



## **Special City Commission Meeting**

**City Commission Special Agenda  
Gibson Room, Civic Center  
November 30, 2017**

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1. Call to Order - 4:00 p.m.
  2. Public Comment.
  3. Roll Call / Staff Introductions.
  4. City of Great Falls Request for Proposals for Electric Supply.  
*Action: Accept or reject a proposal for electricity supply to the City of Great Falls and authorize the city manager to execute the necessary supply agreements. (Presented by Charles Anderson, Melissa Kinzler and Bill Pascoe)*
  5. Adjourn.

Please Note: Public comment that is within the jurisdiction of the City Commission. Please keep your remarks to a maximum of five (5) minutes. When at the podium, state your name and address for the record.

### **UPCOMING MEETING SCHEDULE**

**Work Session - December 5, 2017 5:30 p.m.**

**Commission Meeting - December 5, 2017 7:00 p.m.**



**Item:** City of Great Falls Request for Proposals for Electric Supply

**From:** Greg Doyon, City Manager

**Initiated By:** Greg Doyon, City Manager

**Presented By:** Charles Anderson-Deputy City Manager; Melissa Kinzler-Finance Director; Bill Pascoe-Energy Consultant

**Action Requested:** Consider awarding electricity supply contract for the City of Great Falls municipal buildings and lighting districts.

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**Suggested Motion:**

1. Commissioner moves:

“I move that the City Commission (accept /reject) a proposal from \_\_\_\_\_ for a period of \_\_\_\_\_ years for electricity supply to the City of Great Falls and authorize the city manager to execute the necessary supply agreements.”

2. Mayor calls for a second to the motion, Commission discussion, public comment, and calls for the vote.

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**Summary:**

The City of Great Falls retained the services of Bill Pascoe in July 2013 to provide consulting services related to the City’s electric and natural gas supplies. The Commission previously agreed to enter into contracts with Talon Energy (formerly PPL) for electricity and Energy West for natural gas supply.

The terms of both contracts run from November 1, 2013 through October 31, 2018. As the city enters the final year of the agreements, the consultant has been in touch with the city manager’s office to evaluate options prior to contract expiration.

Both the electric and natural gas supply markets have changed since 2013. Bill Pascoe indicated that there are different providers in the Montana market that may provide the city with competitive rates and a stable supply. Bill Pascoe also recommended that the City pursue proposals early to lock in better rates.

The City retained Jim Morin with Earth Energy Advisors to assist with the natural gas bids. The City

Commission approved an extension to the natural gas supply contract with Energy West during the November 21, 2017 meeting. This contract will run November 1, 2017 through October 2022.

The City, through Bill Pascoe, began requesting electric supply proposals October 25, 2017. The current request is asking for fixed price proposals for the following periods:

- One (1) year – November 1, 2018 thru October 31, 2019
- Two (2) year – November 1, 2018 thru October 31, 2020
- Three (3) year – November 1, 2018 thru October 31, 2021
- Five (5) year – November 1, 2018 thru October 31, 2023
- Ten (10) year – November 1, 2018 thru October 31, 2028

The proposals will be evaluated based on the ability to best meet the electricity supply needs of the City considering price, contract term, credit requirements, reliability of supply, and other factors. The City reserves the right to consider any factor deemed relevant to its electric supply needs.

**Financial Considerations:**

Currently, the City receives its electrical supply from Talon Energy. The contract amount paid to Talon is **\$41.20/MWh**. Currently, **NorthWestern Energy rate is \$64.662/MWh**.

The city expects to receive 2-4 supply proposals and are hopeful that the pricing will be competitive.

**Supply Award Process:**

Final Proposals are due by 9:00 am MDT on November 30, 2017 to the City of Great Falls, City Clerk's Office. As with the prior electric supply contract, the City will publicly release the winning proposal prices and a summary of all Final Proposal Prices received in response to the RFP two weeks after the contract is awarded. Some measure of confidentiality is necessary in order to secure the best pricing options for the city.

**Alternatives:**

The City is in a unique position to receive electric supply bids. In the event the city opted out of the competitive pricing process, the electric supply would default to NorthWestern Energy. Additionally, the city would lose its ability to solicit proposals on the open market in the future once its defaults to NWE.

**ATTACHMENTS:**

- ▢ Electric Supply RFP

## Legal Notice

### Request for Proposals - Electricity Supply

The City of Great Falls (City) is soliciting firm, fixed price proposals for Electricity Supply for a period of one to ten years beginning November 1, 2018. Estimated annual electricity requirements for the City are approximately 24,000 MWh.

The detailed RFP is available on the City of Great Falls website [www.greatfallsmt.net](http://www.greatfallsmt.net), or from Bill Pascoe, Pascoe Energy Consulting, 36 Star Haven Drive, Absarokee, MT 59001. Questions and inquiries should be directed to Bill Pascoe at [pascoeenergy@aol.com](mailto:pascoeenergy@aol.com) or by phone at (406) 494-2075.

Notices of intent to propose must be submitted by **5:00 P.M (MDT), November 3, 2017** to [pascoeenergy@aol.com](mailto:pascoeenergy@aol.com). Final proposals must be received by **9:00 A.M. (MDT), November 30, 2017**, at City of Great Falls, Civic Center, City Clerk's Office, Room 202, or PO Box 5021 Great Falls, MT 59403.

Public Posting Date:

October 25, 2017

# **Request for Proposals – Electricity Supply**

## ***Introduction***

The City of Great Falls, Montana (City) is issuing this Request for Proposals (RFP) to secure firm electricity supplies for the City beginning November 1, 2018. The City is seeking a multi-year fixed-price contract.

The services requested include electricity supply and related services. The City will execute a contract for electricity supply with the successful proposer.

## ***Supply and Transmission Requirements***

The City is requesting proposals to meet the monthly on-peak (7x16) and off-peak (7x8) energy schedules shown in attached Exhibit A.

The supplier must also provide renewable energy certificates (RECs) as required by Montana law.

Deliveries must be made into the NorthWestern Energy (NWE) transmission system. Deliveries north of NWE's South of Great Falls transmission constraint are preferred.

The City will procure firm Network Integration Transmission Service (NITS) on the NWE transmission system. The supplier will use the City's OATI certificate to make and tag energy and/or transmission schedules, as necessary.

The City will be responsible for NWE transmission service and for Scheduling (Schedule 1 under NWE's Open Access Transmission Tariff (OATT)), Reactive Supply (OATT Schedule 2), Regulation (OATT Schedule 3) and Energy Imbalance (OATT Schedule 4). The City will also be responsible for Spinning Reserves (OATT Schedule 5) and Supplemental Reserves (OATT Schedule 6) prior to March 1, 2019.

After March 1, 2019, the City prefers that the supplier will be responsible for supplying Spinning Reserves (OATT Schedule 5) and Supplemental Reserves (OATT Schedule 6). However, proposals where the City is responsible for Spinning and Supplement Reserves will also be considered.

## ***Pricing and Contract Term***

The City is requesting fixed price proposals for the following periods:

- One (1) year – November 1, 2018 thru October 31, 2019
- Two (2) year – November 1, 2018 thru October 31, 2020
- Three (3) year – November 1, 2018 thru October 31, 2021
- Five (5) year – November 1, 2018 thru October 31, 2023
- Ten (10) year – November 1, 2018 thru October 31, 2028

Proposals must include a single price for each period offered (for example, for a 3-year contract the offered price is \$30/MWh). Proposals with prices that vary from year-to-year will not be considered (for example, for a 3-year contract the price offered is \$28/MWh for the first year, \$30/MWh for the second year and \$32/MWh for the third year). Proposals with prices indexed to market prices or other variables will not be considered.

## ***Preferred Form of Contract***

The City will consider contracts or contract terms proposed by suppliers to be provided with proposer's Notice of Intent to Propose.

## ***Billing***

Billing will be sent to the City at the address listed below:

CITY OF GREAT FALLS  
ATTN: Fiscal Services  
PO Box 5021  
Great Falls, MT 59403-5021

## ***Proposal Evaluation Criteria***

All proposals will be evaluated based on ability to best meet the electricity supply needs of the City considering price, contract term, credit requirements, reliability of supply and other factors. The City reserves the right to consider any factor deemed relevant to its electricity supply needs.

## ***Schedule***

RFP Released	October 23, 2017,
Notice of Intent to Propose	5 pm MDT, November 3, 2017
Indicative Proposals	5 pm MDT, November 17, 2017
Final Proposals	9 am MDT, November 30, 2017
Proposal Award	5 pm MDT, November 30, 2017

## ***Proposals***

### ***Notice of intent to Propose***

Proposers must provide a Notice of Intent to Propose by 5 pm on November 3, 2017 to pascoeenergy@aol.com. Submittal of a timely Notice of Intent to Propose is a prerequisite to submitting Indicative and Final Proposals.

With this notice, proposers must provide a proposed contract or contract terms for review.

With this notice, proposers must also indicate any requirements for credit and explain the process and timing for completing the credit review process, if necessary.

The City intends to publicly release the winning proposal price and a summary of all Final Proposal prices received in response to this RFP two weeks after the contract is awarded. Proposers with concerns about confidentiality must state those concerns when they submit the Notice of Intent to Propose.

### ***Indicative Proposals***

Indicative Proposals must be submitted by 5 pm on November 17, 2017 to pascoeenergy@aol.com. Submittal of a timely Indicative Proposal is a prerequisite to submitting a Final Proposal.

An Indicative Proposal must include the following:

#### **Section 1 – Proposer Information**

This section must contain a description of the proposer and include the name of the contact person, complete with pertinent information including address, phone number, fax number and email address.

This section must be signed by a person with authority to offer the proposal to the City on behalf of the proposer and indicating that the proposer understands and consents to the terms of the RFP.

#### **Section 2 – Pricing**

This section will present indicative pricing for any proposals offered.

Proposals must include a single price for each period offered (for example, for a 3-year contract the offered price is \$30/MWh). Proposals with prices that vary from year-to-year will not be



considered (for example, for a 3-year contract the price offered is \$28/MWh for the first year, \$30/MWh for the second year and \$32/MWh for the third year). Proposals with prices indexed to market prices or other variables will not be considered.

This section must also indicate that the proposer acknowledges that its offers include the energy amounts indicated in attached Exhibit A and whether or not spinning and supplemental reserves are included after March 1, 2019.

This section must also indicate how the proposal accounts for the cost of RECs.

Transaction confirmations must be provided for each offer.

### **Section 3 – Firm Supply and Delivery Points**

This RFP is seeking firm electricity supply. This section must describe the source(s) of the electricity to be supplied and the point(s) of delivery into the NWE transmission system. The City intends to designate these sources as Network Resources under NWE's OATT. Resources and/or deliveries north of NWE's South of Great Falls transmission constraint are preferred.

### **Section 4 – Operations**

This section must indicate that the proposer is willing and able to make and tag energy and/or transmission schedules, as necessary, using the City's OATI certificate.

### ***Final Proposals***

Final Proposals must be submitted by 9 am MDT on November 30, 2017 to City of Great Falls, Civic Center, City Clerk's Office, Room 202, or PO Box 5021 Great Falls, MT 59403.

### **Section 1 – Proposer Information**

This section must contain a description of the proposer and include the name of the contact person, complete with pertinent information including address, phone number, fax number and email address.

This section must be signed by a person with authority to offer the proposal to the City on behalf of the proposer and must indicate that the Final Proposal incorporates information from the Indicative Proposal without changes except for the final binding prices.

### **Section 2 – Pricing**

This section must present final pricing for any proposals offered. Final prices must remain open until 5 pm on November 30, 2017.

Proposals must include a single price for each period offered (for example, for a 3-year contract the offered price is \$30/MWh). Proposals with prices that vary from year-to-year will not be considered (for example, for a 3-year contract the price offered is \$28/MWh for the first year, \$30/MWh for the second year and \$32/MWh for the third year). Proposals with prices indexed to market prices or other variables will not be considered.

This section must also indicate that the proposer acknowledges that its offers include the energy amounts indicated in attached Exhibit A and whether or not spinning and supplemental reserves are included after March 1, 2019.

This section must also indicate how the proposal accounts for the cost of RECs.

Transaction confirmations must be provided for each offer. The confirmations must be unchanged from those included in the Indicative Proposal except for prices.

### ***Proposal Award***

The winning proposer will be selected and notified by 5 pm on November 30, 2017. Contracts and transaction confirmations will be executed by the City at that time. If the City is unable to meet this timeline, the winning proposer will be provided with an opportunity to refresh its pricing.

### ***RFP Terms and Conditions***

The RFP shall not constitute a commitment to purchase supply from any entity submitting a response to this RFP. The City retains the right to reject any and all proposals. The City reserves the unilateral right to waive any technical or formal requirements contained in the RFP.

### ***Confidentiality***

The City intends to publicly release the winning proposal prices and a summary of all Final Proposal prices received in response to this RFP two weeks after the contract is awarded. Proposers with concerns about confidentiality must state those concerns when they submit the Notice of Intent to Propose.

### ***Additional Information or Clarifications***

Requests for clarifications or additional information concerning this RFP can be directed to Bill Pascoe, Pascoe Energy Consulting at (406) 494-2075 or [pascoeenergy@aol.com](mailto:pascoeenergy@aol.com).

## Attachment A

### City of Great Falls Electricity Schedules (MW)

Month	On-Peak	Off-Peak
January	3	3
February	2	3
March	2	2
April	2	2
May	2	3
June	3	3
July	4	4
August	3	4
September	3	3
October	2	3
November	2	3
December	3	3

Notes:

1. On-Peak Hours are HE8-23 MPT on all days (7x16)
2. Off-Peak Hours are HE1-7 & 24 MPT on all days (7x8)