

WILLIAM PEDUTO
MAYOR



MICHAEL GABLE
DIRECTOR

CITY OF PITTSBURGH
DEPARTMENT OF PUBLIC WORKS
CITY-COUNTY BUILDING

September 3, 2020

President and Members of City Council
City of Pittsburgh

Re: Service Agreement with Direct Energy Business, LLC.

Dear President and Members of City Council:

Attached is a proposed resolution amending Resolution No. 192 of 2020, authorizing the Mayor and Director of the Department of Public Works to enter on behalf of the City of Pittsburgh into an amendment or amendments to the Second Amended Full Requirements Service Agreement with Direct Energy Business LLC for the continued supply of electricity to the City's buildings and facilities in connection with the City's aggregated purchase of electricity with other members of the Western Pennsylvania Energy Consortium.

Your favorable consideration of the attached proposed Resolution is hereby requested.

Sincerely,

A handwritten signature in blue ink that reads "Michael Gable".

Michael Gable, CPRP
Director

Fiscal Impact Statement
Updated 1/29/2020 to satisfy City Code §219.07

Department	Department of Public Works
Preparer	Sarah Yeager
Standing Committee Representative	Michael Gable, Chris Hornstein, Grant Ervin, Sarah Yeager
Type of Legislation	Contract Authorization

Description of Legislation

Resolution amending Resolution No. 192 of 2020, authorizing the Mayor and Director of the Department of Public Works to enter on behalf of the City of Pittsburgh into an amendment or amendments to the Second Amended Full Requirements Service Agreement with Direct Energy Business LLC for the continued supply of electricity to the City's buildings and facilities in connection with City's aggregated purchase of electricity with other members of the Western Pennsylvania Energy Consortium. With this amendment, the City will be billed \$0.053740/kWh of electricity used by the City's General Medium accounts. This cost reflects a 8.6% rate reduction from the previous rate of \$0.0588/kWh. This rate reduction translates to approximately \$71,000 cost savings over the duration of the 1 year contract.

Total Cost	\$0.00			
Frequency of Expenditure	<input type="checkbox"/> One-Time		<input checked="" type="checkbox"/> Multi-Year	
Funding Source	<input checked="" type="checkbox"/> Operating	<input type="checkbox"/> Capital	<input type="checkbox"/> Grant	<input type="checkbox"/> Trust Fund
Is this item budgeted?	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	

JDE Account Information

In the 2020 Operating Budget, there is \$5,211,969 allocated for electricity use.

Account Number: 11101.450000.54.54601.2020 (item no. 22222-54)

Account Number: 11101.450000.54.54601.2021 (item no. 22222-54)

Additional Operational Costs

There are no additional operational costs associated with this contract.

Impact on City Revenue

Not applicable

If the resolution authorizes a professional services contract, complete this page:

<i>Method of Procurement</i> <i>Select one.</i>	<input type="checkbox"/> RFP	<input type="checkbox"/> Signed Waiver from OMB	<input checked="" type="checkbox"/> Amendment to Existing Contract <i>Do not fill out the rest of the form.</i>
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Name of Vendor and Award Justification

List the name of the awarded vendor and its qualifications.

Other Respondents

List the other respondents. If there were none, clearly state that.

Selection Criteria

Describe the selection or scoring criteria.

Selection Committee Representation

List the department(s) or bureau(s) represented on the committee. Do not list individual names.

Waiver Justification

If a waiver was granted, explain the justification.

EORC Synopsis

Insert synopsis that was presented.

<i>Date Presented at EORC:</i> Insert date.	<input type="checkbox"/> Approved	<input type="checkbox"/> Not Approved
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*Per §219.07 of the City Code, you **must** include an electronic copy of the solicitation or your signed waiver with your submission to the Office of Management and Budget.*

Attachments

- *Please attach any additional documents and/or exhibits.*

Resolution amending Resolution No. 192 of 2020, authorizing the Mayor and Director of the Department of Public Works to enter on behalf of the City of Pittsburgh into an amendment or amendments to the Second Amended Full Requirements Service Agreement with Direct Energy Business LLC for the continued supply of electricity to the City's buildings and facilities in connection with City's aggregated purchase of electricity with other members of the Western Pennsylvania Energy Consortium.

WHEREAS, the City conducted an auction (i.e. competitive bid) in 2017 on behalf of the Western Pennsylvania Energy Consortium (WPEC) for the aggregated purchase of electricity in prorated volumetric amounts based on members' respective usage thereof; and

WHEREAS, WPEC is comprised of public and private entities who have partnered together in order to optimize savings and maximize their use of renewable energy sources; and

WHEREAS, after Direct Energy Business LLC ("Direct Energy") won said electricity supply auction the City proceeded to enter into an electricity supply contract entitled "Full Requirements Service Agreement" with Direct Energy effective March 14, 2017 (subsequently amended on March 17, 2017) and expiring on May 7, 2020; and

WHEREAS, the City requires enhanced services in its forthcoming long term electricity supply contract in order to meet its goals of reducing emissions and achieving greater financial savings, for example, the establishment and management of a electricity subaccount holder along with procuring electricity through Power Purchase Agreements; and

WHEREAS, the City seeks to issue, with the assistance of its energy consultant, Enel X North America, Inc., who has entered into an agreement with the City of Pittsburgh pursuant to Resolution No. 707 of 2019, a Request for Proposals ("RFP") later in 2020 or early 2021 for an agreement with an supplier/subaccount holder to commence in May 2021 immediately after the current contract with Direct Energy expires; and

WHEREAS, the Full Requirements Services Agreement authorizes up to two (2) one-year amendments; and

WHEREAS, said RFP will require substantial time and effort to formulate such that an amended agreement with Direct Energy for a term of one year is necessary in order to ensure the continued supply of electricity to City of Pittsburgh buildings and facilities; and

WHEREAS, other WPEC members shall, in conjunction with the City of Pittsburgh, separately execute their respective amended agreements with Direct Energy for said continued supply of electricity for one additional year until May 2021; and

WHEREAS, the parties now seek to further amend the previously executed Second Amended Full Requirements Service Agreement, as authorized by Resolution No, 192 of 2020, in order to provide for a kilowatt-per-hour rate (KWH) applicable to the City's GM (general medium) accounts in addition to KWH rate applicable to the City's GL (general large) accounts.

Be it resolved by the Council of the City of Pittsburgh as follows:

Section 1. The Mayor and Director of the Department of Public Works are hereby authorized, on behalf of the City of Pittsburgh, to enter into an amendment or amendments to the Second Amended Full Requirements Service Agreement with Direct Energy Business LLC ("Direct Energy"), as previously authorized by Resolution No. 192 of 2020, for the continued supply of electricity to City of Pittsburgh buildings and facilities, extending the term thereof for one year and expiring May 7, 2021.

Section 2. Said amendment or amendments shall not include not-to-exceed amounts due to the fact that compensation provided thereunder (reflecting a rate reduction to \$0.04970/KWH, from \$0.05382/KWH for the City's GL (general large) accounts, and a rate reduction to \$0.053740/KWH from \$0.05880/KWH for the City's GM (general medium) accounts, will be paid to Direct Energy from the City's utility bills payable to Duquesne Light Co. according to the updated pricing schedule(s) attached thereto, chargeable to and payable from the following accounts in their respective budget years:

2020 450000.54601.54.2020

2021 450000.54601.54.2021

Section 3. Said amendment or amendments to the Full Requirements Services Agreement shall be in a form approved by the City Solicitor.