

City of Independence

MEMORANDUM

City Council Office

DATE: April 8, 2019

TO: Honorable Mayor and City Council Members

FROM: Jordan C. Ellena, City Management Analyst



SUBJECT: Capacity-Only Power Purchase Agreement, Oneta Power LLC

You have before you an ordinance authorizing the City Manager to execute a Capacity Only Power Purchase Agreement with Oneta Power LLC for the purchase of 45 megawatts of contract capacity for a 20 year term. The proposed "Capacity Price" equals \$1.95 per kW-month in contract year one. In future years the price shall equal the price of the previous year plus a multiplier of 1.02 per annum through year 10 and 1.0235 per annum for years 11-20. The estimated average annual cost is nearly \$1,500,000 over the 20-year term of the agreement. Based on current estimated capacity requirements and the "Capacity Price" listed above the estimated total cost over 20 Years is approximately \$32.8 million. In accordance with City Code Sec. 1.43.007 (D), I have reviewed the proposed contract to ensure appropriate procedures were followed in the bidding process and that no provision of the contract would negatively affect the City.

After reviewing all applicable documents and actions, it is my opinion that this is an acceptable contract and that all parties have fulfilled their obligations. In November of 2017 City Council approved retaining Burns and McDonnell to provide services for the formation of an IPL Energy Master Plan. The results of that Master Plan were presented to City Council on August 27, 2018 and the PUAB on September 20, 2018. That Master Plan called for issuing a Power Supply RFP and the PUAB endorsed the RFP in October of 2018. Burns and McDonnell was retained to assist in the development and evaluation of the Power Supply RFP.

Independence Power and Light issued the Power Supply RFP on November 15, 2018, for up to 70 megawatts of Capacity Only or Capacity and Energy. The Request for Proposals was posted on the City's website and notification was provided to 205 potential companies by Public Purchase, the City's internet-based procurement system. Seven proposals were received when the RFP closed on January 15, 2019. The evaluation committee selected a short list of four (4) proposals to further consider after initial review. The short list candidates were asked to provide additional information and their "Best and Final Offer" by March 1, 2019.

Following the review of additional information and "Best and Final Offers" the evaluation committee determined that the Capacity Only contract with Oneta for 20 a year term was the most viable and cost effective solution based on the information available. Oneta Power LLC through the Oneta Generating Facility provides capacity, energy, and

other services to the SPP market. The facility located in Coweta, Oklahoma is a 1,133 megawatt gas-fired plant.

All documents have been reviewed and found acceptable. I do not see any provisions in the contract documents that would be unusual or harmful to the City and the length of the contract is acceptable. Please let me know if you have any questions or concerns. Thank you for your attention.

C: Zachary Walker, City Manager
Brenda Hampton, General Manager, Independence Power and Light
Mark Rothmier, Utility Project Development Manager
Shannon Marcano, City Counselor
Sarah Carnes-Lemp, City Clerk