

Minutes

RTA Organizational, Services and Performance Monitoring Committee Meeting

9:03 a.m., May 10, 2022

Committee Members: Biasiotta (Chair), Moss (Vice-Chair), Weiss

Other Board Members: Koomar, Lucas, Pellot

Not present: Duarte, Joyce, McCall

Staff: Becker, Benford, Birdsong, Caver, Coffey, Dangelo, Davidson, Feliciano, Ferraro, Fields, Fleig, Freilich, Garofoli, Gautam, Jenkins, Johnson, Kirkland, Mothes, Schipper, Shaffer, Talley, Tarka, Togher, Ulrich, Walker-Minor, Young

Public: Gibbons, Loh, Pinkney-Butts

The meeting was called to order at 9:03 a.m. Three (3) committee members were present. In accordance with the Ohio Open Meetings Act and House Bill 51, signed into law on February 17, 2022 and effective immediately through June 30, 2022, this meeting will be live streamed on RTA's Board Page www.RideRTA.com/board via the meeting date for staff and members of the public. House Bill 51 allows Board members to participate by telephone or video and be considered present as if in person. It also allows Board members to vote and be counted for the purpose of determining a quorum while attending by telephone or video.

RFP Procurement for Electricity

Staff will go over the procurement process. Due to the nature of the electricity market, the price only holds for a few days so the contract value will not be available until May 24, 2022.

Natalie Ulrich, Energy Manager and Shawn Becker, Program Contract Manager, made the presentation. In the current market, energy prices have been hitting unprecedented highs and short-term increases. On January 5, 2021, we paid \$1.50 for diesel fuel. On April 30, 2022, we paid \$4.10. That is a 273% increase in fuel cost. With our fuel hedging program, we mitigated a large portion of this increase. The average price of the contracts we purchased were only at \$1.77. We will sell them at a profit which will offset the increase in diesel prices. For natural gas, the NYMEX for June settled yesterday at a little over \$7.00. We locked in June at a savings of close to 60%. For electricity, on May 3, for electricity the whole sale price for July 2022 was 13.6 cents. For July, our pricing was less than 25%, saving 75% of the current price. Even though energy prices have been soaring, because we have locked in prices and hedging, we have mitigated the current market impact on the Authority.

Purpose of this Procurement:

- Lock in supply prices at "perceived" low points in market
 - Market is experiencing backwardation
 - Current prices higher than future prices
- Obtain long term pricing to provide budget and service stability for the term of May 2024 - May 2027

These are the whole sale market numbers. This is the energy component. It doesn't include other charges. The backwardation starts in 2024. Within the years of 2024-2027, we are locking in prices for budget stability.

- ATSI ATC Prices Per kWh as of 05/03/2022
 - Balance 2022 \$0.11152
 - Calendar 2023 \$0.07187
 - Calendar 2024 \$0.04621
 - Calendar 2025 \$0.04255
 - Calendar 2026 \$0.04182
 - Calendar 2027 \$0.04126

If we do nothing by May 2024, the price remains at the current balance of 2022, we would spend \$5.8 million for this component excluding margin. If it went down to the 2023 price, we would spend \$3.7 million. If we lock it in, we will pay \$2.2M at \$0.043. If the price drops after we lock it in, we would have paid \$1.8 million and forgone a savings of \$400,000. If we do nothing, we could potentially pay an additional \$3.6 or \$1.5 million. Nobody knows what the market will do by May 24.

		Excluding Margin
<u>"What if ATSI Price"</u>		<u>Annual \$</u>
• Balance 2022	\$0.112	\$5.8 MM
• Calendar 2023	\$0.072	\$3.7MM
• Avg 2024-2027	\$0.043	\$2.2 MM
• Price drops to	\$0.035	\$1.8MM

GCRTA is a large consumer of electricity

- Powers entire rail line
- Production of Compressed Natural Gas (CNG)
- All facilities – from large districts, rapid stations to bus stations and light poles

GCRTA obtains electricity from:

- The Illuminating Company (CEI)
- Cleveland Public Power (CPP)
- Tower City and Airport – 3rd party basis - they buy first from CEI and sell it to us

Components of Electrical Costs:

- Distribution / Delivery (utility-CEI)
- Supply (actual electron – procurement contractor)

This Procurement – Supply for CEI Accounts (146 meters)

- Supply can be obtained from:
 - CEI – Standard Service Offer – variable rates
 - "Shopping" – locking in long term rates

Estimated annual - 52,000,000 kWh - changes depending on the weather

- Rail Substations 69% (feed rail line, yard and 3 rail facilities)
- Other Facilities 31%

Goal is to obtain long term pricing to provide budget and service stability

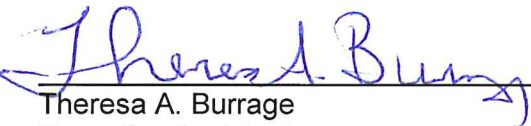
The RFP was issued February 21, 2022. Proposals were due March 29, 2022. Twenty (20) interested parties downloaded the solicitation from the website. Six (6) firms submitted proposals. The evaluation panel consisted of various RTA departments and our consultant Brakey Energy. Brakey Energy helps to break down the proposals and is crucial in the negotiation of contracts. Due to the nature of the electricity and energy market, suppliers can only hold pricing for a few days. Unlike a typically RFP where a firm would be presented, they will not know the firm until the day before the Board Meeting when they receive final pricing. They are currently in the evaluation process to see who has the reasonable chance of being awarded a contract. They shortlist them and negotiate executable contracts with each of them. When they get final pricing, they can move on it as soon as the Board approves. Best and final offers with revised pricing will be received May 23, 2022 when a final evaluation will take place.

A recommendation with a not to exceed contract amount will be presented to the Board of Trustees for approval at the May 24, 2022 meeting. It was moved by Mayor Biasiotta, seconded by Ms. Moss to move the process through committee to the full Board. There were none opposed.

The meeting was adjourned at 9:15 a.m.



Rajan D. Gautam
Secretary/Treasurer



Theresa A. Burrage
Executive Assistant