Memorandum

To: Members of the Administration and Public Works Committee
From: Kumar Jensen, Chief Sustainability & Resilience Officer
CC: Kelley Gandurski, Corporation Counsel
Subject: Resolution 46-R-20 Authorizing the City Manager to Sign the First Amendment to the Dynegy Master Agreement
Date: May 26, 2020

Recommended Action:
Staff recommends City Council adoption of Resolution 46-R-20, authorizing the City Manager to sign the first amendment to the Dynegy Master Agreement. The extension is for the Municipal Aggregation of Electric Supply For Residential and Small Commercial Retail Customers (RFP 17-33) with Dynegy Energy Services (1500 Eastport Plaza Drive Collinsville, IL 62234). The 10-month extension will extend the contract from August 2020 to June 2021.

Council Action:
For Action

Summary:
A referendum to allow a community aggregation opt-out program in Evanston was approved by 73% of the Evanston voters in March 2012. Evanston has participated in community aggregation since April 2012.

Staff received proposals for 6-, 10- and 12-month extensions to the agreement and the 10-month price was the lowest while providing sufficient time for staff to conduct an RFP process prior to agreement expiration in June 2021. As a result of the City of Evanston’s execution of, and performance under, the extension, The City of Evanston will receive a Customer Incentive Program (“CIP”) allocation to be used for energy related projects, not to exceed, for any and all CIP projects a total of $20,000. This project can include but not limited to low-income house energy efficiency work, electric vehicle wheel tax rebates, and the Evanston Emergency Assistance Services Program.

Price:
Under the existing program Evanston residents are currently paying $0.07132/kWh. The price for a 10-month extension submitted by Dynegy Energy Services, LLC is $0.06570/kWh, which is more than $0.50/kWh cheaper than the existing agreement.
Aggregation Program Future:
Executing a short-term extension with the City's existing supplier allows City staff additional time to develop an aggregation program that more accurately reflects City Council and Climate Action and Resilience Plan (CARP) goals more directly. Specifically, by developing a program that keep rates low, directly supports low-income residents and those with utility burden, generates revenue for the City, directly invests in renewable energy and supports workforce development in clean energy and energy efficiency. Staff plan to issue an RFP for a revised program in the fall of 2020. The RFP will be issued once staff have received feedback from the community on the community's energy priorities.

Additional potential program revisions could include:

1. Directly purchasing renewable energy rather than solely purchasing Renewable Energy Credits (RECs)
2. Pursue options to connect residents with Community Solar opportunities (prioritize low-income participation)
3. Structure future agreements to generate revenue for the City
4. Structure future agreements to ensure residents do not pay a premium for participation
5. Expand aggregation to include additional account types (medium/large commercial)
6. Identify programmatic opportunities to support energy efficiency more directly particularly through existing affordable housing programs, General Assistance or other programs for low-income residents

Attachments:
Resolution 46-R-20 Authorizing the City Manager to sign the First Amendment to the Dynegy Master Agreement
RFP-17-33 City Council Approval Memo (June 12, 2017)
Dynegy Master Agreement First Amendment Letter Actionable Agreement
46-R-20

A RESOLUTION

Authorizing the City Manager to Sign the First Amendment to the Master Agreement to Provide Services to an Aggregated Group Between the City of Evanston and Dynegy Electric Services

WHEREAS, in June 2017, the City of Evanston (“the City”) and Dynegy Electric Services, LLC (“Dynegy”) entered into a Master Agreement to Provide Services to an Aggregated Group (“the Master Agreement”) giving Dynegy the authority to enroll City residents in an electric supply agreement; and

WHEREAS, the Master Agreement is set to expire in August 2020; and

WHEREAS, negotiations between the City and Dynegy on the pricing and other terms of a new agreement are ongoing; and

WHEREAS, the City and Dynegy agree that it is in the interest of both parties to extend the expiration date of the Master Agreement while negotiations on a new agreement continue; and

WHEREAS, the City and Dynegy have negotiated and agreed to a First Amendment to the Master Agreement which gives the City a Customer Incentive Program allocation and extends the Master Agreement’s expiration date to June 2021.

NOW BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EVANSTON, COOK COUNTY, ILLINOIS:

SECTION 1: That the foregoing recitals are hereby found as fact and incorporated herein by reference.
SECTION 2: The City Manager is hereby authorized and directed to sign the First Amendment to the Master Agreement, attached hereto as Exhibit A.

SECTION 3: Resolution 46-R-20 shall be in full force and effect from and after its passage and approval in the manner provided by law.

_______________________________
Stephen H. Hagerty, Mayor

Attest: _________________________
Devon Reid, City Clerk

Approved as to form: _________________________
Kelley Gandurski, Corporation Counsel

Adopted: _________________________, 2020
Memorandum

To: Honorable Mayor and Members of the City Council
   Administration and Public Works Committee

From: David Stoneback, Public Works Agency Director

Subject: Community Choice Electricity Aggregation Approval RFP 17-33

Date: June 12, 2017

Recommended Action:
Staff recommends that City Council authorize the City Manager to execute a Master Agreement to Provide Services to an Aggregated Group (RFP 17-33) with Dynegy Energy Services LLC (1500 Eastport Plaza Dr, Collinsville, IL) for a 36-month term with a 100% renewable energy mix for the fixed price of 7.132 Cents per kilowatt hour.

Livability Benefits:
Climate & Energy: Green energy supply

Analysis:
A staff memorandum dated June 2, 2017 indicated that two Alternate Retail Electric Suppliers (ARES) had submitted indicative pricing in response to the City’s Request For Proposal – RFP 17-33. Both ARES have confirmed their willingness to execute the master agreement in a form acceptable to the Legal Department.

Two responses to the request for actionable pricing were received by noon today in response to RFP 17-33 actionable pricing as listed below:

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynegy Energy Services LLC</td>
<td>1500 Eastport Plaza Dr., Collinsville, IL</td>
</tr>
<tr>
<td>MC Squared Energy Services LLC</td>
<td>175 West Jackson Blvd, Suite 240, Chicago, IL</td>
</tr>
</tbody>
</table>

Cost Analysis:
The City requested pricing to supply energy for three different terms (12, 24, and 36 months) and two different fixed prices: one where the renewable energy component would be 10 percent (10%) in accordance with Illinois Renewable Energy Portfolio
Standard (IRPS) Illinois Public Act 095-1027, and the other where the renewable energy component being one hundred percent (100%).

Due to the volatile pricing of electricity, which changes hour by hour, suppliers will not hold purchase prices for more than 24 hours without a considerable risk factor markup.

A summary of the prices provided for actionable pricing received today are shown below:

Table 1 – Summary of Actionable Pricing Received

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Term Duration</th>
<th>IRPS Compliant (10%) (Cents/kWh)</th>
<th>100% Renewable Energy (Cents/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynegy</td>
<td>12-month</td>
<td>6.764</td>
<td>6.955</td>
</tr>
<tr>
<td>Dynegy</td>
<td>24-month</td>
<td>6.899</td>
<td>7.129</td>
</tr>
<tr>
<td>Dynegy</td>
<td>36-month</td>
<td>6.891</td>
<td>7.132</td>
</tr>
<tr>
<td>MC Squared</td>
<td>12-month</td>
<td>6.95</td>
<td>7.03</td>
</tr>
<tr>
<td>MC Squared</td>
<td>24-month</td>
<td>7.19</td>
<td>7.27</td>
</tr>
<tr>
<td>MC Squared</td>
<td>36-month</td>
<td>7.29</td>
<td>7.37</td>
</tr>
</tbody>
</table>

Dynegy Energy Services, LLC provided the lowest price proposals for all three terms. In 2012, Staff and members of the Utilities Commission established a recommendation that the term of the agreement be as long as possible provided that the increased cost from the shortest duration is less than ten percent (10%).

Table 2 – Dynegy Term Price Difference

<table>
<thead>
<tr>
<th>Energy Mix</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12-month to 24-month</td>
</tr>
<tr>
<td>IL RPS Compliant (10%)</td>
<td>2.00</td>
</tr>
<tr>
<td>100 % Renewable</td>
<td>2.50</td>
</tr>
</tbody>
</table>

Based on the small percentage of cost increase between the 12-month term and the 36-month term, staff recommends the 36-month term be awarded.

Effective June 1, 2017, the current ComEd price to compare is 6.892 Cents per kWh. In October, the ComEd price to compare will raise to 7.15 Cents per kWh. Since Dynegy will begin to supply energy in August, during the first 2 months of the
agreement the Dynegy price will be above the ComEd price to compare. However, beginning in October, the Dynegy price for 100% renewable energy will be slightly lower than the ComEd price to compare with only 10% renewable energy.

Dynegy Energy Services LLC has agreed to allow anyone that moves into Evanston to join the aggregated group under the same rate terms and conditions upon proper notification from the property owner. Additionally, in order to reinstate lost electric volume within the aggregated group due to residents moving out of Evanston after the program started, Dynegy has agreed to run supplemental opt out periods during the length of the agreement as requested by the City, but no more than on a quarterly basis.
May 26, 2020

City of Evanston
Attn: Erika Storlie
2100 Ridge Avenue, Room 4500
Evanston, IL 60201

Re: Master Agreement dated June 13, 2017 (the "Agreement") between City of Evanston and Dynegy Energy Services, LLC

Dear Ms Storlie:

As requested by the City of Evanston, this First Amendment modifies the current Agreement rate for the term specified in Paragraph 2 below.

1. Attachment A to the Agreement, titled "Pricing Attachment," is hereby amended by adding the addition to the Dynegy Energy Services Pricing Proposal as reflected in Paragraph 2 below.

2. The rate change is effective starting August 2020 and continuing for 10 (ten) months, ending in June 2021.

The new term and rate are specified below:

<table>
<thead>
<tr>
<th>Retail Power Price</th>
<th>Delivery Term: 10 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.06570/kwh*</td>
<td>August 2020 meter read date through June 2021 meter read date</td>
</tr>
</tbody>
</table>

*100% Renewable Power. In addition to the provisions in Section 4, the price for 100% renewable power shall be associated with the generation of electricity from a renewable energy resource through the purchases of RECs on Aggregation Members’ behalf, such that the percentage shall equal 100%. The price indicated reflects energy that is procured from 100% renewable resources and will be applicable for all Aggregation Members.

3. As a result of the City of Evanston’s execution of, and performance under, this First Amendment, The City of Evanston will receive a Customer Incentive Program ("CIP") allocation to be used for energy related projects, not to exceed, for any and all CIP projects a total of $20,000. These projects can include but not limited to low-income house energy efficiency work, electric vehicle wheel tax rebates, and the Evanston Emergency Assistance Services Program

THIS AMENDMENT, INCLUDING THE AGREEMENT OF WHICH IT IS A PART, IS A COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN THE PARTIES, WHICH SUPERSEDES ALL PRIOR OR CONCURRENT PROPOSALS AND UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, AND ALL OTHER COMMUNICATIONS BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER OF THIS AMENDMENT. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the terms and conditions of this Amendment and those contained within the Agreement, the terms and conditions of this Amendment shall prevail. All other terms and conditions remain unchanged and are ratified hereby.

Sincerely,

Mark Fanning

DYNEGY ENERGY SERVICES, LLC

By: ________________________________

Name: ______________________________

Title: ______________________________

DES Agreement # C-00043426

CITY OF EVANSTON

By: ________________________________

Name: ______________________________

Title: ______________________________