



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

From: City Manager Greg Doyon

Action Requested: City Commission to consider awarding electricity supply contract to the City of Great Falls municipal buildings and lighting districts

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, discussion, public comment, and calls the vote.

Background: A majority of the City’s electric supply is currently purchased from Electric City Power (ECP). ECP purchases its electric supply from Southern Montana Electric G&T (Southern).

The City settled its litigation with Southern on May 1, 2013. The settlement terminates the City’s wholesale power supply contract with Southern and allows the City to purchase its electricity from another supplier. The City of Great Falls had two choices: 1) purchase electricity from the default supplier NorthWestern Energy 2) issue a Request for Proposals to solicit competitive electric proposals. The latter was chosen in order to secure the most competitive electric rate for the City.

The City provided notice of termination of electrical supply effective November 1, 2013, to Southern Montana on October 21, 2013.

Fiscal Impact: The City’s current electric charges with Southern fluctuate monthly. Last billing cycle the MWh charge was \$72.96 plus distribution charges. NWE’s default supply rate is approximately \$63.77 MWh.

It is anticipated that the competitive bid process will significantly reduce the City’s electric charges. The City’s adopted FY2014 budget was based on total expense of last year’s electric supply charges. If significant savings are achieved with energy proposals, the City will utilize those savings to address energy imbalances and/or rebuild Undesignated General Fund balance.

Due to the competitive nature of electric supply and as outlined in the City's Request for Proposals, the actual rate will be released publicly within two weeks of City Commission award. Only the winning bidder and term will be announced at the meeting.

Alternatives: 1. Default to NorthWest Energy - The City could return to NWE and purchase electricity at the company's default rate.

Attachments/Exhibits: 1) Electricity 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 five years beginning November 1, 2013. Estimated annual electricity requirements for the City are approximately 23,000 MWh.

The detailed RFP is available on the City of Great Falls website www.greatfallsmt.net, or from Bill Pascoe, Pascoe Energy Consulting, 104 Country Club Lane, Butte, MT 59701. Questions and inquiries should be directed to Bill Pascoe at pascoenergy@aol.com or by phone at (406) 494-2075.

Notices of intent to propose should be submitted by **5:00 P.M (MDT), October 4, 2013** to pascoenergy@aol.com. Indicative proposals must be submitted by **5:00 P.M. (MDT), October 18, 2013** to pascoenergy@aol.com. Final proposals must be received by **9:00 A.M. (MDT), October 24, 2013**, at City of Great Falls, Civic Center, City Clerk's Office, Room 204, or PO Box 5021 Great Falls, MT 59403.

Publication Dates:

September 22, 2013
September 29, 2013
October 13, 2013

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 to be effective November 1, 2013. 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 Attachment A.

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

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

The City intends to procure firm Network Integration Transmission Service (NITS) on the NWE transmission system. However, there may be a short period prior to NWE's approval of the City's firm NITS application when nonfirm transmission service will be utilized. The supplier will use the City's OATI certificate to make and tag energy and/or transmission schedules, as necessary.

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

Pricing and Contract Term

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

- One (1) year – November 1, 2013 thru October 31, 2014
- Two (2) year – November 1, 2013 thru October 31, 2015
- Three (3) year – November 1, 2013 thru October 31, 2016
- Four (4) year – November 1, 2013 thru October 31, 2017
- Five (5) year – November 1, 2013 thru October 31, 2018

Proposals must include a single price for each period offered (for example, for a 3-year contract the offered price is \$35/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 \$33/MWh for the first year, \$35/MWh for the second year and \$37/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 prefers to use the EEI Master Purchase and Sale Agreement with the elections indicated in attached Attachment B. Other contracts or contract terms will be considered if 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	September 22, 2013
Notice of Intent to Propose	5 pm MDT, October 4, 2013
Indicative Proposals	5 pm MDT, October 18, 2013
Final Proposals	9 am MDT, October 24, 2013
Proposal Award	3 pm MDT, October 24, 2013

Proposals

Notice of intent to Propose

Proposers should provide a Notice of Intent to Propose by 5 pm on October 4, 2013 to pascoeenergy@aol.com.

With this notice, proposers must indicate that they are willing to use the EEI Master Purchase and Sale Agreement with the elections shown in attached Attachment B or provide an alternative 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, a register of proposals and a summary of Final Proposal prices received in response to this RFP two weeks after the contract is awarded. Pursuant to MCA §2-6-102, all price information provided may be subject to public inspection. At each bid proposal stage, proposers with concerns about disclosure of confidential proprietary, or trade secret information as identified in MCA §30-14-402, must identify and detail the nature and bases for those concerns when they submit documentation supporting or relating to their proposals. This information must be sufficient to allow the City to consider the request to designate documents as confidential proprietary or trade secret information. If there is a public records request, then Proposers will be required to establish that the information is not subject to public disclosure.

Indicative Proposals

Indicative Proposals must be submitted by 5 pm on October 18, 2013 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 \$35/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 \$33/MWh for the first year, \$35/MWh for the second year and \$37/MWh for the third year). Proposals with prices indexed to market prices or other variables will not be considered.

Transaction confirmations must be attached for each offer.

This section must also indicate that the proposer acknowledges that its offers include the energy amounts indicated in attached Attachment A and spinning and supplemental reserves.

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

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 October 24, 2013 to City of Great Falls, Civic Center, City Clerk's Office, Room 204, 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 3 pm on October 24, 2013.

Proposals must include a single price for each period offered (for example, for a 3-year contract the offered price is \$35/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 \$33/MWh for the first year, \$35/MWh for the second year and \$37/MWh for the third year). Proposals with prices indexed to market prices or other variables will not be considered.

Transaction confirmations must be attached 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 3 pm on October 24, 2013. 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 price, a register of proposals and a summary of Final Proposal prices received in response to this RFP two weeks after the contract is awarded. Pursuant to MCA §2-6-102, all price information provided may be subject to public inspection. At each bid proposal stage, proposers with concerns about disclosure of confidential proprietary, or trade secret information as identified in MCA §30-14-402, must identify and detail the nature and bases for those concerns when they submit documentation supporting or relating to their proposals. This information must be sufficient to allow the City to consider the request to designate documents as confidential proprietary or trade secret information. If there is a public records request, then Proposers will be required to establish that the information is not subject to public disclosure.

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.

Attachment A

City of Great Falls Electricity Schedules (MW)

NOVEMBER 2013 - OCTOBER 2015		
Month	On-Peak	Off-Peak
January	2	3
February	2	3
March	2	2
April	2	3
May	3	3
June	3	3
July	4	4
August	3	4
September	3	3
October	2	3
November	2	3
December	2	2

NOVEMBER 2015 - OCTOBER 2018		
Month	On-Peak	Off-Peak
January	3	3
February	2	3
March	2	3
April	2	3
May	3	3
June	3	3
July	4	4
August	4	4
September	3	4
October	3	3
November	2	3
December	2	2

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)

MASTER POWER PURCHASE AND SALE AGREEMENT

COVER SHEET

This Master Power Purchase and Sale Agreement ("Master Agreement") is made as of the following date: _____ ("Effective Date"). The Master Agreement, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement." The Parties to this Master Agreement are the following:

Name ("_____ " or "Party A")

Name ("Counterparty" or "Party B")

SUPPLIER

CITY OF GREAT FALLS MONTANA

All Notices:

All Notices:

Street: _____

Street: _____

City: _____ Zip: _____

City: _____ Zip: _____

Attn: Contract Administration

Attn: Contract Administration

Phone: _____

Phone: _____

Facsimile: _____

Facsimile: _____

Duns: _____

Duns: _____

Federal Tax ID Number: _____

Federal Tax ID Number: _____

Invoices:

Invoices:

Attn: _____

Attn: _____

Phone: _____

Phone: _____

Facsimile: _____

Facsimile: _____

Scheduling:

Scheduling:

Attn: _____

Attn: _____

Phone: _____

Phone: _____

Facsimile: _____

Facsimile: _____

Payments:

Payments:

Attn: _____

Attn: _____

Phone: _____

Phone: _____

Facsimile: _____

Facsimile: _____

Wire Transfer:

Wire Transfer:

BNK: _____

BNK: _____

ABA: _____

ABA: _____

ACCT: _____

ACCT: _____

Credit and Collections:

Credit and Collections:

Attn: _____

Attn: _____

Phone: _____

Phone: _____

Facsimile: _____

Facsimile: _____

With additional Notices of an Event of Default or Potential Event of Default to:

With additional Notices of an Event of Default or Potential Event of Default to:

Attn: _____

Attn: _____

Phone: _____

Phone: _____

Facsimile: _____

Facsimile: _____

ATTACHMENT B

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff Tariff _____ Dated _____ Docket Number _____

Party B Tariff Tariff _____ Dated _____ Docket Number _____

Article Two

Transaction Terms and Conditions Optional provision in Section 2.4. If not checked, inapplicable.

Article Four

Remedies for Failure to Deliver or Receive Accelerated Payment of Damages. If not checked, inapplicable.

Article Five

Events of Default; Remedies Cross Default for Party A:

Party A: _____ Cross Default Amount \$ _____

Other Entity: _____ Cross Default Amount \$ _____

Cross Default for Party B:

Party B: _____ Cross Default Amount \$ _____

Other Entity: _____ Cross Default Amount \$ _____

5.6 Closeout Setoff

- Option A (Applicable if no other selection is made.)
- Option B - Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows: _____
- Option C (No Setoff)

Article 8

Credit and Collateral Requirements

8.1 Party A Credit Protection:

- (a) Financial Information:
 - Option A
 - Option B Specify: _____
 - Option C Specify: TBD _____
- (b) Credit Assurances:
 - Not Applicable
 - Applicable
- (c) Collateral Threshold:
 - Not Applicable
 - Applicable

ATTACHMENT B

If applicable, complete the following:

Party B Collateral Threshold: \$ _____; provided, however, that Party B's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party B has occurred and is continuing.

Party B Independent Amount: \$ _____

Party B Rounding Amount: \$ _____

(d) Downgrade Event:

- Not Applicable
- Applicable

If applicable, complete the following:

- It shall be a Downgrade Event for Party B if Party B's Credit Rating falls below _____ from S&P or _____ from Moody's or if Party B is not rated by either S&P or Moody's
- Other:
Specify: _____

(e) Guarantor for Party B: _____

Guarantee Amount: _____

8.2 Party B Credit Protection:

(a) Financial Information:

- Option A
- Option B Specify: _____
- Option C Specify: TBD _____

(b) Credit Assurances:

- Not Applicable
- Applicable

(c) Collateral Threshold:

- Not Applicable
- Applicable

If applicable, complete the following:

Party A Collateral Threshold: \$ _____; provided, however, that Party A's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party A has occurred and is continuing.

Party A Independent Amount: \$ _____

Party A Rounding Amount: \$ _____

ATTACHMENT B

(d) Downgrade Event:

- Not Applicable
- Applicable

If applicable, complete the following:

- It shall be a Downgrade Event for Party A if Party A's Credit Rating falls below _____ from S&P or _____ from Moody's or if Party A is not rated by either S&P or Moody's
- Other:
Specify: _____

(e) Guarantor for Party A: _____

Guarantee Amount: _____

Article 10

Confidentiality

- Confidentiality Applicable If not checked, inapplicable.

Schedule M

- Party A is a Governmental Entity or Public Power System
- Party B is a Governmental Entity or Public Power System
- Add Section 3.6. If not checked, inapplicable
- Add Section 8.4. If not checked, inapplicable

Other Changes

Specify, if any:

1. Reference to New York law in Article 10.6 is changed to Montana law.
2. Schedule M., part A. insert "Official Code of the City of Great Falls, Montana", at p. 28
3. Schedule M., part G., insert "Montana" at p. 31