregulation that took place in Illinois on January 2, 2007 for electricity, electricity is now purchased based on market price and Exelon, the parent company of ComEd, no longer is the sole supplier of electricity in Northern Illinois. This has resulted in new electricity suppliers being able to compete against Exelon and as a result, competitive forces now dictate the price of electricity. ComEd had prices fixed for the nine years prior to the end deregulation on January 2, 2007 by the Illinois Commerce Commission (ICC).

Lombard has worked with the Northern Illinois Municipal Electric Cooperative (NIMEC) since 2007 to purchase power for water pumping operations and street lighting. We have had a favorable relationship with NIMEC, as we have enjoyed substantial savings by purchasing power through NIMEC.

NIMEC previously bid out the Village's large street lighting account for the period of July 2013 through July 2016. This account makes up about half of all of the Village's street lighting electricity. The rest of the street lighting electricity is under contract for the period of July 2015 – July 2018. This current bid is for beyond July 2016. The Village has the option of selecting a 1-year, 2-year or a 3-year contract for electricity. It is anticipated that there will be a slight increase in costs in this next bid. Despite that, electricity prices generally remain near historic lows. Therefore, the current expectation is that we would lock in the longer 3-year term, but that will ultimately depend on the bids received.

We will receive the bids in the afternoon on June 16th. Staff will review the bids with NIMEC, and make a recommendation for approval to the Village Board that evening, as the prices can only be held until the following morning.

CONSENT AGENDA VIII-X



To: Village Board of Trustees

From: Scott R. Niehaus Tim Sexton
Village Manager Director of Finance

Date: June 16, 2016

Subject: Electricity Supply Contract – Street Lighting Large Account

Proposals were received this afternoon by the Village's broker, NIMEC, for municipal aggregation of electricity. The lowest bidder was Constellation, which is also our current supplier on this account. They provided 1, 2 and 3 year proposals, which are below.

ALL IN PRICE (ATC) per kWh

1 Year	\$ 0.03505
2 Year	\$ 0.03531
3 Year	\$ 0.03560

Electricity prices are near historic lows, with very little room left to move downwards. In addition, the proposed rate is only 1.3% higher than our current rate of \$.03515 per kWh. **Therefore, staff recommends that the Village Board select the three (3) year contract term with Constellation NewEnergy, Inc.**



**Agreement is Not
Valid Unless
Executed by
Seller**

**Constellation NewEnergy, Inc.
Fixed Price Solutions Transaction Confirmation**

This TC is entered into pursuant to and in accordance with a Master Agreement executed on _____ by and between Constellation NewEnergy, Inc. ("**Seller**") and **Village of Lombard** ("**Customer**"), and is subject to all of the provisions, terms and conditions of such Master Agreement. Notwithstanding anything to the contrary, any conflict between this TC and the Master Agreement will be resolved in favor of this TC, but only with respect to the Account(s) listed on this TC. This TC supersedes all prior agreements and understandings with respect to the Account(s), and may not be contradicted by any prior or contemporaneous oral or written agreement. Capitalized terms used herein but not defined will have the meanings ascribed to them in the Master Agreement.

Price Terms. The prices contained in the Account Schedule include all the costs listed below as "Fixed", meaning that they will remain constant for the existing term of this TC and may only be subject to change as a result of a Change in Law as described in the Master Agreement. Costs listed below as "Passed Through" means that charges for these costs will change during the existing term of this TC to the extent the related charges vary for any reason. At any time during the term of this TC, Customer may request the purchase of renewable energy certificates in an amount equal to a prescribed percentage of Customer's load volume by entering into one or more Retail Trade Transactions ("RTTs"), which shall be evidence by a fully executed RTT Confirmation and be incorporated herein.

Cost Components. Each of the items listed as "Fixed" below is included in Customer's contract prices as set forth in the Account Schedule. For each of the items listed as "Passed Through" below, Customer will be charged the costs associated with the line item in accordance with the definitions of each item in Section 1.1, Definitions.

Energy Costs	Fixed
Ancillary Services And Other ISO Costs	Fixed
Auction Revenue Rights Credits	Fixed
Capacity Costs	Fixed
Transmission Costs	Fixed
Transmission Loss Credits	Fixed
Line Loss Costs	Fixed
FERC Order 745 Costs	Fixed

The contract prices contained in the Account Schedule include credit costs and margin as well as Renewable Portfolio Standards Costs. Any applicable RMR Costs are also included in the contract prices. Except in the case of Transmission Costs, all other costs listed above as "Fixed" may be subject to a change as a result of a Change in Law as described in the Master Agreement.

Billing. Customer's Account(s) will be billed as follows per the Master Agreement: Seller Consolidated Billing.

Section 1.1. Definitions.

"Ancillary Services And Other ISO Costs" means for any billing period the applicable charges regarding ancillary services as set forth in the applicable ISO Open Access Transmission Tariff ("OATT") and for other ISO costs not otherwise included in any of the defined cost components in this TC. Seller will reasonably determine an Account's monthly Ancillary Services And Other ISO Costs based on the Account's \$/kWh share of cost for Ancillary Services And Other ISO Costs or otherwise reasonable allocation method as Seller may determine from time to time based on how Ancillary Services And Other ISO Costs are assessed by the ISO.

"Auction Revenue Rights Credits" means revenue credits resulting from the annual financial transmission rights auction conducted by the ISO that are applicable with respect to transmission peak load contribution. If Auction Revenue Rights Credits are "Passed Through", such credits shall be reasonably calculated by Seller as the monthly product of the (i) total Auction Revenue Rights Credits expressed in dollars per planning year for the applicable zone, as published by the ISO; divided by (ii) the total Network Service Peak Load for such zone, as published by the ISO; divided by (iii) the number of days in the applicable planning year; multiplied by (iv) by an Account's applicable Network Service Peak Load; multiplied by (v) the number of days in the billing period or such other reasonable calculation method applied by Seller.

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"Capacity Costs" means a charge for fulfilling the capacity requirements for the Account(s) imposed by the ISO or otherwise. Capacity Costs includes, but is not limited to, the cost for procuring Capacity Performance resources (as currently required and defined by the ISO) in accordance with the provisions of Federal Energy Regulatory Commission Order on Proposed Tariff Revisions (Docket No. ER15-623-000, et al, issued June 9, 2015).

"Covered Bandwidth" does not apply to this TC.

"Energy Costs" means a charge for the cost items included in the Locational Marginal Price for the ISO residual zone identified in the Account Schedule

"FERC Order 745 Costs" means any costs or charges imposed by the ISO in accordance with complying with the provisions of Federal Energy Regulatory Commission ("FERC") in Order No. 745 18 CFR Part 35 (March 15, 2011). Any modifications or conditions to the treatment of FERC Order 745 Costs under the ISO tariff or otherwise shall be deemed a Change in Law pursuant to the Change in Law Section of the Master Agreement.

"Holdover Fee" means a cost of \$.005250 per kWh in the holdover rate.

"Line Loss Costs" means the costs (to the extent not already captured in the applicable Energy Costs) applicable to each Account based on the kW/h difference between the UDC metered usage and the ISO settlement volumes. If Line Loss Costs are "Fixed", the Line Loss Costs are included in the Energy Costs and will not be invoiced as a separate line item. If Line Loss Costs are "Passed Through", the Line Loss Costs will be invoiced as a separate line item and calculated based on the applicable fixed price or locational marginal price for the corresponding usage.

"LMP" or "Holdover Market Price" means the ISO-published Day Ahead locational based marginal price for the ISO residual zone applicable to each Account expressed in \$/kWh. Such prices are published hourly or sub-hourly depending on the ISO.

"Non Time Of Use" or "NTOU" means all hours of each day.

"Off Peak" means all hours other than UDC Peak hours.

"Payment Date" means the date sixty (60) days following the invoice date, by which Customer's payment to Seller is due without offset or reduction of any kind.

"Peak" means the hours designated as peak from time to time by the UDC.

"Pricing Schedule" means "Transaction Confirmation" or "TC".

"Renewable Portfolio Standards Costs" means the costs associated with meeting renewable portfolio standards costs at the levels required by currently applicable Law. If Renewable Portfolio Standards Costs are not included in the contract price, such costs for a particular month will be the product of (i) the Monthly RPS Price; and (ii) an Account's monthly kWh usage. The Monthly RPS Price is the price of renewable portfolio standards compliance for the Account, for a particular month, fixed by reference to the renewable portfolio standards forward price curve for the state where the Account is located.

"RMR Costs" or "Reliability-Must-Run Costs" means the generation deactivation charges and other such charges, if any, imposed by the ISO on load served in a particular load zone to recover the cost for any generation units that plan to retire but are required by the ISO to run for reliability purposes beyond their intended retirement date, in accordance with the applicable ISO rules and OATT provisions.

"Transmission Costs" means the charge for Network Transmission Service and Transmission Cost Enhancement Charges, each as identified in the applicable OATT Tariff for the provision of transmission service by the ISO within the UDC's service territory.

"Transmission Loss Credits" means the credit amounts applicable to the Accounts under the ISO's marginal loss construct.

"Utility" means the "local electricity distribution company" or "UDC".

Section 2.1. Initial Term. With respect to each Account set forth in the Account Schedule below, electricity supply shall commence on or about the date set forth under "Start Date", and end on or about the date set forth under "End Date" in accordance with the terms of the Agreement. Service may be extended for a holdover term as described in the Master Agreement.

Section 2.2. Seller and UDC Contact Information. Customer may contact Seller regarding its invoice or other matters concerning this TC at Seller's Customer Service Department by toll-free telephone at 888-635-0827, or email at CustomerCare@Constellation.com. **CUSTOMER AGREES TO CONTACT ITS UDC IN THE EVENT OF A POWER OUTAGE OR OTHER ELECTRICITY RELATED EMERGENCY AT THE FOLLOWING TELEPHONE NUMBERS:**

UDC Name	UDC Abbreviation	Contact Numbers
Commonwealth Edison	COMED	1-800-334-7661

Section 2.3. Certain Customer Representations and Warranties. Customer warrants and represents that for Account(s) located in the State of Illinois, aggregate consumption and usage during any 12 month period is greater than 15,000 kilowatt-hours and that the electricity supplied hereunder is not for use at a residence.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK.]

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Each Party has caused this Transaction Confirmation to be executed by its authorized representative on the respective dates written below.

Constellation NewEnergy, Inc.

Customer: Village of Lombard

By:

By:

Name:
Title:

Name:
Title:
Date:

Address: 1221 Lamar St. Suite 750
Houston, TX 77010
Attn: Contracts Administration

Address: 255 E WILSON AVE
LOMBARD, IL 601483926

Fax: 888-829-8738
Phone: 888-635-0827

Fax:
Phone:
Email:

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**ACCOUNT SCHEDULE:
For: Village of Lombard**

The Pricing set forth below is only valid until 5:00 PM Central Prevailing Time on June 16, 2016

**Seller shall have no obligation to enroll or supply electricity to any account(s) that are not identified on the Account Schedule below.
Please verify that your specific information is COMPLETE and ACCURATE.**

Your review and acceptance of this information will help ensure accurate future invoices

Notes: Accounts and Service Addresses listed in the Account(s) Schedule may be updated or replaced with a new account number issued by the UDC, ISO or other entity.

No. of Service Accounts: 1

UDC	UDC Account Number	Service Address	Start Date	End Date	Energy Price Non TOU (\$/kWh)
COMED	5438013001	255 E Wilson Ave Lite Rt/25,, Lombard, IL 601483926	07/11/16	07/10/19	\$0.03560

TO ACCEPT THE PRICING ABOVE, PLEASE FAX A SIGNED COPY OF THIS AGREEMENT TO SELLER AT 888-829-8738.

Payments to Certain Third-Parties: You acknowledge and understand that:

- Glenview Consulting Corp. is acting on your behalf as your representative and is not a representative or agent of Seller;
- Seller is remitting a fee to Glenview Consulting Corp. on your behalf in connection with its efforts to facilitate our entering into this Agreement, and
- Your price reflects the fee being disbursed to Glenview Consulting Corp..

You should direct questions regarding such fee to Glenview Consulting Corp..

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