

DOWNERS GROVE SANITARY DISTRICT
GENERAL MANAGER'S REPORT
October 9, 2020

October Special Board Meeting

Copies of the following items are enclosed for the October 13, 2020 meeting:

- 1) Proposed Agenda
- 2) Memo regarding Electrical Supply Proposals

cc: WDVB, AES, PWC, BOLI, WCC, MGP

**DOWNERS GROVE SANITARY DISTRICT
BOARD OF TRUSTEES SPECIAL MEETING
OCTOBER 13, 2020 – 6:00 PM**

PROPOSED AGENDA

I. PUBLIC COMMENT

II. NEW BUSINESS

A. 2020-21 ELECTRICITY SUPPLY CONTRACT

Board of Trustees
Wallace D. Van Buren
President
Amy E. Sejnost
Vice President
Paul W. Coultrap
Clerk



General Manager
Amy R. Underwood

Legal Counsel
Michael G. Philipp

2710 Curtiss Street
P.O. Box 1412
Downers Grove, IL 60515-0703
Phone: 630-969-0664
Fax: 630-969-0827
www.dgsd.org

Providing a Better Environment for South Central DuPage County

Memo

To: Board of Trustees

From: Amy R. Underwood, General Manager

Date: October 9, 2020

Subject: Electricity Supply Proposals

Our existing electric supply contract with Direct Energy expires in November. The attached Request for Proposals was issued via e-mail on September 29 to all suppliers listed with current email contacts on the Illinois Commerce Commission's web site, which contains a complete listing of every Alternative Retail Electric Supplier (ARES) certified in Illinois. The RFP is for our lift station accounts and the main wastewater treatment center (WWTC) account which includes the majority of the WWTC, the Administration Center and unmetered lighting at the WWTC. The Big Top at the WWTC and the 5006 Walnut Ave building are not included in this RFP and will continue to receive electricity supply from ComEd.

As with the electrical supply RFP that we have issued for the past few years, suppliers were asked to propose their cost for three supply components, with all other components passed through at cost. The three components to be fixed by contract are ancillaries, renewable portfolio standards (RPS), and supplier adder. Other costs, including transmission; capacity; line losses and PJM day ahead LMP energy, are to be passed through at cost and expected to be the same for each supplier.

In response to the RFP, we received nine proposals from suppliers. Please note that all nine bidders are certified ARES in Illinois and therefore qualified to provide this service. Eight of the nine proposals offered the requested pricing structure. Those eight responses are summarized in the table on the next page. Among these proposals, MidAmerican Energy appears to be the lowest cost. MidAmerican Energy, however, will use a different formula for calculating the transmission charges than the formula in the RFP. The second lowest in the above table, which is MC Squared Energy, was also included in further analysis to verify whether MidAmerican Energy was truly the lowest bidder.

Supplier	Ancillaries, \$/kWh	Adder, \$/kWh	RPS, \$/kWh	Total, \$/kWh
AEP Energy	Incl'd in adder	0.00344	0	0.00344
Constellation NewEnergy	Incl'd in adder	0.00219	0	0.00219
Direct Energy	Incl'd in adder	0.00188	0	0.00188
Dynegy	0.00145	0.00100	0	0.00245
Engie	0.00083	0.00471	0	0.00554
MC Squared Energy	Incl'd in adder	0.00177	0	0.00177
MidAmerican Energy	0.00141	0.00025	0	0.00166
MP2 Energy	0.00141	0.01281	0	0.01422

The ninth proposal was received from Hudson Energy, offering a different price structure. They are offering PJM day ahead LMP pricing, but rolling all other supply costs into a single per kWh rate as a proprietary adder. Please note that this was the structure of our 2018-19 agreement with Hudson. Hudson's adder is \$0.0170 per kWh.

Using electricity data from October 2019 through September 2020 and a typical average Day Ahead Hourly pricing for the same period, the total annual cost to the District for electrical supply from MidAmerican, MC Squared and Hudson were estimated. The table below shows the results of this evaluation.

Estimated Total Cost of Annual Electrical Supply

	kWh	MidAmerican	MC Squared	Hudson
Jan	282,440	\$ 9,285.56	\$ 9,298.92	\$ 10,732.72
Feb	231,891	\$ 7,834.83	\$ 7,842.48	\$ 8,811.86
Mar	214,261	\$ 7,664.13	\$ 7,664.52	\$ 8,141.92
Apr	198,430	\$ 7,204.78	\$ 7,203.46	\$ 7,540.34
May	259,174	\$ 8,732.25	\$ 8,741.18	\$ 9,848.61
Jun	248,799	\$ 8,402.65	\$ 8,410.92	\$ 9,454.36
Jul	280,974	\$ 9,250.70	\$ 9,263.78	\$ 10,677.01
Aug	317,491	\$ 10,119.14	\$ 10,139.17	\$ 12,064.66
Sep	222,487	\$ 7,776.90	\$ 7,780.16	\$ 8,454.51
Oct	296,598	\$ 9,622.27	\$ 9,638.32	\$ 11,270.72
Nov	317,204	\$ 10,029.46	\$ 10,050.74	\$ 12,053.75
Dec	215,522	\$ 7,694.12	\$ 7,694.75	\$ 8,189.84
TOTAL	3,085,271	\$ 103,616.79	\$ 103,728.39	\$ 117,240.30

Based on this analysis, the estimated total annual cost of electricity from MidAmerican is the lowest. I recommend award of the electrical supply contract from November 2020 to November 2021 to MidAmerican. An agreement for services would need to be executed by the District to start services in November. Mike Philipp is currently providing legal review of this agreement. Should the District not be able to successfully negotiate an agreement with MidAmerican, based on Mike Philipp's legal review, I recommend that the District then start contract negotiations with the second lowest bidder, MC Squared Energy Services, LLC.

At the October 13 Special Board Meeting, I will request the Board to approve following actions:

1. The District accept the offer for electricity supply as identified in the October 7, 2020 proposal received from MidAmerican Energy Services, LLC covering the period from November, 2020 to November, 2021, pending legal review of the agreement;
2. Should the District not be successful in negotiating an agreement with MidAmerican, the District accept the offer for electricity supply as identified in the October 7, 2020 proposal from MC Squared Energy Services, LLC covering the same period, pending legal review of the agreement; and
3. For the General Manager to sign the agreement needed to receive said services.

C: BOLI, WCC, MGP

REQUEST FOR PROPOSALS
DOWNERS GROVE SANITARY DISTRICT
DOWNERS GROVE, ILLINOIS

Downers Grove Sanitary District
ELECTRIC SUPPLY PROCUREMENT

1. Time and Place to Submit Proposal. Proposals for the services described herein will be received by the Downers Grove Sanitary District 2710 Curtiss Street, Downers Grove, Illinois 60515 or at aunderwood@dgsd.org, until **10:00 a.m., local time, Wednesday, October 7, 2020.**
2. Description of Work. The proposed services consist of supplying electricity to the District's wastewater treatment and pumping facilities.
3. Instructions to Bidders. Proposal instructions may be obtained from the Downers Grove Sanitary District, 2710 Curtiss Street, Downers Grove, IL 60515, aunderwood@dgsd.org.
4. Rejection of Bids. The Downers Grove Sanitary District reserves the right to reject any and all proposals and to waive technicalities.

Downers Grove Sanitary District (DGSD)

REQUEST FOR PROPOSALS (RFP) ELECTRIC POWER SUPPLY

Background DGSD is a unit of local government with wastewater pumping and treatment facilities located in Downers Grove, Illinois and nearby communities. DGSD seeks power supply offers from qualified Retail Electric Suppliers (RES) properly certified by the Illinois Commerce Commission and registered with Commonwealth Edison Company (ComEd) to provide the services contemplated herein to its accounts listed in Table A for service beginning on the first meter read dates occurring after November 1, 2020, concurrent with the expiration of the existing supply contract. DGSD is seeking supply offers that will apply to all accounts listed in Table A.

TABLE A

ComEd Account Number	Address	Meter Number
11080-62005	4E WALNUT SS CBQ RR LISLE TWP	230127973 230158682 Unmetered lighting
32400-38012	2 GLEN PARK RD LISLE TWP	230147281
18100-68039	717 41 ST ST LISLE TWP	230263399
46570-83017	W OF BELMONT BY I355, 2537 HOBSON RD LISLE TWP	230091531
05620-80004	LIFT STA 3711 VENARD RD DOWNERS GROVE	230127929
10950-91170	21W042 W FINLEY RD LISLE TWP	230126678
01200-89072	0 BROOKSIDE, & 63 RD ST LISLE TWP	230030866
04580-29046	0 N 41 ST ST, 1E ADAMS LISLE TWP	230090573
00680-29014	0 65 TH ST, & FAIRMOUNT LISLE TWP	230073681
00550-25057	0 31 ST ST, 1E HIGHLAND SW PKLT LISLE TWP	230089376

Usage Information DGSD's accounts subject to this RFP are shown in Table A. Detailed historic usage data is available at ComEd's website. Prospective bidders can contact the District, if necessary, to get permission to access ComEd's historic data for these accounts for purposes of responding to this RFP. On-site generating capability includes diesel-engine driven generators used for emergency operation and renewable generation at the treatment plant, account 11080-62005. The nameplate capacity of this renewable generation was 655 kW from May 2017 to August 2019. In August 2019, 280 kW of this renewable generation capacity went off-line, leaving 375 kW nameplate capacity. An additional 375 kW of renewable generation capacity is currently under development and expected to come on-line in early 2021. Excess renewable energy at this account is purchased by ComEd under Rider POG. On-site solar generation of 126.54 kW DC is under development at the 21W042 W Finley Rd location, account 10950-91170, with an expected start-up date in the fall of 2020. DGSD believes recent historical load characteristics are otherwise a reasonable representation of future electrical needs for the period contemplated in this RFP.

Pricing Alternatives Proposals submitted in response to this RFP should be structured such that charges for regulated distribution delivery services provided by ComEd are billed separately by ComEd

under rate RDS. Accordingly, all proposals submitted in response to this RFP should address the prices, terms, and conditions of power supply and all other services necessary to effect delivery of electricity to DGSD's facilities, with the exception of regulated local delivery services provided by ComEd under rate RDS. DGSD seeks pricing for all listed accounts. DGSD is requesting quotes for the following product structure:

Day Ahead Hourly Pricing – The RES should provide a proposed **RES Adder** to supply energy, to be added to Day Ahead Hourly Pricing published by PJM as COMED ZONE Total LMP Day Ahead at https://dataminer2.pjm.com/feed/da_hrl_lmpps/definition, along with a **RES Ancillary Rate** as described below, in addition to Capacity, Transmission and all other services necessary, with the exception of regulated local delivery services provided by ComEd under rate RDS, to ensure supply of power to each of DGSD's accounts listed.

Proposal Requirements All proposals must meet all of the following requirements to be considered:

1. Please provide proposals for a term of 12 months, along with any conditions for extending the agreement beyond the initial 12 months. Under each proposal, service to DGSD should commence upon expiration of the current contracted services, on the first meter read after November 1, 2020.
2. Suppliers must quote a delivered price that includes all costs necessary to ensure firm supply to the account meter, with the exception of regulated local delivery services provided by ComEd under Rate RDS. The following components of the pricing must be confirmed, along with the rates effective on October 1, 2020 for all items identified on the proposal form:
 - a. Capacity = Capacity PLC published by ComEd (CapPLC) * RPM Pricing Point published by PJM (RPMPP) * Forecast Pool Requirement published by PJM (FPR) * Zonal Scaling Factor published by PJM (FRZSF)
 - b. Transmission = Network PLC published by ComEd (NetPLC) * Network Integration Transmission Rate published by PJM (NITS Rate)
 - c. Ancillary Services = Metered account data provided by ComEd * **RES Ancillary Rate**
 - d. Day Ahead Hourly Pricing = Metered account data provided by ComEd * [Day Ahead Hourly Pricing published by PJM as ComEd zone TOTAL LMP + **RES Adder**]
 - e. Renewable Compliance Charge = Metered account data provided by ComEd * [renewable portfolio standard rate]
 - f. Distribution Losses = Metered account data provided by ComEd * Distribution Loss Factor (DLF) published in ComEd rate book * [Day Ahead Hourly Pricing published by PJM as ComEd zone TOTAL LMP + **RES Adder**]

The District recognizes that certain independently published rates (CapPLC, RPMPP, FPR, FRZSF, NetPLC, NITS Rate, DLF) may change over the duration of the supply contract and affect the cost of supply. All costs not impacted by the **RES Ancillary Rate** and **RES Adder** are expected to be passed through, without markup, to the District. The **RES Ancillary** and **RES Adder** values are expected to be fixed for the term of the contract.

Any additional costs or factors, such as Transmission Loss Factors or any other item needed to accomplish electric supply to each account meter will be included in the **RES Adder**, the **RES Ancillary Rate**, or otherwise identified on the Proposal Form. Anticipated cost elements not known with certainty

at the time of the proposal should be identified on the proposal form, along with an estimate of the associated charges during the term of the agreement, and the independently verifiable components of such cost elements.

3. A sample bill should be provided under the pricing structure offered.

4. A proposed contract detailing all elements of the pricing structure and describing all of the terms and conditions of service must be included.

5. Please include contact name, address, phone number, fax number and e-mail address of the supplier. The RES selected by DGSD will act on DGSD's behalf to complete all necessary arrangements for the provision of the services to supply each of DGSD's facilities that are the subject of this RFP.

Proposal Evaluation Proposals will be evaluated based on the criteria that DGSD considers to be in its best interest. Such criteria include, but are not limited to, the following:

- The RES's ability to supply electric energy, transmission, capacity and related services as evidenced by proper certification from the Illinois Commerce Commission.
- The total cost of electricity to the District.
- DGSD's assessment of the RES's proposed power supply contract.

Timetable All proposals must be received via e-mail or in paper form at the offices of DGSD, as specified below, by 10:00 a.m. local time on Wednesday, October 7, 2020. Proposals will be reviewed and clarified with the supplier(s), as necessary, before selecting a finalist. The selection of a power supply vendor is intended to be finalized at a special Board of Trustees meeting scheduled on October 13, 2020, after acceptable contract terms have been negotiated with the finalist.

Option to Modify or Cancel Request This request is not an offer to purchase power supply and associated services. DGSD reserves the right to accept or reject any and all responses and also reserves the right to cancel or reissue this request at any time in the process. In such event, DGSD is not responsible for any costs incurred by other parties in the preparation of responses to this RFP.

Authorization Recipients of this RFP are authorized to access summary and interval data from the host utility for the sole purpose of responding to this RFP. This authorization expires on October 31, 2020.

Please submit the proposal(s) to: Amy Underwood, General Manager, DGSD, 2710 Curtiss Street, Downers Grove, IL 60515, or aunderwood@dgsd.org. Electronic submittals are preferred.

Please direct all questions and correspondence regarding this RFP to: Amy Underwood, General Manager, DGSD, 2710 Curtiss Street, Downers Grove, IL 60515 Phone: (630) 969-0664 Fax: (630) 969-0827 E-mail: aunderwood@dgsd.org

PROPOSALS MUST INCLUDE THIS FORM FURNISHED BY THE DOWNERS GROVE
SANITARY DISTRICT. THE SANITARY DISTRICT RESERVES THE RIGHT TO REJECT
ANY OR ALL PROPOSALS AND TO WAIVE TECHNICALITIES.

SUPPLIER'S PROPOSAL

Proposals to be submitted to address below by Wednesday, October 7, 2020 at 10:00 a.m. local time.

TO: aunderwood@dgsd.org
Downers Grove Sanitary District
2710 Curtiss Street
Downers Grove, IL 60515

I/We hereby offer to furnish the supply of electricity conforming to the requirements specified in the Request for Proposal and certify the following:

1. Capacity charges shall be based on the formula: $\text{CapPLC} * \text{RPMPP} * \text{FPR} * \text{FRZSF}$

_____ YES _____ NO

If not, provide alternate formula: _____

October 1, 2020 Values: RPMPP _____ \$/MW-Day FPR _____ FRZSF _____

2. Transmission charges shall be based on the formula: $\text{NetPLC} * \text{NITS Rate}$

_____ YES _____ NO

If not, provide alternate formula: _____

October 1, 2020 Value of NITS Rate _____ \$/MW-Year

3. Ancillary charges shall be based on the formula: $\text{Metered kwh} * \text{RES Ancillary Rate}$

_____ YES _____ NO

If not, provide alternate formula: _____

RES Ancillary Rate: _____ **\$ per kwh**

Identify independently verifiable (along with reference) components of **RES Ancillary**

Rate which can change **RES Ancillary Rate** during contract term: _____

4. Day ahead hourly supply charges shall be based on the formula: Metered kwh * [Day Ahead TOTAL LMP + **RES Adder**]

_____ YES _____ NO

If not, provide alternate formula: _____

RES Adder: _____ **\$ per kwh**

5. Distribution Losses shall be based on the formula: Metered kwh * DLF * [Day Ahead TOTAL LMP + **RES Adder**]

_____ YES _____ NO

If not, provide alternate formula: _____

October 1, 2020 DLF from ComEd rate book, medium load customer (100-400kw): _____ %

6. Renewable Compliance Charge shall be based on the formula: Metered kwh * RPS Rate

_____ YES _____ NO

If not, provide alternate formula: _____

October 1, 2020 RPS Rate: _____ \$ per kwh

7. Additional Costs: describe item, independently verifiable (along with reference)

components, basis (such as per kwh), and unit cost _____

8. Additional Factors: describe item, independently verifiable (along with reference) components, basis (such as per kwh), and multiplier or adder

9. Anticipated Unknown Costs: item, independently verifiable (along with reference) components, basis and cost

The rates quoted are that for which electric supply will be furnished and delivered during the life of the proposed Contract. We have examined the RFP and completed Proposal Form and acknowledge that the same are accurate and complete and fully represent the costs of the supply of electricity as proposed and are approved by the undersigned. The undersigned does hereby declare and stipulate that this proposal is made in good faith, without collusion with any other person or persons bidding for the same work, and that this bid is made in pursuance of and subject to all terms and conditions in the aforementioned documents.

Dated this _____ day of _____, _____.

Respectfully submitted,
SUPPLIER

Company, Corporation or Partnership

Street Address

City, State and Zip Code

(_____) _____ (_____) _____
Telephone Fax

Federal Taxpayer ID Number

By: _____
Signature

Name and Title

Attest: _____
Signature

Name and Title

If a Partnership, list names and addresses of all partners in the firm:

If a Corporation, list names of President and Secretary:

President _____ Secretary _____