Town of Cortland

Electric Renewal Pricing Overview

January 11, 2016

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Electric Audit Analysis

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Review of Electric Contract (Supply/Delivery)

- **14 accounts reviewed for the Town of Cortland**
  - 12 accounts are with Hudson Energy
    - Contract "All Inclusive" fixed rate - $0.0464
      - » Pass through NITS increase (Varies by account)
      - » Comparison Rate - $0.04800
      - » Accounts are on the correct rate classification
  - 2 accounts are with ComEd
    - Comparison Rate - $0.07017
- Projected annual usage of 1,523,309 kWh's

Progressive Energy Group received replies from 14 suppliers for:

- February 2016 start date
- Pricing terms for 12, 24, and 36 months
- Quotes for "All Inclusive" fixed rate
  - » Includes energy, capacity, ancillary, transmission, line loss, and renewable portfolio standard charges
- **Pricing is indicative and will be subject to a refresh**

Historical Com Ed tariff rates	
	Price
2015/2016 Avg. Rate	$0.07017
Winter 15-16	$0.07039
Summer 15	$0.07180
Winter 14-15	$0.07376
Summer 14	$0.07634
Winter 13-14	$0.06330
Summer 13	$0.06411
Winter 12-13	$0.08573
Summer 12	$0.07034
Winter 11-12	$0.07815
Summer 11	$0.07966
Winter 10-11	$0.08511
Summer 10	$0.08676
Winter 09-10	$0.07103
Summer 09	$0.07224
Winter 08-09	$0.07785

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Bid Results for Fixed Price Electric (Supply Only) February 2016 start

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	Constellation New Energy			Direct Energy			Hudson Energy			Energy.Me		
	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month
	$0.05251	$0.05392	$0.05598	$0.05261	$0.05421	$0.05667	$0.05090	$0.05230	$0.05350	$0.05935	$0.06135	$0.06353
Annual Supply Cost:	$79,989	$82,137	$85,275	$80,141	$82,579	$86,326	$77,536	$79,669	$81,497	$90,408	$93,455	$96,776

	Constellation Energy Services			Champion Energy			Source Power & Gas			Eligo Energy		
	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month
	$0.04896	$0.04951	$0.05176	$0.05213	$0.05232	$0.05364	$0.05742	$0.05999	$0.06262	$0.05759	$0.05899	-
Annual Supply Cost:	$74,581	$75,419	$78,846	$79,410	$79,700	$81,710	$87,468	$91,383	$95,390	$87,727	$89,860	-

	Nordic Energy			MC Squared			ConEd Solutions			Dynegy Energy		
	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month
	$0.05253	$0.05545	$0.05799	$0.06412	$0.06803	$0.07175	$0.05540	$0.05660	$0.05890	$0.05009	$0.05132	$0.05308
Annual Supply Cost:	$80,019	$84,467	$88,337	$97,675	$103,631	$109,297	$84,391	$86,219	89,723	$76,303	$78,176	$ 80,857

	GDF Suez Energy			Agera Energy		
	12 Month	24 Month	36 Month	12 Month	24 Month	36 Month
	$0.05636	$0.05849	$0.06049	$0.06128	$0.06249	$0.06476
Annual Supply Cost:	$85,854	$89,098	$92,145	$93,348	$95,195	$98,653

Current Annual kWh usage: **1,523,309**

"ALL PRICING IS INDICATIVE AND SUBJECT TO A REFRESH"

All Quotes included energy, transmission, ancillary, line loss, renewable portfolio standard, and capacity charges

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Account List and Supply Cost Projection

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Account	Service Address	Annual kWh	Contract kWh Rate	NITS Inxrease	Annual Spend	12 Month "All In" rate	Annual Supply	Annual Savings	24 Month "All In" rate	Annual Supply	Annual Savings	36 Month "All In" rate	Annual Supply	Annual Savings
2875156024	100 S Llanos St Unit W#3	88,735	$0.04640	$0.04705	$4,175	$0.04896	$4,344	-$170	$0.04951	$4,393	-$219	$0.05176	$4,593	-$418
0403114054	134 Barbergreene	68,400	$0.04640	$0.04924	$3,368	$0.04896	$3,349	$19	$0.04951	$3,386	-$18	$0.05176	$3,540	-$172
3567169021	269 E Maple Ave	372,256	$0.04640	$0.04870	$18,128	$0.04896	$18,226	-$98	$0.04951	$18,430	-$303	$0.05176	$19,268	-$1,140
0993022049	660 E North Ave Unit STP	914,182	$0.04640	$0.04772	$43,623	$0.04896	$44,758	-$1,136	$0.04951	$45,261	-$1,638	$0.05176	$47,318	-$3,695
3974033034	375 N Charles St	190	$0.04640	$0.04886	$9	$0.04896	$9	$0	$0.04951	$9	$0	$0.05176	$10	-$1
4188054000	175 S Airport Rd Unit IRR	2,763	$0.04640	$0.04850	$134	$0.04896	$135	-$1	$0.04951	$137	-$3	$0.05176	$143	-$9
0481166009	137 E Cortland Center Rd	1,130	$0.04640	$0.05524	$62	$0.04896	$55	$7	$0.04951	$56	$6	$0.05176	$58	$4
5631039010	91 N Spruce St Unit W#2	13,924	$0.04640	$0.04674	$651	$0.04896	$682	-$31	$0.04951	$689	-$39	$0.05176	$721	-$70
1239090004	227 S Somonauk Rd Unit W#1	3,397	$0.04640	$0.04670	$159	$0.04896	$166	-$8	$0.04951	$168	-$10	$0.05176	$176	-$17
7347065022	Lot 235 238 E Cortland Center Rd	12,135	$0.04640	$0.04837	$587	$0.04896	$594	-$7	$0.04951	$601	-$14	$0.05176	$628	-$41
0723100114	173 W Pine Ave	6,613	$0.04640	$0.04953	$328	$0.04896	$324	$4	$0.04951	$327	$0	$0.05176	$342	-$15
4707129051	173 W Pine Ave	1,297	$0.04640	$0.04640	$60	$0.04896	$64	-$3	$0.04951	$64	-$4	$0.05176	$67	-$7
0419047171	156 E North Ave	23,937	$0.07017	-	$1,680	$0.04896	$1,172	$508	$0.04951	$1,185	$495	$0.05176	$1,239	$441
4707129051	522 E Ashford Ave Lift	14,350	$0.07017	-	$1,007	$0.04896	$703	$304	$0.04951	$710	$296	$0.05176	$743	$264
	Projected Totals:	1,523,309			$73,970		$74,581	-$611		$75,419	-$1,449		$78,846	-$4,877

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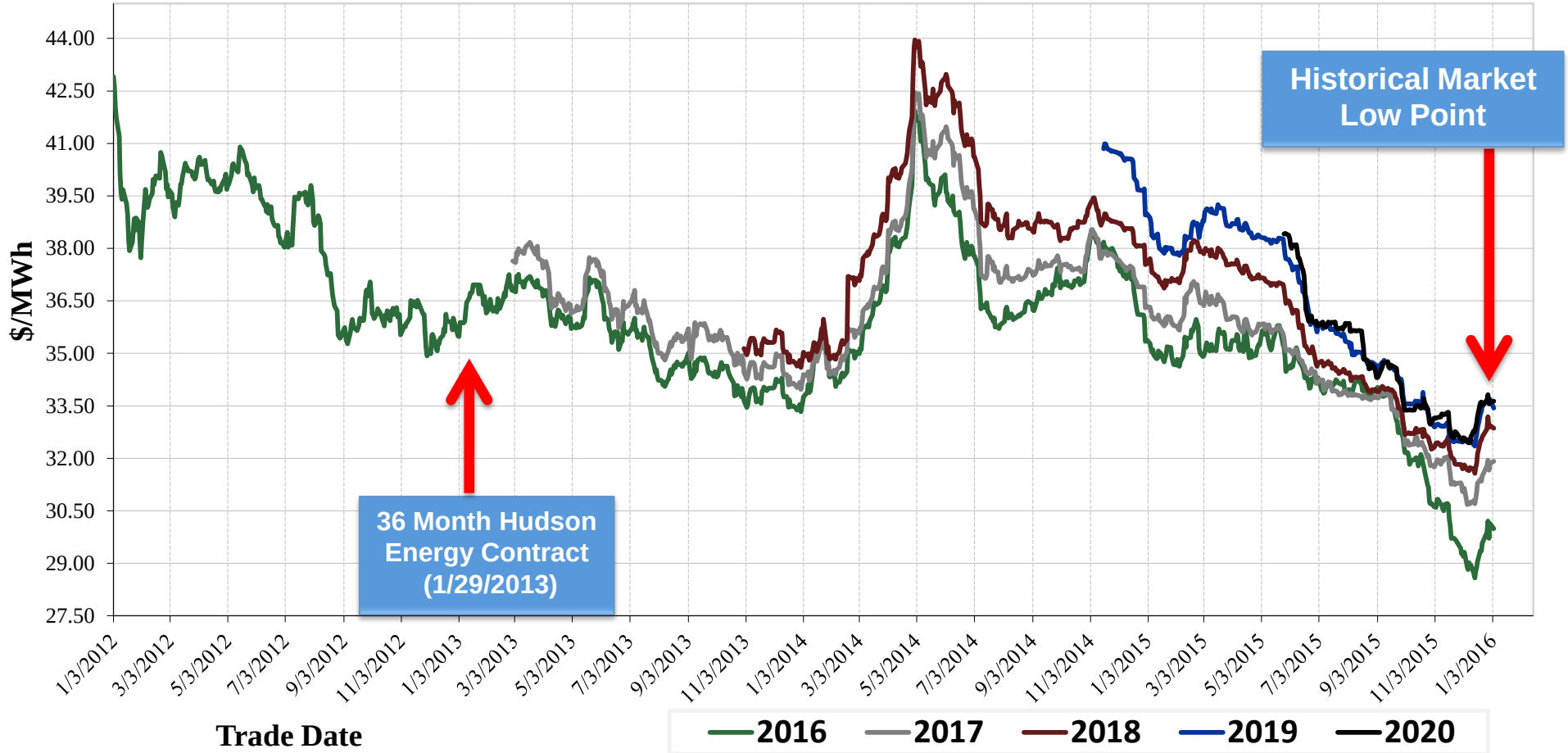
Wholesale Power Price

Current weather conditions have prompted a decrease in wholesale costs

Midwest Market Trend
Wholesale Round-the-Clock Pricing for Future Years



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Case Study – Capacity Cost

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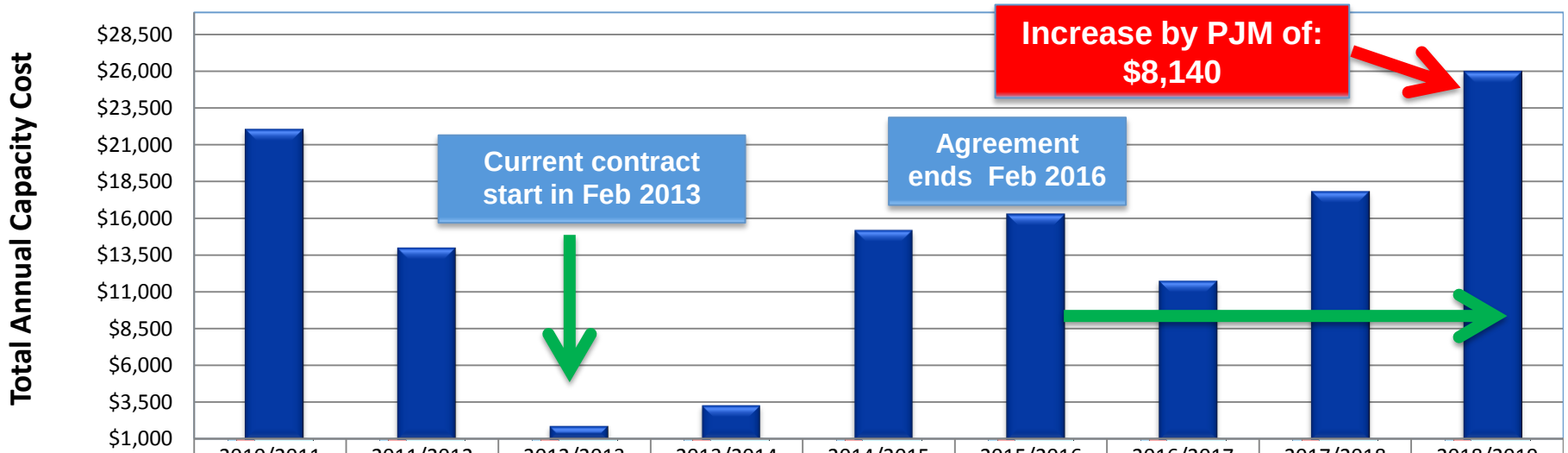
What Are Capacity Costs?

Simply stated capacity is the cost of ensuring the reliability of the network. Through PJM an RPM (Reliability Pricing Model) auction is held to set capacity prices in one year increments (Jun-May). June 2010, capacity costs increased 70.5% then decreased from June 2011 to June 2014. In the next 3 out of 4 years capacity costs will be increasing again .

How Will Capacity Costs Affect the Town of Cortland (Aggregate)?



	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
PLC Value	314.9552	314.9552	314.9552	314.9552	314.9552	314.9552	314.9552	314.9552	314.9552
PJM Capacity Charge	$0.1825	$0.1160	$0.0160	$0.0277	$0.1260	$0.13500	$0.09754	$0.14769	$0.21500
Annual Cost	$22,071	$14,028	$1,935	$3,354	$15,238	$16,326	$11,796	$17,861	$26,001
Per kWh Increase	$0.01492	$0.00948	$0.00131	$0.00227	$0.01030	$0.01104	$0.00798	$0.01208	$0.01758

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Recommendations

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- **Completed Electric Auction with 14 Suppliers:**
  - Progressive Energy Group recommends that the Town of Cortland enter into the following:
    - 36 Month contract with Constellation Energy Services
    - Contract to begin with the February 2016 meter readings
    - "All Inclusive" fixed rate of $0.05176
      - » "All Inclusive" includes energy, transmission, ancillary, line loss, renewable portfolio standard charge, and capacity charges
    - Annual Cost Impact = **($4,877)**
    - Contract term offers the ability to mitigate the annual capacity cost variations through February 2019
    - Continues to provide monthly budget certainty
    - Secure historic low wholesale electric costs

Next Steps:

- Finalize pricing and secure contract term
- Execute final contract terms

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