



Legislation Text

File #: 24-0647, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Waive the applicable provisions of the Naperville Procurement Code and award Procurement 24-156, Energy Management Consultant, to Customized Energy Solutions, for an amount not to exceed \$86,100 and for a three month term (requires 6 positive votes)

DEPARTMENT: Electric Utility

SUBMITTED BY: Brian Groth, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

In 2007, the City of Naperville entered into a contract with the Illinois Municipal Electric Agency (IMEA), a not-for-profit organization, to supply the City with energy and services through September 30, 2035. IMEA was formed in 1984 and currently provides energy and services to 32 municipalities throughout the State of Illinois. The City's goal of this long-term contract was to provide stable energy prices to residents and businesses in the City.

When the City signed its contract with IMEA, the City required IMEA to participate in Prairie State Energy Campus as IMEA did not have enough capacity and energy to serve the City. During the period between 2007 and 2011, when Prairie State came online, the City procured energy from Goldman Sachs. During this period IMEA was providing services to the City for compliance-related items as well as advising the City on legal, regulatory, and other matters; as they do today. Over the past 17 years, IMEA has provided stable energy pricing to the City while performing many functions that the Utility is not staffed to handle on its own.

The City, with just over 10 years left on the existing IMEA contract, must begin planning how to fulfill utility-required services and energy procurement beyond 2035. This timeline is critical because some options may take significant time to implement, just as the original IMEA contract took time to implement.

To help with this planning effort the City, the City issued RFP 23-240, Energy Management Consulting Services in December 2023, seeking consultants to help outline the options and risks for the City concerning the services that IMEA currently provides including legal and regulatory, market settlement, capacity, and energy planning. The RFP was created with stakeholder input including NEST and CLEAN.

However, the RFP did not yield any viable vendor proposals. Staff therefore split the RFP and re-

issued it as two separate RFPs. RFP 24-082 Energy Supply Consultant and RFP 24-083 Energy Management Consultant.

In February 2024, the City issued RFP 24-083 Energy Management Consultant, which was broadcast to 237 vendors with 39 vendors downloading the bid packet. Of the 39 vendors that downloaded the bid information, none submitted a response.

DISCUSSION:

During the RFP process for both 23-240 and 24-083, Customized Energy Solutions (CES) indicated to the City that it could perform the work requested but disclosed that CES also does contract work for IMEA, which could be viewed as a potential conflict of interest. Therefore, CES did not submit a proposal on either RFP. Staff reviewed CES’s relationship with IMEA and the functions that it performs for IMEA. Staff and CES agree that CES can perform the work requested by the City objectively and impartially, and therefore conclude that there is not a conflict of interest.

CES is well qualified to perform this analysis as it is a PJM market participant with both generation and load interests. Additionally, CES services over 12,000 MW of clients’ wind, solar, storage and load curtailment resources. CES has performed well for the City in the past, providing an in-depth whitepaper on clean energy procurement that was shared with stakeholders.

Under this contract CES will provide the City with options and recommendations on how the City can best staff all the functions that IMEA currently performs for the City of Naperville including:

- Manage Energy, Capacity and Ancillary Services as Required by PJM
- RTO Registration, Billing, Reporting and Audit Support
- Ensure Policy Compliance with State and Federal Laws
- Provide Legal Representation with In-depth Utility Knowledge

In addition to providing options for the City of Naperville, CES will evaluate the cost, benefit and risk of each option in support of providing affordable, reliable and sustainable energy delivery to the City. City staff expect to present this information to Council in late summer/early fall.

Approval of the award for 24-156, Energy Management Consultant requires a Waiver of Section 1-9B -4 (Methods of Source Selection) of the Naperville Procurement Code because the recommended process is not one of the enumerated methods under the City of Naperville Procurement Code.

The term of the contract is three months with no options to extend.

FISCAL IMPACT:

CIP#: N/A

Energy management consulting services are expensed to the Other Professional Services account listed below. Although this item was not included in the 2024 budget, it is anticipated this can be accommodated within the 2024 budget. Staff will continue to monitor spending across the Electric Utility Fund and adjust future spending if necessary.

Account Number	Fund Description	Total Budget Amount
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40101300-531309	Electric Utility Fund	\$173,300