

City of Chicago Municipal Electricity Supply, including Renewable Generation Resources

Request for Information

April 5, 2019



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1. Introduction

1.1 City of Chicago Electricity Supply, including Renewable Generation Resources RFI Objectives

The City of Chicago (“City”) invites interested parties to respond to this Request for Information (“RFI”) regarding Electricity Supply, including Renewable Generation Resources (“Supply”), a comprehensive initiative intended to:

- a) explore new and innovative ways to reliably and economically meet the City of Chicago’s ongoing need for electricity supply beginning in the year 2020,
- b) facilitate a transition to 100 percent clean and renewable energy supply in electricity use for City facilities by 2025,
- c) provide an opportunity for the City to contribute to the initiation of new qualified renewable energy generation resources as opposed to solely tapping renewable electricity from existing generation resources already in commercial operation,
- d) afford the City the opportunity, at its discretion, to expand its commitment to clean and renewable electricity to cover additional City requirements above and beyond those represented by facilities.

The City recognizes that product offerings in the competitive power market continue to evolve and increase, particularly in the area of renewable energy. Our understanding is that competitive retail suppliers active in Illinois are exploring ways to incorporate more green offerings into their proposals to retail consumers of electricity supply. For many years, such companies have offered renewable energy certificates to their customers, but we also understand that certain companies are now offering customers the opportunity to participate more directly in developing new renewable energy resources to not only meet their present and future electricity needs, but also to further their goal of being good stewards of the environment.

The City also is aware of electricity supply service offered by way of a PJM sub-account, either held in the supplier’s name on behalf of a customer, or in the customer’s name with the customer serving as its own load serving entity (LSE). While the City has not solicited such an approach in the past, it is open to considering this approach if the City becomes convinced that the benefits relative to more traditional retail approaches outweigh the disadvantages.

The City is seeking the input of experienced and knowledgeable energy suppliers to help envision, formulate, and assess opportunities to achieve municipal commitments and future metropolitan goals. This RFI is strictly an inquiry. No contract or agreement will be entered into as a result of this process. However, the information contained in the RFI responses will help the City advance its supply planning efforts, which may result in the launch of a formal procurement.

1.2 Project Benefits

The results of this RFI will be used by the City to inform the City's next municipal electricity supply procurement, while furthering the City's environmental, social and economic objectives. Once executed, the municipal supply contract the City envisions will:

- provide the City with a safe and reliable supply of electricity;
- advance the City's sustainability goals;
- provide flexibility in service to the City's evolving portfolio of facilities;
- allow the City to grow the clean and renewable electricity portion of its purchases over time to meet current municipal facilities commitments and potentially to include non-facility operations;
- be sensitive to the City's budgetary constraints, both in terms of overall cost and in terms of predictability of cost;
- offer ease of administration to the City

1.3 RFI Submission Requirements

The City welcomes responses to this RFI from organizations meeting any or all of the following eligibility criteria ("Qualifying Organizations"):

- a) have obtained from the Illinois Commerce Commission a Certificate of Service Authority under Section 16-115 of the Illinois Public Utilities Act that includes service of non-residential customers in Commonwealth Edison's (ComEd) service territory;
- b) have experience developing, building or marketing electricity from renewable energy projects in the United States;
- c) have served as a seller / broker of electricity into the wholesale markets in Illinois;

Organizations that do not respond to this RFI will not be precluded from participating in future Supply procurements.

RFI Response submissions are required to:

- a) Provide the requested information in the order and format outlined in the Response Guidelines attached hereto as Appendix A
- b) Not exceed 50 pages

Qualifying Organizations responding to this RFI will automatically be notified of any future Supply procurements and may also be invited to submit additional information.

1.4 RFI Submissions, Questions, and Comments

RFI Respondents are requested to submit one (1) PDF copy of the requested information via e-mail to: electricitysupply@cityofchicago.org

The name of your organization and the words “City of Chicago Renewable Electricity Supply RFI” should be on the submission cover page and the e-mail subject line. **Submissions shall be delivered no later than 5:00 p.m. CST on Wednesday, May 15, 2019.** Late submissions will not be considered.

All questions concerning this RFI should be directed to: electricitysupply@cityofchicago.org. **Questions shall be submitted no later than 5:00p.m. CST Friday, April 19, 2019.**

The Chicago Renewable Electricity Supply RFI will be updated with all submitted questions and answers. Please review this Q&A before asking additional questions. The RFI Q&A will be posted with the RFI on the City of Chicago Procurement Services webpage located at https://www.chicago.gov/city/en/depts/dps/provdrs/contract/svcs/current_bid_opportunities.html

If your organization wishes to be notified of any RFI addendums, please send primary point of contact’s: name, email address, and phone number to: electricitysupply@cityofchicago.org with the words “City of Chicago Electricity Supply RFI Contact” in the email subject line.

2. Chicago Electricity Supply Context

2.1 Chicago Municipal Electricity Requirements

The City of Chicago Department of Fleet and Facility Management (2FM) oversees the procurement and management of electricity supply for nearly 700 ComEd municipal accounts located in Chicago and surrounding communities. This portfolio includes electricity serving the facilities and operations of the Departments of Aviation, Transportation, Water Management, Chicago Public Library, Chicago Police Department, Chicago Fire Department, and 2FM, among others. These accounts collectively represent approximately 1 TWh of municipal electricity requirements annually (see Appendix B). Not included in the portfolio are municipal sister agencies and other regional public entities such as Chicago Public Schools, Chicago Transit Authority, Chicago Housing Authority, City Colleges of Chicago, Metropolitan Water Reclamation District of Greater Chicago, or the Chicago Park District, all of whom manage their electricity supply separately from the City.

2.2 Chicago Electricity Supply Purchasing History

The City has been an active participant in the competitive power market for a number of years, administering competitive RFP’s and managing its market price risk to meet budget objectives. The current term of the City’s active electricity supply contract ends as of the January 2020 meter read dates of its individual accounts.

The City has experience with many retail power, full requirements pricing products, including:

- All-in Fixed Price
- Fixed Price with specified pass-through elements
- Index Energy with Fixed Price Wholesale Energy Blocks, Fixed Retail Adder and specified pass-through elements
- Index Energy with Fixed Price, Load-Following Energy Blocks, Fixed Retail Adder and specified pass-through elements

The City's current contract contains Fixed Pricing for certain specified accounts and Index Energy with Load Following Energy Block purchases for other accounts. The City's goal is typically to lock in the energy price for at least eighty percent (80%) of its requirements for each calendar year prior to that year commencing.

2.3 Chicago Energy Management History

Energy management operations, programs and best practices for City municipal facilities and non-facility operations are continuously enhanced through energy reductions, infrastructure improvements and administrative processes resulting in future energy use and fiscal savings.

These include:

- City of Chicago Energy Benchmarking Ordinance
- U.S. Department of Energy's Better Buildings Challenge Program
- Environmental Protection Agency's Energy Star Portfolio Manager
- PJM Demand Response Programs
- ComEd energy efficiency incentive program assessments and implementation
- 2FM Operations & Maintenance initiatives and planning

The City has actively pursued maintenance and energy efficiency performance improvements in its facilities and non-facility operations. Significant projects that have been implemented or are in the process of being implemented include:

- 2FM Bureau of Architecture, Engineering and Construction (AEC) has completed facility capital improvement projects including new energy efficient window, ingress and egress installations, and boiler, chiller and ducting replacements, interior and exterior insulation installations and roofing repairs and replacements, all resulting in municipal energy savings.

- 2FM Bureau of Facility Operations (FO) and City contractors implement annual operations and maintenance (O&M) energy efficiency facility performance improvements including retro-commissioning (RCx), heating, ventilation and air-conditioning (HVAC) tune-ups; programmable thermostat and building automation system (BAS) installations in accordance with facility renovations and regular preventative maintenance, all resulting in municipal energy savings.
- 2FM AEC oversaw the implementation of Retrofit One, an energy performance contract project in sixty (60) City facilities. 2FM continues to monitor O&M improvements from Retrofit One.
- The City of Chicago's Department of Transportation (CDOT), in conjunction with the Chicago Infrastructure Trust (CIT), is in the process of implementing the Chicago Smart Lighting project whose goal is to convert all the City's high-pressure sodium lamps to LED. To date, 110,000 fixtures out of a total of 275,000 fixtures have been converted. Created in 2012, CIT's purpose is to assist the people of the City of Chicago, the City government and its sister agencies in providing alternative financing and project delivery options for transformative infrastructure projects.

2.4 Chicago Renewable Energy History

On October 1, 2018, CIT issued an RFP on behalf of 2FM for the Chicago Solar Ground-Mount Project. Additionally, a small number of City buildings host rooftop solar arrays which reduce those facilities' power demand.

Additional rooftop installations may be planned as part of new municipal building developments, capitol renovation projects, and future municipal facilities and operations as the City deems necessary and appropriate. No rooftop solar developments are planned for Calendar Year 2019 or 2020. The City reserves the right to adjust onsite renewable energy generation developments including rooftop solar developments as part of municipal planning, budgeting and operations at any time during each calendar year.

Other than these installations, the City's consumption of renewable energy is limited to the quantity of renewable electricity that all Illinois electricity suppliers must provide pursuant to the Illinois Renewable Portfolio Standard (IL RPS), which increases each year and achieves 25% in 2025.

<http://www.ncsl.org/research/energy/renewable-portfolio-standards.aspx#il>

3. Chicago Electricity Supply RFI Project Overview

3.1 Goals and Parameters

The goal of this RFI is simply stated: for the City to ascertain what current and future planned renewable generation resource assets and various approaches are available to the City to meet its goal of attaining an electricity supply mix for City facilities that is 100% clean and renewable by 2025. The City hopes that the information gleaned through this RFI will inform the City as it seeks an electricity supply contract to serve the City's requirements beginning in 2020.

Ideally, the approach described by respondents will allow for a ramping up of the City's renewable electricity supply share for the period 2020 through 2025 and take into account the following:

- The share of renewable generation assets to total supply embedded in the Illinois Renewable Portfolio Standard (RPS);
- Economically incorporate a scalable solution to maximize the available renewable electricity generation assets and future planned renewable electricity generation assets as a share of the City's total electricity needs (in addition to facilities) up until 2025 and beyond;
- Ensure and certify the full electricity requirements of all of the City facility accounts are met with renewable electricity generation assets by 2025;
- Facilitate the City's ability to budget for electricity needs six (6) months before the beginning of each year. This does not suggest the City requires fixed pricing. The City is comfortable taking on a degree of market price risk when afforded tools with which to mitigate that risk;
- Provide for a dynamic portfolio. The City will establish new accounts and close other accounts over the course of the decade beginning in 2020, and beyond. The City will continue to pursue on-site modifications (energy efficiency, rooftop solar, etc.) that may reduce overall portfolio electricity demand seen by the grid.

3.2 Scopes of Work

Renewable Electricity Supply Assets

The City is interested in learning about existing available and potential renewable electricity supply generation resources. The City is interested in learning about renewable electricity generation assets currently in the planning stages that might serve as sources from which the City may meet its sustainability objectives now and in future years. The City is particularly interested in renewable electricity generation supply to be constructed in the state of Illinois or in close proximity to the state supplying electricity to the PJM Interconnection grid. To the extent that a minimum contract term would apply, the City would want to be apprised of this.

Renewable Electricity Supply Contract Integration

As described in this RFI, the quantity of renewable electricity resource supply should ramp over time to achieve 100% of the City's facility-based requirements by 2025. The City may also be interested in additional quantities of renewable electricity to cover increasing shares of non-facility-based operations.

The City is interested in respondents describing how existing available and potential planned renewable electricity supply generation assets might be integrated into an electricity supply contract to meet the City's objectives by 2025 and beyond.

3.3 RFI Objectives, Requirements, and Assumptions

The City is interested in RFI responses that expand our knowledge about the scope of segments described above.

A primary outcome of this RFI process will be the City receiving current, well-informed, well thought-out, and clearly communicated renewable electricity supply procurement opportunities.

Qualified RFI responses will be thoroughly reviewed, analyzed, and used as a basis for informing the City's electricity procurement process. Each qualified RFI submission will be considered as a stand-alone item as well as in potential combination with ideas submitted by others.

RFI Respondents should include enough company information to verify that they possess the appropriate experience, resources, and skill sets to be considered a "Qualified Organization" for making credible recommendations.

3.4 Funding Assumptions

The City expects to fund its participation in renewable electricity supply procurements through its monthly bill payments for electricity supply.

3.5 Anticipated Procurement Process

At the conclusion of this RFI, the City may choose to pre-qualify potential proposers through a Request for Qualification ("RFQ"). The objective of an RFQ would be to pre-qualify proposers that can demonstrate the financial ability, the qualifications and experience necessary to complete the Supply

The RFQ would be followed by a Request for Proposals ("RFP"). Only those entities pre-qualified by the City through the RFQ process would receive an invitation to submit proposals to a subsequent RFP. However, depending upon the outcome of this RFI process, the City may consider a "one step" process, moving immediately to issuance of an RFP.

4. RFI Submission Conditions

4.1 Inquiry Only – No Contract

This RFI is an inquiry only, and no contract or agreement will be entered into as a result of this process.

The City does not guarantee that the Supply RFI will advance to the actual procurement stage or that the subsequent procurement, if any, will follow the approach described herein.

4.2 Changes to This RFI

At any time, at its sole discretion, the City may, by written addenda to this RFI, modify, amend, cancel and/or reissue this RFI. If your organization wishes to be notified of any RFI changes or future addendum please send primary point of contact's: name, email address, and phone number to: electricitysupply@cityofchicago.org with the words "Electricity Supply RFI" in the email subject line.

If an addendum is issued prior to the date information is due, it will be made available on the City of Chicago Department of Procurement services website at:

https://www.chicago.gov/city/en/depts/dps/provdrs/contract/svcs/current_bid_opportunities.html

If an addendum is issued after information has been received, it may, at the City's discretion, be provided only to those proposers whose submissions may be impacted by such change/addendum.

4.3 Information Preparation Costs

The City shall not be liable or responsible for any costs incurred by the Respondent in the preparation, submission, presentation, or revision of its information, or in any other aspect of the Respondent's pre-information submission activity. No Respondent is entitled to any compensation except under an agreement for performance of services signed by a City-authorized official and the Respondent.

4.4 Submittal of Confidential Information

Information submitted to the City in response to this RFI or otherwise, may be subject to the Illinois Freedom of Information Act ("FOIA"), 5 ILCS 140/1 et seq.

However, Respondents may designate as confidential those portions of their Submissions that contain trade secrets or other proprietary data, which may be exempt from disclosure under FOIA. The City will make the final determination as to whether information, even if marked "Confidential," will be disclosed pursuant to a request under FOIA, valid subpoena, or other legal requirement.

To designate portions of the Submission as confidential, Respondents must mark their Submissions, and any other information submitted, as follows:

1. Mark the cover page as follows: "This Submission includes trade secrets or other proprietary data." Include contact information for the person to be notified in the event of a FOIA request or subpoena relating to the submission.
2. Mark each page to be restricted with the following legend: "Confidential: Use or disclosure of information or data contained on this sheet is subject to the restriction on the title page of this Submission." Indiscriminate labeling of material as "Confidential" may be grounds for leaving a Submission unread or otherwise disregarding the information therein.

In the event that the City receives, pursuant to FOIA or a subpoena, a request for information that has been marked as "Confidential," the City will provide the impacted Respondent with written notification of such requests to the address identified in the Submission. The City would then work with the impacted Respondent so that the impacted Respondent may assist the City in making the best case for non-disclosure. If these efforts are not successful and disclosure is required, the City will coordinate such disclosure with the impacted Respondent. If this procedure is followed, Respondent agrees not to pursue any cause of action against the City with regard to disclosure of information released pursuant to Freedom of Information Act requests, valid subpoenas, or other legally required disclosures.

4.5 Ownership of Submitted Materials

All materials submitted in response to or in connection with this RFI shall become the property of the City.

4.6 Rights of the City

The City reserves all rights at law and equity with respect to this RFI including, but not limited to, the unqualified right, at any time and in its sole discretion, to change or modify this RFI, to reject any and all information, to waive defects or irregularities in information received, to seek clarification of information, to request additional information, to request any or all Respondents to make a presentation, to undertake discussions and modifications with one or more Respondents, who, at any time, subsequent to the deadline for submissions to this RFI, may express an interest in the subject matter hereof.

No Respondent shall have any rights against the City arising from the contents of this RFI, the receipt of information, or the incorporation in or rejection of information contained in any response or in any other document. The City makes no representations, warranties, or guarantees that the information contained herein, or in any addenda hereto, is accurate, complete, or timely or that such information accurately represents the conditions that would be encountered during the performance of any subsequent contract issued from a separate RFQ or RFP. The furnishing of such information by the City shall not create or be deemed to create any obligation or liability upon it for any reason whatsoever; and each Respondent, by submitting its

information, expressly agrees that it has not relied upon the foregoing information, and that it shall not hold the City liable or responsible therefore in any manner whatsoever.

4.7 No Personal Liability

No City agent or employee shall be charged personally with any liability by a Respondent or another or held liable to a Respondent or another under any term or provision of this RFI or any statements made herein or because of the submission or attempted submission of information or other response hereto or otherwise.

APPENDIX A - RFI SUBMISSION GUIDELINES

All City of Chicago Electricity Supply Respondents are asked to submit their firm's proposed Supply approach and their organizational information in the format outlined below. It is worth reiterating that this RFI is not part of a formal procurement; therefore, responses will be carefully reviewed but not evaluated or scored. The intent is to receive informed recommendations on possible approaches for meeting Supply goals and identify options for overcoming Supply challenges.

Respondents are encouraged to answer every applicable section as completely as possible. All responses should, at a minimum, provide enough information to document that the Respondent has appropriate capacity and past experience to qualify their answers as credible and enough narrative description and economic forecast data to be able to assess the feasibility of their proposed scenario.

Total response page count should not exceed 50 pages.

1. Electricity Supply Overview – Executive Summary

Please provide a brief narrative summary overview of your understanding of the City's electricity supply, sustainability commitments, supply goals, and the highlights of your approach. Summary should clearly delineate which Supply scopes of work (*refer to Section 3.2*) your responses are referencing and a brief explanation of each proposed product or service's attributes and capabilities along with a summary description of unique characteristics of your approach.

2. Company Information and Past Experience

Please provide the following descriptive information for the responding company (or if respondents are a team, the overall team and each member):

- Name of company or companies
- Key principals for company or companies and contact information
- Previous experience in retail electricity supply and/or development and sale of energy from renewable energy projects
- Summary description and/or summary term sheet from recent project

3. Approach

Please provide a narrative description of your recommended approach with sufficient detail on how supply goals, objectives, and obstacles will be addressed. Include a list of each proposed product or service grouped into the Scopes of Work categories described above.

1) Renewable Electricity Supply Assets, 2) Renewable Electricity Supply Contract Integration, 3) Other....

If recommending a specific renewable resource, please expound on their attributes, capabilities and characteristics.

Please suggest effective pricing strategies for integration of the renewable resource into the supply contract. Also, how might the City be assured that it captures the expected quantity of renewable electricity on its supply mix to meet the Supply objectives in light of the fact that actual electricity consumption varies by month and is influenced by weather and other variables?

4. Risk Transfer, Guarantees, Life Span Expectancies

Please speak to who bears the risk if the renewable project(s) backing the Project fails to reach commercial operations in the expected timeframe or operational issues occur during the term of any agreement. What alternatives can Respondent propose to allow the City to meet the Project objectives and at what added cost? What are the minimum and maximum contract terms (length) the City would need to commit to?

5. Ancillary Benefits

Please detail the non-financial and/or non-utility public benefits to the City of Chicago and its residents, visitors, and/or businesses for the Supply.

6. Lessons Learned / Next Steps

Please provide any known examples of other cities or towns where respondent has contracted with that entity to achieve goals similar to those that the City is interested in achieving.

APPENDIX B – CITY OF CHICAGO ELECTRICITY SUMMARY

Annual MWh Usage by City Department

<u>Type</u>	<u>Department</u>	<u>MWh/yr</u>	<u>%</u>
Facilities	Fire	16,448	1.5%
	Police	44,123	4.1%
	2FM and Other Facility	68,906	6.4%
	Libraries	35,316	3.3%
	Water (incl. pumping stations)	167,024	15.4%
	Aviation (O'Hare and Midway facilities)	329,387	30.4%
		661,202	61.1%
Non-Facilities	CDOT Lighting	403,411	37.3%
	CDOT Other & S&S	18,219	1.7%
		421,630	38.9%
	1,082,832	100.0%	

Facility and Non-Facility Monthly MWh Usage

<u>Month</u>	<u>Facilities</u>	<u>Non-Facilities</u>	<u>Total City</u>
Jan-18	53,219	43,795	97,014
Feb-18	52,652	37,212	89,864
Mar-18	49,529	32,776	82,305
Apr-18	49,065	30,092	79,157
May-18	53,978	29,258	83,236
Jun-18	56,839	25,330	82,168
Jul-18	61,979	29,403	91,382
Aug-18	59,083	30,759	89,842
Sep-18	62,440	35,326	97,766
Oct-18	45,895	38,489	84,384
Nov-18	56,571	44,089	100,660
Dec-18	59,953	45,100	105,053
	661,202	421,630	1,082,832