

STAFF REPORT UTILITY MEETING

AGENDA DATE: May 27, 2025

DEPARTMENT: Electric Utility

TITLE:

Supplemental Wholesale Electric Energy & Capacity Procurement RFP and partial waiver of procurement process

SUMMARY:

Review of Request for Proposals (RFP) for the City's next supplemental energy and capacity procurement agreement effective January 1, 2026 with partial waiver of standard procurement process.

BACKGROUND AND JUSTIFICATION:

The City's Electric Utility currently has an Agreement for Base, Intermediate and Peaking Purchase and Sale of Electric Energy and Capacity with the Orlando Utilities Commission ("OUC") (the "Agreement"). The Agreement, which was entered in 2019, is set to expire on December 31, 2025.

The Electric Utility Director along with Electric Utility Staff and NFront Consulting (City's consultant with experience in power purchase agreements) have commenced the process with development of a draft RFP and have identified entities to receive the RFP. Submittals by respondents will be vetted by City's consultant, City's attorney, and senior City Electric Utility Staff in separate meetings with each of the selected entities present to make individual presentations and answer questions. After the individual meetings, the Energy Procurement Team may engage in additional fact-finding and negotiation sessions with the selected entities to fine-tune the next round of replies. The process will culminate with a City Commission meeting at which the City's Energy Procurement Team will make a recommendation for approval to the City Commission for a proposed purchase power agreement commencing January 1, 2026.

Given the nature of the wholesale electric power market in the state of Florida it is clear that there are a limited number of entities from which the Electric Utility may purchase power from at a reasonable price due to long distances and likely multiple transmission "wheels" from the City. Potential entities have been identified as Duke Energy – Florida (Duke), the Florida Municipal Power Agency (FMPA), Florida Power & Light (FPL), Orlando Utilities Commission (OUC), Seminole Electric Cooperative (Seminole), and TECO Energy-Florida (TECO).

Typically, a City solicitation like the subject RFP would be publicly advertised for any potential entity to respond. Under section 2-112, of the City's Procurement Code, the City Commission may authorize the waiver of the competitive selection procedures upon the recommendation of the City Manager that it is not practicable or advantageous for the City to do so because goods and/or services cannot reasonably be acquired through the normal competitive selection process due to insufficient time, the nature of the goods or services, or other factors. Purchases authorized by waiver process shall be acquired after conducting a good faith review of available sources and negotiation as to price, delivery and terms. Due to the limited number of entities that would qualify to respond to the subject RFP, the City's Energy Procurement Team and City Manager recommend that the City Commission partially waive the requirements of the City's Procurement Code to allow for the RFP to be sent directly to only those entities that are qualified to respond and to further expedite the process.

The proposed process will not affect existing agreements for City's electric supply such as those related to the Florida Municipal Power Agency (FMPA) Stanton, St. Lucie, and Municipal Solar Projects. The City is party to Agreements with each of these Projects that are not alterable by City's choice of supplemental energy and capacity providers.

The individual meetings with the selected entities will be closed meetings under section 286.0113, Florida Statutes; however, the meetings will be recorded and the recordings will become publicly available after the receipt of the final replies as set forth in section 286.0113.

The written replies, final replies and resulting power purchase agreement will be public records; however, under the exemption found in section 163.01(15)(m), Florida Statutes, portions of these documents (including the recordings of the closed meetings) which contain proprietary confidential business information will be confidential and exempt from public release. Other applicable exemptions may apply depending on the content of each reply.

It should be noted that under section 163.01(15)(b), Florida Statutes, the Electric Utility is exempt from the procurement requirements of any general, local or special statute or in any charter provision which would otherwise require public bidding, competitive negotiation or both for an electric project. The request for the partial waiver is consistent with this statutory waiver of the statutory and charter required competitive processes.

MOTION:

Move to approve/disapprove the Supplemental Wholesale Electric Energy & Capacity Procurement RFP with partial waiver of the City's procurement process.

ATTACHMENT(S):

Fiscal Impact Analysis- N/A
Draft RFP