

SUBSTITUTE
185072

ORDINANCE No.

*Authorize the City to execute a Contract-Specific Procurement agreement to purchase electricity from an Electricity Service Supplier, if in the City's best interest. (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. Nonresidential customers of Oregon's two investor-owned utilities may purchase their electricity from suppliers other than their utility through a process called Open Access. Oregon's restructuring laws unbundle electricity and billing from the services traditionally provided by the regulated utility, while metering, distribution and other services remain with the utility. The companies that sell electricity are called Electricity Service Suppliers (ESS).
2. Under ORS 279B.085 and Portland City Code 5.33.220.B.2, the City may adopt Contract-Specific Special Procurements, when doing so will result in substantial cost savings, is unlikely to encourage favoritism or substantially diminish competition, or otherwise will substantially promote the public interest in a manner that could not practicably be realized by complying with requirements that are applicable under ORS 279B.055, 279B.060, 279B.065 or 279B.070.
3. A Contract-Specific Special Procurement will increase competition as the City may seek competitive rate quotes from PGE, Pacific Power and an ESS to supply electricity to certain qualifying City accounts.
4. An Electricity Service Supplier will be selected through a competitive Request for Qualifications process.
5. ESSs are certified by the Oregon Public Utility Commission (OPUC) and registered with Portland General Electric and/or Pacific Power to provide electricity supply to retail customers meeting OPUC specified criteria, including City bureaus.
6. Open Access enrollment periods occur four times each year.
7. Each enrollment period is open for five days, during which the City must decide whether or not it should contract with an ESS.
8. At the beginning enrollment period the Electricity Service Supplier provides market-based electricity price quotes. The ESS and City staff will analyze these prices and compare them with the standard cost of service rates charged by either PGE or Pacific Power. If the ESS offers net bill savings, the City can choose to enroll. If the price quoted does not offer net bill savings, the City may decline the offer and continue purchasing electricity from PGE and Pacific Power.

9. The city may elect to receive electricity from an ESS for periods of one, three or five years.
10. Conducting a formal competitive bid for market-based electricity prices is not practicable given the five-day, rolling enrollment period.
11. Purchasing electricity through an ESS offers a range of options for purchasing renewable generated electricity, or Renewable Energy Certificates from sources like wind, biogas, biomass, geothermal and other clean energy resources. Generally, these renewable energy products increase the cost of electricity, as compared with traditional offerings from the incumbent utilities.
12. City staff recommends that the Council authorize the City's Chief Procurement Officer to determine if buying electricity from an Electricity Service Supplier is in the City's best interest, and to execute a power purchase agreement if she so determines.
13. Purchasing electricity from an ESS is intended to achieve net savings to the City as a whole and to maintain revenues equivalent to those that would otherwise be collected through franchise or utility license fees.

NOW, THEREFORE, the Council directs:

- a. The Chief Procurement Officer is authorized to select an Electricity Service Supplier through a competitive Request for Qualifications process.
- b. The Chief Procurement Officer, is authorized under this Ordinance to execute an agreement to purchase electricity if found to be the most cost effective purchase when compared to the alternative purchase through PGE, subject to approval as to form by the City Attorney.
- c. The Chief Procurement Officer is hereby authorized to execute an agreement in a form substantially similar to attached Exhibit A.
- d. The Chief Procurement Officer may approve changes to the Power Purchase Agreement in order to secure favorable energy rates, reduce the City's energy costs and implement the City's Climate Action Plan and renewable energy goals if found to be the most cost effective purchase when compared to the alternative purchase through PGE.
- e. Within 90 days of an executed contract, the Chief Procurement Officer and Bureau of Planning and Sustainability will report to Council on procurement of electricity using an ESS, providing a breakdown of energy purchased by Bureau, comparison to renewable energy purchases and the resulting cost savings.
- f. Bureaus purchasing electricity from an ESS shall compensate the General Fund for the equivalent of franchise fee or utility license fee revenue on the electricity purchased.

Section 2. The Council declares that an emergency exists in order that the City may execute an agreement with an Electricity Service Supplier to purchase electricity resulting in substantial cost savings and benefitting the public; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

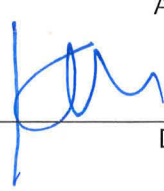
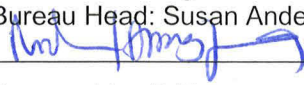

Passed by the Council: DEC 14 2011
Mayor Sam Adams
Prepared by: David Tooze
December 13, 2011

LaVonne Griffin-Valade
Auditor of the City of Portland
By: *Susan Parsons*
Deputy

Agenda No.
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 Title

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<p>INTRODUCED BY Commissioner/Auditor: Mayor Sam Adams</p>	<p>CLERK USE: DATE FILED <u>DEC 13 2011</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Adams</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard</p>	<p style="text-align: center;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By:  _____ Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Planning and Sustainability Bureau Head: Susan Anderson</p> <p></p> <p>Prepared by: D Tooze Date Prepared: Dec 12, 2011</p> <p>Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Council Meeting Date December 14, 2011</p> <p>City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter</p> <p></p>	<p>ACTION TAKEN:</p>

AGENDA

TIME CERTAIN

Start time: _____

Total amount of time needed: _____
 (for presentation, testimony and discussion)

CONSENT

REGULAR

Total amount of time needed: 5 minutes
 (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Leonard	4. Leonard	✓	
Adams	Adams	✓	