
THE CITY OF ROCHELLE
Ogle County, Illinois

RESOLUTION
NO. _____

RESOLUTION ACCEPTING THE PROPOSALS AND AUTHORIZING AN
AGREEMENT WITH IGS ENERGY FOR THE PURCHASE OF NATURAL GAS

JOHN BEARROWS, Mayor
ROSE HUERAMO, City Clerk

TOM McDERMOTT
BIL HAYES
KATE SHAW-DICKEY
DAN McDERMOTT
ROSAELIA ARTEAGA
BEN VALDIVIESO
City Council

Published in pamphlet form by authority of the Mayor and City Council of the City of Rochelle
Peterson, Johnson, and Murray, LLC, City Attorneys
200 W. Adams, Suite 2125 Chicago, IL 60606

**RESOLUTION ACCEPTING THE PROPOSALS AND AUTHORIZING AN
AGREEMENT WITH IGS ENERGY FOR THE PURCHASE OF NATURAL GAS**

RESOLUTION NO. _____

WHEREAS, Section 7 of Article VII of the 1970 Constitution of the State of Illinois provides that a municipality that is not a home rule unit shall only have the powers granted to them by law and as such the City of Rochelle (“City”), Ogle County, Illinois being a non-home rule unit pursuant to the provisions of said Section 7 of Article VII, and may exercise only the powers expressly granted by law; and

WHEREAS, the Illinois General Assembly granted non-home rule municipalities broad authority to “pass all ordinances and make all rules and regulations proper or necessary, to carry into effect the powers granted to municipalities.” 65 ILCS 5/1-2-1; and

WHEREAS, the City of Rochelle (“City”) provides water and electric utility services to local businesses and residents as part of Rochelle Municipal Utilities (“RMU”); and

WHEREAS, the RMU’s current contracts with IGS Energy for the purchase of natural gas are expiring in September of this year; and

WHEREAS, IGS Energy has provided the City with two proposals, one for the Generation Plant, and one for all of the City; said proposals are attached herein as Exhibit A; and

WHEREAS, contracts for utility related goods and services are specifically excluded from competitive bidding pursuant to Sec. 2-373(3) of Rochelle’s Code of Ordinances; and

WHEREAS, it has been determined by the Corporate Authorities of the City of Rochelle that it is in the best interest of the City and its residents to accept the proposals of IGS Energy and enter into a thirty-eight (38) month agreement with IGS Energy for the purchase of natural gas.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ROCHELLE, ILLINOIS as follows:

SECTION ONE: The foregoing Recitals are not mere preparatory language, but are hereby incorporated in this Section 1 as if said Recitals were fully set forth.

SECTION TWO: The proposals from IGS Energy for a thirty-eight month (38) month agreement for the purchase of natural gas are hereby accepted and the City Manager is authorized to enter into the necessary agreements memorializing the terms of Exhibit A, subject to review and revision as to form and substance by the City Attorney.

SECTION THREE: If any provision of this Resolution or application thereof to any person or circumstance is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other

provisions or applications of this Resolution that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Resolution is severable.

SECTION FOUR: Where the conditions imposed by any provisions of this Resolution are more restrictive than comparable provisions imposed elsewhere in any other local law, ordinance, resolution, rule or regulation, the regulations of this Resolution will govern.

SECTION FIVE: The City Clerk shall publish this Resolution in pamphlet form.

SECTION SIX: This Resolution shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law.

PASSED THIS 22nd day of January, 2024.

AYES:

NAYS:

ABSENT:

APPROVED THIS 22nd day of January, 2024.

MAYOR

ATTEST:

CITY CLERK

Exhibit A



January 8th, 2024
Natural Gas Supply Update

All Pricing this proposal was ran at 8:17amCT on 1/8/24 and is subject to market movement



At a Glance Update:

- Production
 - Since 2017, US gas production has increased by 49% from 70 BCF/day to 104 BCF/day
- Demand / Weather
 - Normal/slightly below normal start to fall – winter expected to be warmer with El Niño conditions
 - Winter '22-'23 was the warmest winter in the Eastern US since 1950
- Coal Liquidity
 - Coal-fired electricity generation dropped from 50% of the generation stack in 2007 to 18% in 2022
- LNG Exports
 - Liquefied Natural Gas increased 650% from 2 BCF/day in Jan 2018 to 15 BCF/day in 2023
- Storage
 - Natural Gas storage is currently 5.7% above the 5-year average

Henry Hub natural gas price and NYMEX confidence intervals
dollars per million British thermal units



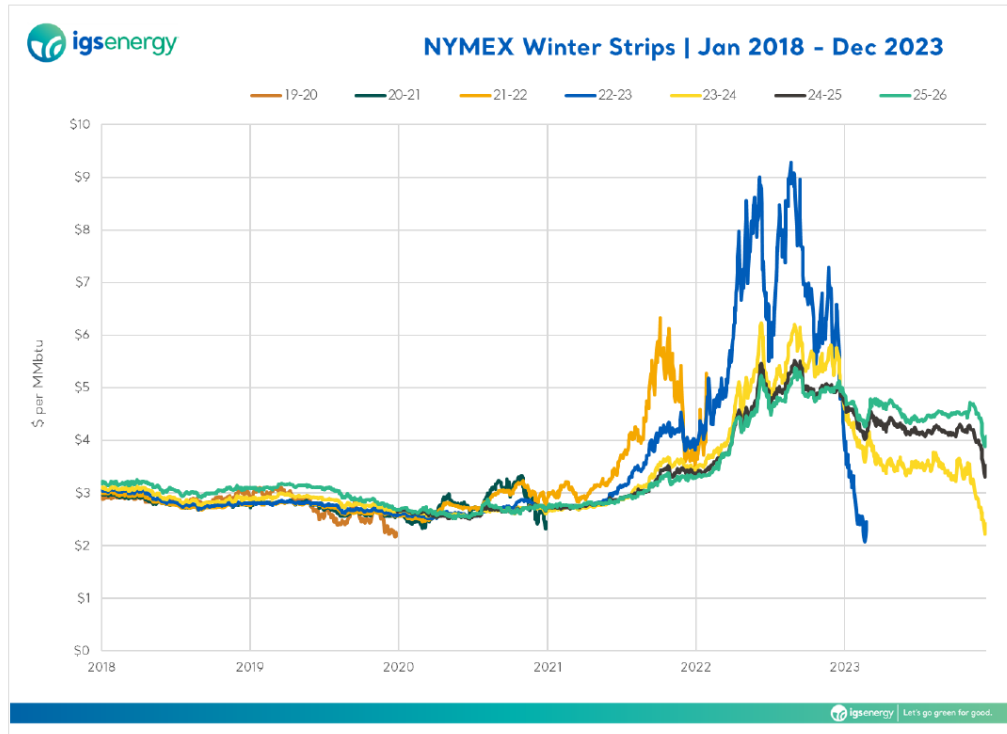
Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, December 2023, CME Group, and Refinitiv an LSEG Business

Note: Confidence interval derived from options market information for the five trading days ending December 7, 2023. Intervals not calculated for months with sparse trading in near-the-money options contracts.





Winter Strips:



- **The city of Rochelle signed two agreements with IGS on 6/13/21**
 - Fixed for the City facilities @ \$3.28/Dth 100% Carbon Offset
 - Variable for the electric generation plant @ NGI Chicago + \$0.48/Dth (No Carbon Offset)
- **Both agreements terms are from October 2021 through September 2024**



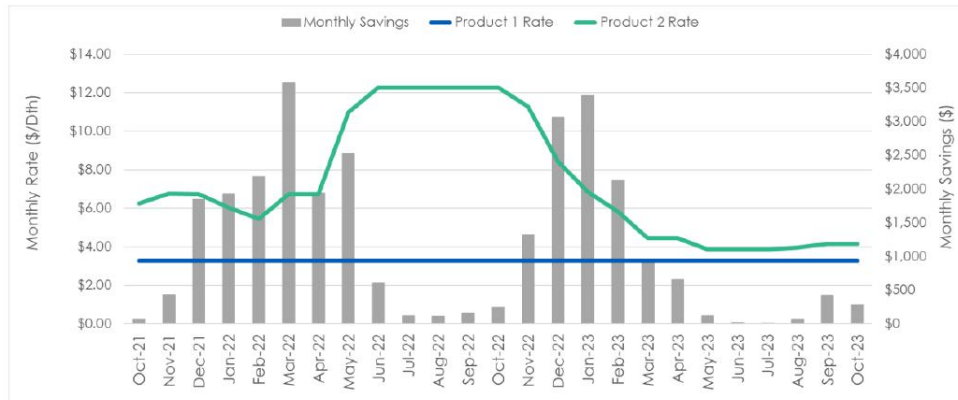
Fixed Gas (\$3.28/Dth) vs. PTC (Nicor Price to Compare):

Gas Savings Analysis for City of Rochelle Fixed (NICOR)



Customer: City of Rochelle Fixed
 Utility: NICOR
 Conducted On: 10/31/2023

Supply Product	Total Spend (\$)	Avg Rate (\$/Dth)
Product 1 Fixed Rate	\$31,180	\$3.2800
Product 2 NICOR PTC	\$59,297	\$6.2378
Total Savings with Product 1 (Oct-21 thru Oct-23)		\$28,117
▲ Equates to 47% Savings ▲		



Monthly Commodity Spend - Comparison					
Month	Volume (Dth)	Product 1	Product 2	Savings Rate (\$ per Dth)	Monthly Savings (\$)
		Fixed Rate (\$3.28/Dth)	NICOR PTC		
Oct-23	323	\$3,2800	\$4,1570	\$0,8770	\$283
Sep-23	485	\$3,2800	\$4,1570	\$0,8770	\$425
Aug-23	105	\$3,2800	\$3,9590	\$0,6790	\$71
Jul-23	16	\$3,2800	\$3,8610	\$0,5810	\$9
Jun-23	33	\$3,2800	\$3,8610	\$0,5810	\$19
May-23	205	\$3,2800	\$3,8610	\$0,5810	\$119
Apr-23	555	\$3,2800	\$4,4540	\$1,1740	\$652
Mar-23	787	\$3,2800	\$4,4540	\$1,1740	\$924
Feb-23	830	\$3,2800	\$5,8400	\$2,5600	\$2,125
Jan-23	953	\$3,2800	\$6,8300	\$3,5500	\$3,383
Dec-22	597	\$3,2800	\$8,4130	\$5,1330	\$3,064
Nov-22	164	\$3,2800	\$11,2840	\$8,0040	\$1,313
Oct-22	27	\$3,2800	\$12,2740	\$8,9940	\$243
Sep-22	18	\$3,2800	\$12,2740	\$8,9940	\$162
Aug-22	12	\$3,2800	\$12,2740	\$8,9940	\$108
Jul-22	13	\$3,2800	\$12,2740	\$8,9940	\$117
Jun-22	67	\$3,2800	\$12,2740	\$8,9940	\$603
May-22	327	\$3,2800	\$10,9870	\$7,7070	\$2,520
Apr-22	563	\$3,2800	\$6,7310	\$3,4510	\$1,943
Mar-22	1,035	\$3,2800	\$6,7310	\$3,4510	\$3,572
Feb-22	1,007	\$3,2800	\$5,4440	\$2,1640	\$2,179
Jan-22	700	\$3,2800	\$6,0380	\$2,7580	\$1,931
Dec-21	535	\$3,2800	\$6,7310	\$3,4510	\$1,846
Nov-21	125	\$3,2800	\$6,7573	\$3,4773	\$435
Oct-21	24	\$3,2800	\$6,2600	\$2,9800	\$72



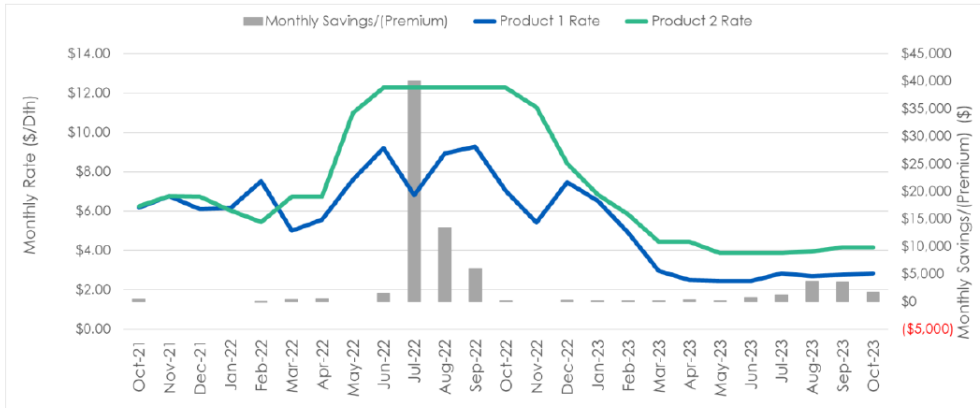
Index Gas (NGI Chicago + \$0.48/Dth) vs. PTC (Nicor Price to Compare):

Gas Savings Analysis for City of Rochelle Fixed (NICOR)



Customer: City of Rochelle Fixed
 Utility: NICOR
 Conducted On: 10/31/2023

	Supply Product	Total Spend (\$)	Avg Rate (\$/Dth)
Product 1	Variable Rate (NGI Chicago + \$0.48/Dth)	\$176,610	\$5.9565
Product 2	NICOR PTC	\$250,341	\$8.4432
Total Savings with Product 1 (Oct-21 thru Oct-23)		\$73,731	
▲ Equals to 29% Savings ▲			



Monthly Commodity Spend - Comparison						
Month	Volume (Dth)	Product 1	Product 2	Savings/(Premium) Rate (\$ per Dth)	Monthly Savings/(Premium) (\$)	
		Variable Rate (NGI Chicago + \$0.48/Dth)	NICOR PTC			
Oct-23	1,264	\$2,8400	\$4,1570	\$1,3170	\$1,665	
Sep-23	2,559	\$2,7750	\$4,1570	\$1,3820	\$3,537	
Aug-23	2,933	\$2,7000	\$3,9590	\$1,2590	\$3,693	
Jul-23	1,149	\$2,8400	\$3,8610	\$1,0210	\$1,173	
Jun-23	510	\$2,4600	\$3,8610	\$1,4010	\$715	
May-23	59	\$2,4500	\$3,8610	\$1,4110	\$83	
Apr-23	154	\$2,4900	\$4,4540	\$1,9640	\$302	
Mar-23	27	\$2,9700	\$4,4540	\$1,4840	\$40	
Feb-23	4	\$4,9200	\$5,8400	\$0,9200	\$4	
Jan-23	11	\$6,5200	\$6,8300	\$0,3100	\$3	
Dec-22	210	\$7,4800	\$8,4130	\$0,9330	\$196	
Nov-22	0	\$5,4250	\$11,2840	\$5,8590	\$0	
Oct-22	3	\$7,0200	\$12,2740	\$5,2540	\$16	
Sep-22	1,985	\$9,2700	\$12,2740	\$3,0040	\$5,963	
Aug-22	4,019	\$8,9300	\$12,2740	\$3,3440	\$13,440	
Jul-22	7,343	\$6,8200	\$12,2740	\$5,4540	\$40,049	
Jun-22	486	\$9,2000	\$12,2740	\$3,0740	\$1,494	
May-22	0	\$7,5850	\$10,9870	\$3,4020	\$0	
Apr-22	452	\$5,5750	\$6,7310	\$1,1560	\$523	
Mar-22	209	\$5,0150	\$6,7310	\$1,7160	\$359	
Feb-22	11	\$7,5100	\$5,4440	(\$2,0660)	(\$23)	
Jan-22	0	\$6,1150	\$6,0380	(\$0,1170)	\$0	
Dec-21	0	\$6,0950	\$6,7310	\$0,6360	\$0	
Nov-21	0	\$6,7700	\$6,7573	(\$0,0127)	\$0	
Oct-21	6,262	\$6,1800	\$6,2600	\$0,0800	\$501	



Fixed – Natural Gas Pricing (Facilities 0% Carbon Offset):

Term in Months	Start	End	BT DTH Volume	IGS Fixed Offer	MAX OFFER (High Side Risk Assessment for Meeting on the 22 nd)
14	Oct-24	Nov-25	5,818	\$4.30	\$4.80
26	Oct-24	Nov-26	10,878	\$4.59	\$4.99
38	Oct-24	Nov-27	15,937	\$4.74	\$5.14
50	Oct-24	Nov-28	20,997	\$4.82	\$5.22

Recommendation: 38 Month Term (Fixed & Index)

Reasoning: The warm Winter of 22/23' helped the build US natural gas reserves to a healthy level, which brought pricing back to "normal" from the highs in 22'. Risk is high in future years due to large increases in exports as well as production uncertainty. The small premium to lock in longer term is worth having budget certainty during likely volatile markets in the next few years.

Annualized Cost Comparison

Term in Months	Estimated Annual Spend	Previous Annual Spend	Annualized Cost Change	Cost Change %
14	\$21,756.41	\$16,595.59	+\$5,160.82	+31%
26	\$23,223.71	\$16,595.59	+\$6,628.12	+40%
38	\$23,982.65	\$16,595.59	+\$7,387.06	+45%
50	\$24,387.42	\$16,595.59	+\$7,791.83	+47%

Index - Natural Gas Pricing (Generation Plant - 0% Carbon Offset):

Term in Months	Start	End	BT DTH Volume	IGS Variable Offer
38	Oct-24	Nov-27	17,856 Annualized	NGI Chicago+ \$0.44

IGS Natural Gas Pricing is Backed by The Following:

- All-inclusive fixed price
 - Zero pooling/administrative fees
 - Bill based on actual consumption - not nominations
- 100% Swing Tolerance
- 100% coverage (up to MDQ) on all critical days
- IGS cannot assign agreements to other parties
- Month-to-month renewal after completion of initial term
- I am your personal account manager/point of contact

A blue banner with a white wavy bottom edge. On the left, there are white icons of a wind turbine, a solar panel, and an oil rig. On the right, the text "ONE OF AMERICA'S LARGEST INDEPENDENT ENERGY SUPPLIERS" is written in white and yellow.

ONE OF AMERICA'S LARGEST
INDEPENDENT
ENERGY SUPPLIERS

Overall Differentiations & Qualifications

- IGS has been in business for 35 years (all under the same name) and has very strong financials.
- IGS has won several awards for being a great workplace. I bring this up for two reasons. 1. Our history has shown that I expect to be here not just for this term, but for your next several terms. I will be held accountable for my performance as your account rep and for how the company performs handling your power supply. 2. When employees are happy, they do everything they can to represent the company in the best possible way. I will be your main point of contact and will be able to resolve any issues, but if you do speak to anybody in IGS' billing or customer service department they will go out of their way to make sure your experience with IGS is a positive one.

IGS Energy differentiates itself through the development of long-term relationships with customers, market intelligence, expertise, personal attention, and transparency. Our philosophy is to arm each of our customers with the information needed to make the best decision possible based on individual wants and needs. This includes making them aware of all variables, risks, and rewards available in their market. Our size and experience allow us to offer competitive pricing, customized programs, and benefits most important to customers on an individual basis. We take the time to point out the details of all programs available from us and our competitors to weigh equally the pros and cons of each option.

STATE OF ILLINOIS)
)
COUNTY OF OGLE) SS.

CERTIFICATE

I, Rose Hueramo, City Clerk of the City of Rochelle, County of Ogle and State of Illinois, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. _____, “RESOLUTION ACCEPTING THE PROPOSALS AND AUTHORIZING AN AGREEMENT WITH IGS ENERGY FOR THE PURCHASE OF NATURAL GAS” which was adopted by the Mayor and City Council of the City of Rochelle on January 22, 2024.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of Rochelle this 22nd day of January, 2024.

CITY CLERK