

# EXECUTIVE BRIEF UTILITY MEETING

**AGENDA DATE:** April 26, 2022

**DEPARTMENT:** Electric Utility

**TITLE:**

Exercise of City's extension rights under the OUC Supplemental Energy and Capacity Agreement

**SUMMARY:**

City's initial Term under the Agreement with Orlando Utility Commission (OUC) expires December 31, 2022. Under the Agreement, City has until June 1, 2022 to exercise its extension rights for an additional one-year Extension Term of Calendar Year 2023.

**BACKGROUND AND JUSTIFICATION:**

The City's electric utility provides electricity to its customers using a variety of electric production resources. Among them are the City's entitlements in various Florida Municipal Power Agency (FMPA) projects, the City's own solar farm built atop City's closed landfill, the City's power plant, and a contract with Orlando Utilities Commission for supplemental energy and capacity effective 1/1/2019 with a term of up to seven years ("OUC Agreement"). City's electric generation entitlements and/or contracts with FMPA include participation in the St. Lucie Project, Stanton I and II Projects, and two FMPA Municipal Solar Projects which begin delivering electric energy to City in 2023.

OUC's selection as City's provider of supplemental energy and capacity was the result of City's competitive bid process conducted in 2018 and which has resulted in an estimated \$9 million per year in savings to City. City's competitive agreement with OUC has played a large role in City's achieving residential electric utility rates ranked among the lowest in the state of Florida. The OUC Agreement typically provides for approximately 50% of the City's electric supply annually.

The term of the OUC Agreement is comprised of an Initial Term of four (4) years expiring December 31, 2022, with extension rights for up to three (3) one-year terms which if exercised extend the overall term until December 31, 2025. Under the OUC Agreement, OUC performs various tasks on behalf of City, among them are: A) OUC coordinates, schedules, and dispatches electric energy to the City to supplement energy supplied from the City's contractual entitlements described in the opening paragraph above; B) OUC schedules and dispatches the City's power plant units in the Florida Municipal Power Pool ("FMPP") for City and/or FMPP benefit; C) OUC provides City with electric capacity as nominated by City annually and monthly in order for City to remain in compliance with regulatory requirements for electric generation reserves; and D) OUC arranges for and schedules electric energy deliveries to City via the FPL network transmission system.

City's Electric Utility Staff is pleased with OUC's performance under the agreement, the flexibility the OUC Agreement provides City in its ability to vary electric capacity nominations monthly to match changes in system requirements, the accuracy, transparency, and ease of verifying monthly billings, and the competitive pricing and measurable savings achieved on behalf of City's electric utility customers.

**MOTION:**

Move to approve/disapprove the exercise of City's right to a one-year extension of the OUC Agreement and for Staff to provide such notification to OUC by June 1st, 2022

**ATTACHMENT(S):**

Fiscal Impact Analysis

**FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

<b>Fiscal Years</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Capital Expenditures	0	0	0	0	0
Operating Expenditures	0	\$12,094,016	0	0	0
External Revenues	0	0	0	0	0
Program Income	0	0	0	0	0
In-kind Match	0	0	0	0	0
 Net Fiscal Impact	 0	 \$12,094,016	 0	 0	 0
 No. of Addn'l Full-Time Employee Positions	 0	 0	 0	 0	 0

**B. Recommended Sources of Funds/Summary of Fiscal Impact:** Funds have been identified in account 401-6031-531-34-20, pending approval of the FY 2023 annual operating budget.

**C.**

Account Number	Department Name	Division Name	Account Description	Project Number	FY23 Budget	Current Balance	Budget Transfer	Agenda Expenditure	Balance
401-6031-531-34-20	Electric	Power Plant	Contractual Servc/Purchase Power	N/A	\$12,094,016	N/A	N/A	-\$12,094,016	\$0