SUMMARY STATEMENT

ITEM NO.: DRPA-15-086
SUBJECT: Electrical Energy
Procurement Consulting Services

COMMITTEE:
Operations & Maintenance

COMMITTEE MEETING DATE:
July 1, 2015

BOARD ACTION DATE:
July 15, 2015

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

Amount: $0.00

Consultant
Noreesco (formerly Dome-Tech, Inc.)
510 Thornall Street, Suite 170
Edison, NJ 08837

PURPOSE: To engage the consulting firm of Noresco 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 Noresco 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 Noresco is $0.00035 per kilowatt-hour. The duration of this agreement shall not exceed five (5) years. Five years will offer us at least two opportunities to solicit electrical suppliers through a reverse auction.

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. 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. Aggregating electrical loads is one strategy that has worked well for the Authority. By aggregating the electrical usage of all DRPA facilities, the Authority has secured more favorable rates and terms from third party suppliers. Noresco (formerly 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. Eleven firms expressed an interest in the project by submitting a Statement of Qualifications. DRPA and PATCO staff evaluated the eleven (11) 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, with only one (1) firm submitting a proposal. The Selection Committee evaluated the proposal on the basis of technical merit, governmental and commercial experience, personnel experience, and customer and industry references. The Selection Committee believes that Noresco is fully capable of fulfilling the responsibilities established in the RFP and securing the DRPA and PATCO the favorable electrical pricing.

It is recommended that an agreement be negotiated with Noresco as the selected consultant. Upon approval of the Board, an Agreement will be negotiated with Noresco 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:** 5 years
- **Other Parties Involved:** N/A
RESOLUTION

RESOLVED: That the Board accepts the proposal of Noresco 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 Noresco for the required work performed as per the attached Summary Statement, for a duration not to exceed five (5) years; 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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