



Greater Cleveland Regional Transit Authority

Summary of Proposed Award

Electric Procurement

Presented to: Finance Committee
January 21, 2014



Project Overview

Electric Procurement

- Electricity major component of budget
 - 2014 budget \$5,655,000
 - ☞ Rail - 59% (\$3.3M)
 - ☞ Non Rail – 41% (\$2.3M)



Project Overview

Electric Procurement

- Current Electrical Contracts
 - FirstEnergy Solutions (CEI)
 - ☞ Expires 05/31/14
 - ☞ 88% of Budget, 91% of kWh Usage
 - Cleveland Public Power
 - ☞ Expires 01/07/15
 - ☞ 12% of Budget, 9% of kWh Usage



Project Overview

Electric Procurement

■ History

- Prior to deregulation – Electricity sole sourced from Utility
- June 2009 – Ohio's Electric market was opened for competition
 - Distribution – Utility
 - Electricity – Utility or Supplier



Project Overview

Electric Procurement

- Since deregulation, 2 Electricity RFPs have been issued
 - November 30th 2009
 - 18 month – FirstEnergy Solutions
 - Price per kWh decreased from \$.069 to \$.053



Project Overview

Electric Procurement

- Since deregulation, 2 Electricity RFPs have been issued – continued
 - March 7th 2011
 - 3 year – FirstEnergy Solutions
 - Price per kWh decreased from \$.053 to \$.049



Project Overview

Electric Procurement

- Total Electrical Expenses

- 2009 - \$8,146,000

Savings vs 2009

- 2010 - \$6,933,000 \$ 1,213,000

- 2011 - \$5,080,000 \$ 3,066,000

- 2012 - \$4,712,000 \$ 3,433,000

- 2013 - \$5,299,000 \$ 2,847,000 est.

- **Cumulative Savings \$10,559,000**



Project Overview

Electric Procurement

- Cumulative savings obtained 2010-2013
 - Energy management
 - “Shopping” for electricity
 - Energy efficiency projects



Project Overview

Electric Procurement

- Summary
 - Huge savings have already been realized
 - Well managed stable base to mitigate increasing costs
 - Current Procurement Objective – Stabilize and control electrical costs for the next 3 years



Project Overview

Electric Procurement

- Strategy for 2013 RFP
 - Hired consultant – Brakey Energy
 - Installed interval meters at target accounts
 - Identified 127 accounts and kWh usage



Procurement Overview

Electric Procurement

- RFP issued November 25, 2013
- 18 firms downloaded the solicitation from the website
- 6 firms submitted proposals



Procurement Overview

Electric Procurement

- Evaluation Panel Members:
 - Rail Equipment
 - Service Quality
 - Office of Management and Budget
 - Procurement
 - Legal



Procurement Overview

Electric Procurement

- Evaluation Criteria
 - Total Cost of Power
 - Terms of Contract
 - Financial Viability
 - Experience



Procurement Overview

Electric Procurement

- Due to the nature of the electricity market, suppliers can only hold pricing for a few days
- Best and final offers with revised pricing were received January 17, 2014, when a final recommendation was made
- Direct Energy Business, LLC provided a not to exceed price of \$0.05047/kWh



Procurement Overview

Electric Procurement

Direct Energy Business, LLC

- In business over 25 years
- \$4.274 billion company
- Headquartered in Houston, TX
- Supply electricity and natural gas to more than 192,000 businesses across North America
- Serve customers in 14 states, the District of Columbia and 5 Canadian provinces
- Wholly owned by Centrica plc
 - A- credit rating by S&P
- Serve more than 57 of the Fortune 100 companies as of November 2013



Procurement Overview

Electric Procurement

- Staff requests the Finance Committee to recommend approval of a contract with Direct Energy Business, LLC, for a period of thirty-six (36) months, in an amount not to exceed \$9,900,000.