

**DOWNERS GROVE SANITARY DISTRICT
BOARD OF TRUSTEES SPECIAL MEETING
OCTOBER 28, 2019 – 5:30 PM**

PROPOSED AGENDA

I. PUBLIC COMMENT

II. OLD BUSINESS

A. 2019-20 ELECTRICITY SUPPLY CONTRACT

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



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General Manager
Nicholas J. Menninga
Legal Counsel
Michael G. Philipp

Providing a Better Environment for South Central DuPage County

MEMO

To: Board of Trustees
From: Amy Underwood, Assistant General Manager
Date: October 25, 2019
Subject: Revised Electrical Supplier Recommendation

At the October 15, 2019 Board meeting, you approved renewal of the electrical procurement contract with Hudson Energy Services LLC based on their quote being the lowest bid received in response to the Request for Proposals for Electrical Power Supply issued on September 27, 2019. Hudson has now indicated that they are unable to supply our electricity at the rate which they bid and has subsequently withdrawn their bid.

Please refer to my October 11, 2019 memo to you which summarizes the bids received. As indicated in the memo, Direct Energy Business, LLC was the second lowest bidder. As a certified ARES in Illinois, Direct Energy Business LLS is qualified to provide this service. Their proposal included an agreement for services that would need to be executed by us to start services in November. Mike Philipp has provided legal review of this agreement, which will be provided to you under separate cover.

At the October 28, 2019 Special Board meeting, I will be seeking approval to accept the offer for the supply of electricity as identified in the October 8, 2019 proposal received from Direct Energy Business LLC covering the period from November, 2019 to November, 2020, and for the General Manager to sign the agreement needed to receive said services.

C: NJM, BOLI, WCC, MGP

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MEMO

To: Board of Trustees
From: Amy Underwood, Assistant General Manager
Date: October 11, 2019
Subject: Electricity Supply Proposals

Our existing electric supply contract with Hudson Energy Services LLC expires in November.

I issued the attached Request for Proposals via e-mail on September 27, to all suppliers listed with current e-mail contacts on the Illinois Commerce Commission's web site, which contains a complete listing of available electric suppliers. The RFP is for our lift station and WWTC accounts.

In response, we received nine proposals from suppliers.

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.

The following table summarizes seven of the nine responses received:

Supplier	Ancillaries, \$/kWh	Adder, \$/kWh	RPS, \$/kWh	Total, \$/kWh
Aggressive	0.00097	0.00593	0	0.00690
Direct	Incl'd in adder	0.00196	0	0.00196
Dynegy (direct)	0.0012	0.001	0	0.00220
Dynegy (PEG)	0.00121	0.00125	0.00082	0.00328
MC Squared	0.00224	0	0	0.00224
MidAmerican	0.00168	0.00035	0	0.00203
MP2	0.00155	0.0015	0	0.00305

Among the proposals offering the requested pricing structure, Direct appears to be the lowest cost.

We also received proposals from Engie and Hudson Energy Services LLC, 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 is the structure of our current agreement with Hudson. Engie's proposed adder is \$0.0260 per kWh, and Hudson's adder is \$0.0195 per kWh. Hudson's is the lower adder of the proposals offering this alternate price structure.

Using 2018 annual data (which was a typical year for electrical usage) and a typical average Day Ahead Hourly pricing, the total annual cost to the District for electrical supply from Direct and from Hudson were estimated. The attached table shows the results of this evaluation. The estimated overall annual cost of electricity from Hudson is lower.

I will be seeking approval to accept the offer for the supply of electricity as identified in the October 8, 2019 proposal received from Hudson Energy Services LLC covering the period from November, 2019 to November, 2020, and for the General Manager to renew the District's current agreement to receive said services.

C: NJM, BOLI, WCC, MGP

Estimated Total Cost of Annual Electrical Supply

	kWh	Direct	Hudson
Jan	181,468	\$ 11,273.39	\$ 9,890.01
Feb	146,731	\$ 9,504.06	\$ 7,996.84
Mar	159,919	\$ 10,422.31	\$ 8,715.59
Apr	126,029	\$ 8,951.35	\$ 6,868.58
May	136,081	\$ 9,480.81	\$ 7,416.41
Jun	154,865	\$ 10,090.24	\$ 8,440.14
Jul	145,152	\$ 9,839.08	\$ 7,910.78
Aug	141,210	\$ 9,683.38	\$ 7,695.95
Sep	254,766	\$ 14,035.87	\$ 13,884.75
Oct	305,095	\$ 16,156.10	\$ 16,627.68
Nov	210,094	\$ 12,271.53	\$ 11,450.12
Dec	257,855	\$ 14,290.33	\$ 14,053.10
TOTAL	2,219,265	\$ 135,998.45	\$ 120,949.94

Based on 2018 electrical usage.