SUMMARY STATEMENT

ITEM NO.: DRPA-11-084
SUBJECT: Electrical Energy Procurement Consulting Services

COMMITTEE: New Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: October 19, 2011

PROPOSAL: That the Board authorizes staff to negotiate an Agreement with Dome-Tech, Inc. to provide consulting services required to competitively purchase electricity for the DRPA and PATCO.

Amount: $0.00

Consultant Dome-Tech, Inc.
S10 Thornall Street, Suite 170
Edison, NJ 08837

Other Consultants(s): World Energy Solutions, Inc.
446 Main Street
Worcester, MA 01608

PURPOSE: To engage the consulting firm of Dome-Tech, Inc. to advise and assist the DRPA and PATCO in the procurement of electrical energy at favorable rates and terms. The Scope of Work will include evaluating electrical load and usage patterns, evaluating market conditions, RFP development, prescreening and evaluating potential electrical generators, hosting a “Reverse Auction”, assisting with billing concerns, and serving as an advisor to the DRPA/PATCO on matters related to electricity. An agreement will be negotiated with Dome-Tech, Inc. for completion of all required work without any direct cost to the DRPA or PATCO as per this Summary Statement. All fees paid to the consultant are paid by the electrical generator(s) with whom the DRPA/PATCO enters into an agreement as a result of the Reverse Auction. The millage rate charged to the electrical generator by Dome-Tech, Inc. is $0.00025 per kilowatt-hour for the first year and $0.00020 for the second year. The duration of this agreement shall not exceed two (2) years with options in favor of the DRPA/PATCO for two (2) additional one (1) year extensions.
BACKGROUND: The DRPA and PATCO, along with One Port Center, currently purchase electrical power from local distribution companies (utility) at the default pricing. Ongoing deregulation of the utility industry in New Jersey and Pennsylvania has produced major changes in the way large commercial users purchase electricity. Most recently, the Pennsylvania Public Utilities Commission has deregulated the Pennsylvania electrical energy market. New Jersey’s Board of Public Utilities deregulated the New Jersey market in June of 2004. This has resulted in all DRPA accounts being subject to hourly pricing.

The alternative to hourly pricing is to purchase electric power from a third party supplier (TPS). Hourly pricing is intended in part to encourage the use of TPSs. Purchasing electric power from a TPS offers a range of options and strategies since the arrangement is no longer subject to prevailing tariffs for generation. One strategy that appears promising is the aggregation of electrical loads. It may be desirable for all DRPA facilities to combine their electric power requirements for competitive procurement in a manner that will attract favorable rates and terms from third party suppliers. Dome-Tech, Inc. has the expertise, experience and knowledge of energy markets, energy suppliers, and a reverse auction bidding platform that is required for the DRPA and PATCO to purchase energy at the most favorable rates and terms.

The Authority publicly advertised its intent to retain an electrical energy consultant and invited interested firms to submit Statements of Qualifications for Consulting Service for the subject contract. Seven firms expressed an interest in the project by submitting a Statement of Qualifications. DRPA and PATCO staff evaluated the seven (7) firms and selected three (3) firms as being capable and best qualified to meet the requirements of the DRPA/PATCO. A Request for Proposal was issued directly to each firm, two (2) of which submitted proposals. The Selection Committee evaluated the proposals on the basis of technical merit, governmental and commercial experience, personnel experience, and customer and industry references. The two firms were deemed virtually identical in capability and experience. The deciding factor was the millage rate charged to the supplier. Dome-Tech, Inc., as previously mentioned, charged $0.00025 while World Energy Solutions charged $0.001. The Selection Committee believes this lower millage rate will offer electrical generators more flexibility in offering better pricing. Therefore, the Selection Committee believes Dome-Tech, Inc. offers the
DRPA and PATCO the greatest opportunity to secure favorable electrical pricing.

It is recommended that an agreement be negotiated with Dome-Tech, Inc. as the selected consultant. Upon approval of the Board, an Agreement will be negotiated with Dome-Tech, Inc. to provide the consulting services in accordance with the Request for Proposal.

**SUMMARY:**
- Amount: $0.00
- Source of Funds: N/A
- Capital Project #: N/A
- Operating Budget: N/A
- Master Plan Status: N/A
- Other Fund Sources: N/A
- Duration of Contract: 2 years
- Other Parties Involved: N/A
RESOLUTION

RESOLVED: That the Board accepts the proposal of Dome-Tech, Inc. to perform the work of Electrical Energy Procurement Consulting Services – DRPA and PATCO, and the proper officers of the Authority be and hereby are authorized to negotiate an Agreement with Dome-Tech, Inc. for the required work performed as per the attached Summary Statement, and a duration not to exceed two (2) years with options in favor of the DRPA for two (2) additional one (1) year terms; and be it further

RESOLVED: The Chair, Vice Chair, and the Chief Executive Officer of the DRPA are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair, and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of the DRPA.

SUMMARY:

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