



**City of East Peoria
Department of Buildings & Inspections
Facilities Management Division
401 W. Washington Street
East Peoria, IL 61611**

DATE: June 28, 2021

TO: The Honorable Mayor and City Council

FROM: Robert Cole, Director of Buildings & Inspections

SUBJECT: Natural Gas Purchasing Agreement

DISCUSSION: The City's Energy Broker "Good Energy" has recently seen opportunities in the natural gas markets. Purchasing natural gas from marketers certified to supply in Ameren's service area than the Ameren Illinois utility will result in savings to the city.

The natural gas futures market showed average savings from 10%-15% in the next few years. These savings could be more than \$ 2,000 a year on a stand-alone basis and potentially more on an aggregate basis.

It was in the best economical interest of the city to pursue a purchase agreement for natural gas for the city-owned facilities. With the future volatility of the market changing daily and the price increases it was decided to enter into an agreement with Constellation for a 3- year agreement from July 2021 through July 2024 for fixed price of \$0.38 per Therm.

The purchase agreement was a consortium that includes dozens of Illinois municipalities who coordinate their purchases of this commodity. It is expected to generate cost savings for the cities and counties.

RECOMMENDATION: Accept the authorizing Purchase Agreement from the City's Energy Broker "Good Energy" to Constellation to provide natural gas to City-owned facilities from July 2021 through July 2024 for the fixed price of \$0.38 per Therm.

RESOLUTION NO. 2122-033

East Peoria, Illinois
_____ , 2021

RESOLUTION BY COMMISSIONER _____

**RESOLUTION ACCEPTING LOWEST RESPONSIBLE BID FOR THE
SUPPLY OF NATURAL GAS FOR CITY FACILITIES**

WHEREAS, it is in the best economic interests of the City of East Peoria to pursue purchasing the commodity of natural gas for City-owned facilities at economical rates; and

WHEREAS, the City previously joined in a municipal buying consortium consisting of Illinois municipalities and local governmental units that has provided savings to the City when purchasing natural gas for City-owned facilities; and

WHEREAS, the City's Energy Broker and Consultant, Good Energy, has recently seen opportunities for savings in the natural gas markets estimated with average savings from 10% to 15% during the next few years; and

WHEREAS, with assistance from Good Energy, City Officials have reviewed the pricing bids for acquiring natural gas and determined that the lowest responsible bid is from Constellation Energy, a division of Exelon, under a three (3) year contract term beginning July 2021 and ending June 2024 at a fixed price rate of \$0.38 per therm in accordance with the proposal as set forth in the Pricing Report attached hereto as "Exhibit A" and incorporated by referenced (the "Proposal"); and

WHEREAS, the City hereby finds that it is in the best interest of the City to accept the Proposal from Constellation Energy for providing natural gas for City facilities over a three-year term at the fixed price rate of \$0.38 per therm;

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF
EAST PEORIA, TAZEWELL COUNTY, ILLINOIS, THAT:**

Section 1. The above recitations are found to be true and correct.

Section 2. The City hereby approves and accepts the Proposal from Constellation Energy for a three-year contract for supplying natural gas for City facilities and further ratifies any previous action taken by City Officials on behalf of the City to accept the

pricing established under the Proposal for the three-year term from July 2021 through June 2024.

Section 3. The Mayor or his designee is hereby authorized and directed to execute a contract and any other related documentation with Constellation Energy and Good Energy consistent with the Proposal for supplying the City with natural gas at a fixed price rate of \$0.38 per therm; provided, however, that the City shall have no obligation under the terms of this Resolution until executed documents have been delivered to Constellation Energy.

APPROVED:

Mayor

ATTEST:

City Clerk



Business Development Manager: Bunker, Tony
tony.bunker@constellation.com
Account Manager: Meyers, Joslyn
joslyn.meyers@constellation.com

Indicative Pricing Report

The Indicative Pricing Sheet provides representative volumes, parameters and dates as shown, and is **NON-BINDING** and on either party **Except** as specified.

Date of Indicative Pricing Sheet : 06/24/2021
Customer Legal Name : City of East Peoria
Customer Id : [REDACTED]
Site Name : City of East Peoria [REDACTED]
Delivery Period : Jul 2021 - Jun 2024
Nature of obligation : Firm
Product : Fixed Price Physical

Price & Contract Quantity: The price for all volumes consumed during the Delivery Period shall be 3.8 per MMBTU

US\$ Rounded to four decimal places Price : Per MMBtu price/10 = per THERM price
Plus applicable taxes Volume : 1 MMBTU = 10 Therms

The Price referenced herein is not inclusive of fuel.
Pipeline : PEPL
Delivery Point(s)/Utility : PEPL: AMEREN ILLINOIS

This Indicative Pricing Sheet is **NON-BINDING** on either party **EXCEPT**, if (a) Constellation receives a retail natural gas base supply agreement and all applicable riders fully executed by Customer and acceptable to Constellation in its discretion within three (3) days of the date of this indicative pricing sheet, and (b) Constellation can in its discretion provide pricing that matches the volumes, parameters and dates shown above, then Customer agrees that the term of this Indicative Pricing Sheet will automatically and without further action become binding on Customer in which case Customer will receive a Transaction Confirmation evidencing the terms of the deal. If either (a) or (b) is not met for whatever reason, a refreshed estimated price will be provided which may vary from the original estimate.

Customer Legal Name: [REDACTED] City of East Peoria
By: [REDACTED]
Printed Name: Mark E. Hill
Title: Commissioner

Legal Entity Name:	City of East Peoria
Market	MISO
Utility - State	Ameren-IL
Number of Accounts:	15
Pricing-Product Type:	INDICATIVE: FIXED Natural Gas

Pricing Date:	June 25, 2021
Good Energy Rep:	Tom Leigh
Contact Phone:	(618) 381-9003
Contact Email:	tom@goodenergy.com
Prepared by:	Jean Ketchandji



Competitive FIXED Supply Cost per Therm

	Jul-21	Jul-21	Jul-21	Jul-21
Start Date	Jul-21	Jul-21	Jul-21	Jul-21
End Date	Jul-22	Jul-23	Jul-24	Jul-25
Contract Term (Months)	12	24	36	48
Estimated Therms	78,728	157,456	236,184	314,912
Constellation Energy	\$0.40500	\$0.38730	\$0.38000	N/A

Best Supplier Offer Rate - FIXED

Best Supplier	Constellation Energy	Constellation Energy	Constellation Energy	#N/A
Best Offer Rate (\$/Therm)	\$0.40500	\$0.38730	\$0.38000	\$0.00000
Est. Price to Compare (PTC)*	\$0.40537	\$0.40537	\$0.40537	N/A
Savings per Therm	\$0.00037	\$0.01807	\$0.02537	N/A
% Savings	0%	4%	6%	N/A
Annual Savings	\$29.13	\$1,422.61	\$1,997.33	N/A
Term Savings	\$29.13	\$2,845.23	\$5,991.99	N/A

*PTC is based on Weighted Average Ameren Gas Charges from June 2020 - June 2021.