



## Legislation Text

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Consider a resolution authorizing the Mayor to execute one or more electrical power purchase contracts with a Retail Electric Provider to provide electric power to the City.

The City currently has power costs under contract through June 2022. The current pricing analysis shows current rates to be very favorable and it is in the City's best interest to extend those lower prices, if possible. Therefore, staff recommends seeking a new contract with a competitive provider to start in June 2022 and take the City through 2025 or 2026, depending on the negotiated term. This Resolution grants the Mayor the authority to execute the negotiated contract once results from the City's third-party power consultant, CGP Solutions, completes the bidding process. It does not bind the City to enter into an agreement that is not favorable to the City should bids not come in as expected.

Due to the changing nature of the market, this resolution does not set a specific price or vendor but allows staff and our consultant to monitor the market and recommend the best price and vendor. The City has a long-standing agreement with CGP Solutions who serves as the City's consultant on wholesale electric needs and the market for providers.

Historically, power has been contracted in advance for multi-year terms to manage pricing fluctuations in the electrical industry that can be volatile due to the season, weather, fuel prices and political climate. In addition to locking in cost savings, the long-term contracts also give the City price stability for budgeting and cost management purposes. The City currently has a contract with Constellation Energy to provide electric power to all City facilities through a Cooperative Procurement with the Houston Galveston Area Council of Governments (HGAC). The current contract was approved by Council on April 14, 2016 and with an expiration date June 5, 2021. A contract extension was approved on June 9, 2017 which extended the current contract through June 2022.

The current rate is \$0.03836 per kWh, and the City will spend approximately \$4,000,000 per year on electric power for all of its operations. Beginning June 2021 through June 2022, the rate will be \$0.03883 per kWh. With this Resolution, the City will work to continue favorable electric rates into the future.