



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

Supply of Electricity and Related Services

February 4, 2020

Presented By:
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Overview

- A. The current electricity contract with Reliant Energy expires on June 30, 2020.
- B. The new contract will begin on July 01, 2020 and will be for a 5 year term with 2 one year options.
- C. A Request for Proposals (RFP) for the supply of electricity and related services was published on August 30, 2019 and advertised for two (2) consecutive weeks. The RFP included the option of a brown energy product and a 100% Green-E renewable product.



Overview

- A. For the first time ever, in April 2019, renewable energy outpaced coal by providing 23 percent of US power generation.
- B. Wind and solar accounted for approximately 50 percent of total US renewable electricity generation in the first half of 2019.
- C. Declining costs and rising capacity factors of renewable energy sources drove growth in 2019.
- D. Given these factors, the option of a Green-E renewable product was included in the RFP.



Process

- A. Tx. Local Gov't Code §252.022(a)(15) exempts electricity from the competitive bid mandate; however, the City participates to ensure that the best deal is obtained.
- B. An Evaluation Committee was formed to evaluate the proposals in response to the RFP.
- C. The Evaluation Committee is composed of voting members, non-voting members, and a professional energy consultant: Amerex Energy Services.



Process

- A. The internal voting members represent the following departments: Finance, Houston Public Works, Administrative and Regulatory Affairs, General Services Department, and Houston Airport System.
- B. A pre-proposal conference was held in City Hall Annex on September 11, 2019 and was attended by six (6) interested parties: MP2 Energy, TXU Energy, EDF Trading, NRG/Reliant Energy, New Energy, and ENGIE.



Process

- A. The deadline for prospective vendors to submit questions to the City of Houston was September 20, 2019.
- B. The deadline for prospective vendors to submit their proposals was October 10, 2019 and the City received submittals from three (3) qualified vendors:





Process

- A. The Evaluation Committee evaluated the proposals in accordance with pre-established evaluation procedures outlined during the distribution meeting held on October 16, 2019.
- B. A consensus meeting was held on October 24, 2019 for the voting members to discuss their overall scores.
- C. The three (3) respondents were then invited to provide in-person presentations on October 29, 2019.



Proposed Electricity Products

- A. Conventional Energy
 - I. 90% of total City load – General Operations
 - II. 10% of total City load – Street and Freeway lights

- B. 100% Green-E Renewable product



Proposed Electricity Products: Factors to Consider

- A. Price – competitive pricing based on the format outlined in the Product and Pricing Parameters and Instructions (Exhibit VIII)
- B. Demonstrated ability to manage and serve 1.3 billion kWh annually
- C. Demonstrated ability to accurately invoice 5,000+ meters electronically each month
- D. Quality of service and experience
- E. 15% MWBE goal
- F. Beneficial contract terms
- G. Right to add and delete meters up to 10% without penalties
- H. Hire Houston First (HHF)



Proposed Selection Process:

Timeline

- A. February 4, 2020 – meeting of the Budget and Fiscal Affairs Committee
- B. February - March– City Council delegates authority to Mayor to select best deal from finalists
- C. 90 day period commencing upon Council delegation – Evaluation Committee will:
 - i. Finalize contract negotiations
 - ii. Request Best and Final Offer (BAFO)
- D. Winning bidder and Mayor sign contract
- E. Winning bidder immediately covers its contract position and electricity service begins July 1, 2020