



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 11/16/2021

Item Creation Date:

T29130.A2 - Fixed Price Street Light Amendment - ORDINANCE (Reliant Energy Retail Services, LLC)

Agenda Item#: 45.

Background:

S63-T29130.A2 - Approve an ordinance approving and authorizing the second amendment to Contract No. 4600016083 between the City of Houston and Reliant Energy Retail Services, LLC (approved by Ordinance No. 2020-341 passed on April 22, 2020) to amend the contract to set a fixed price rate for streetlights (Pricing Schedule 1). On June 30, 2021, by Ordinance No. 2021-575, City Council approved a first amendment to the agreement to allow the City to participate in Reliant Energy Retail Service's Voluntary Load Management Program.

Specific Explanation:

The Chief Business Officer and the Chief Procurement Officer recommend that City Council approve an ordinance approving and authorizing a second amendment to the contract between the City of Houston and Reliant Energy Retail Services, LLC (Reliant) to set a fixed price rate for the streetlights (Pricing Schedule 1). The term of the contract is five years with two (2) one-year options to renew.

The City of Houston has three pricing schedules under its current electricity supply agreement with Reliant Energy Services, LLC.

- Pricing Schedule 1 (Streetlights): Day Ahead Market Rate (variable)
- Pricing Schedule 2 and 3 (General Operations): Fixed Rate

Pricing Schedules 2 and 3 locked the pricing for general operations; however, the approximately 178,477 streetlights in Pricing Schedule 1 are tied to the Day Ahead Market (DAM) pricing, which fluctuates with the market. On February 15-19, 2021, the City of Houston experienced a significant weather event (Winter Storm Uri), which caused utility prices to increase at astronomical rates. A locked in rate for streetlights would help mitigate the risk from future weather events.

The pricing for the streetlights is based on the real-time Day Ahead Market, which opens at 8:00 a.m. Central Daylight Time on November 17, 2021. Reliant will provide pricing for the streetlights by 10:00 a.m. Central Daylight Time on that same day. Once the pricing is received, the Finance Department will review the pricing and determine the overall financial impact. Upon review of the pricing and the Second Amendment, the Finance Department requests City Council to approve an ordinance approving and authorizing the Second Amendment.

This item was presented to the Budget and Fiscal Affairs Committee (BFA) on November 2, 2021.


M/WBE Participation:

This contract was awarded with a 15% MWBE participation level. Reliant Energy Retail Services, LLC is currently achieving 7.43% participation level. The Office of Business Opportunity will continue to monitor this contract to ensure the MWBE participation is met.

Fiscal Note:

There is no impact to the fiscal budget or no additional spending authority. Therefore, no Fiscal Note is required as stated in the Financial Policies.

11/4/2021

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**Jerry Adams, Chief Procurement Officer
Finance/Strategic Procurement Division**

Prior Council Action:

Ordinance No. 2020-341 passed April 22, 2020
Ordinance No. 2021-575 passed on June 30, 2021

Amount and Source of Funding:

No funding required

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Department Approval Authority

11/5/2021

DS


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ATTACHMENTS:**Description**

MWBE Verification
Ownership Information Form
Ordinance No. 2020-341
Electricity Supply Agreement
Original RCA
Ordinance No. 2021-575
1st Amendment
RCA for 1st Amendment
Second Amendment

Type

Backup Material
Backup Material
Ordinance/Resolution/Motion
Backup Material
Backup Material
Ordinance/Resolution/Motion
Backup Material
Backup Material
Backup Material