

# Greater Cleveland Regional Transit Authority

## Summary of Proposed Award Natural Gas Supply

Presented to : Finance Committee  
September 27, 2016

Greater Cleveland Regional Transit Authority



# Project Overview

## Natural Gas Supply

- The Authority utilizes natural gas to fuel CNG buses and to heat facilities
- 30 Accounts
  - 1 CNG fueling station (Hayden)
  - 8 Large facilities (Garage/Maintenance)
  - 21 Other (RTS, Transit Centers, MOB, Bus Loops etc.)

# Project Overview

## Natural Gas Supply

- Annual Average MCF Usage

	<u>Current</u>	<u>2018</u>
• CNG Buses	161,000	200,000
• 29 Facilities	<u>137,000</u>	<u>137,000</u>
	298,000	337,000

# Project Overview

## Natural Gas Supply

- Supplier Billing Components
  - Basis – Fixed Supplier Charge
    - Interstate Transportation
    - Pooling Fee
    - Risk Premium
  - Natural Gas Commodity

# Project Overview

## Natural Gas Supply

- Supplier Contract will:
  - Lock in Basis
    - Negative \$0.545
  - Provide ability to fix Natural Gas commodity prices
    - Lock a portion of the volume at a fixed price
    - Price based on NYMEX prices

# Procurement Overview

## Natural Gas Supply

- RFP issued July 18, 2016
- Proposals Due August 17, 2016
- 8 interested parties downloaded the solicitation from the website
- 3 firms submitted proposals

# Procurement Overview

## Natural Gas Supply

- Evaluation Panel Members
  - Accounting
  - Engineering
  - Legal
  - Office of Management & Budget
  - Procurement
  - Brakey Energy (consultant)

# Procurement Overview

## Natural Gas Supply

- Evaluation Criteria
  - Terms of Contract
  - Cost Effectiveness
  - Financial Viability of Proposer
  - Experience and Reputation



# Procurement Overview

## Natural Gas Supply

- Due to the nature of the energy market, suppliers can only hold pricing for a few days
- Best and final offers with revised pricing were received September 26, 2016, and a final evaluation was held

# Procurement Overview

## Natural Gas Supply

- Recommended Vendor:
  - Direct Energy Business Marketing, LLC dba Direct Energy Business
    - Over 25 years of multi-market experience
    - Operate in 46 U.S. states and 10 Canadian provinces
    - More than 6 million customer relationships
    - Over 10 years providing service to RTA

# Procurement Overview

## Natural Gas Supply

- Firm Experience
  - City of Cleveland (10 years +)
  - University Hospital Health System (160 facilities +)
  - Thomas Steel Strip (10 years +)
  - GCRTA (10 years +)
- A 0% DBE goal was assigned to this project

# Procurement Overview

## Natural Gas Supply

- Recommendation

- Staff requests that the Finance Committee recommend award to Direct Energy Business Marketing, LLC dba Direct Energy Business for the furnishing of the Authority's full requirements of Natural Gas Supply for a period of two years at a projected amount NTE \$3,200,000, with three one-year options at a projected amount NTE \$1,600,000 per year, for a projected total contract amount NTE \$8,000,000.