

## MEMORANDUM



DATE: February 20, 2022

TO: Board of Supervisors  
Eden Ratliff, Township Manager

FROM: Denise Serino, Purchasing Specialist  
Amy Heinrich, HR/Finance Director

SUBJECT: Electricity Contract

**RECOMMENDED MOTION:**

Authorize the Township Manager to execute the agreement for our electric accounts to Direct Energy for the term and grade of electricity that is approved.

**BACKGROUND:**

Our current electricity contract will expire this month, and staff has gathered new pricing to include 100% Green energy and pricing for power with no Green Energy. The current supplier is AEP Retail traditional energy at a rate of \$.06169. As you can see below, they are no longer the most competitive rate.

Direct Energy came in lowest for all terms listed. Below are rates that will change slightly over time based on market conditions, but once an agreement is signed, we are locked in for fixed rates that will not change for the full term. The estimated annual total at 318,285 kWh under a 36-month term is \$21,405 for traditional energy and \$22,926 for 100% Green Energy, a difference of \$1521 per year.

This is \$1770 or \$3291 (9%-17%) higher per year for traditional or green energy, respectively, than our current rate. This is due to rising rates and is still lower than our budget assumption of 25% higher.

We recommend a 36-month as an average risk profile and upon recommendation from our broker. They believe these higher rates are the new normal and aren't likely to decrease.

| Traditional Energy Rates | Rates are per kWh |           |           |
|--------------------------|-------------------|-----------|-----------|
| Start Date               | 3/4/2022          | 3/4/2022  | 3/4/2022  |
| Stop Date                | 2/5/2024          | 2/5/2025  | 2/5/2026  |
| Term (Months)            | 24                | 36        | 48        |
| Supplier                 |                   |           |           |
| Direct Energy            | \$0.06964         | \$0.06725 | \$0.06651 |
| APG&E                    | \$0.07558         | \$0.07172 | \$0.07290 |
| Energy Harbor            | \$0.07463         | \$0.07391 | \$0.07012 |
| Summer Energy            | \$0.07393         | \$0.07174 | \$0.07012 |
| AEP Retail               | \$0.07130         | \$0.07000 | \$0.06820 |

| 100% Green Energy Rates | Rates are per kWh |           |           |
|-------------------------|-------------------|-----------|-----------|
| Start Date              | 3/4/2022          | 3/4/2022  | 3/4/2022  |
| Stop Date               | 2/5/2024          | 2/5/2025  | 2/5/2026  |
| Term (Months)           | 24                | 36        | 48        |
| Supplier                |                   |           |           |
| Direct Energy           | \$0.07203         | \$0.07203 | \$0.07122 |
| APG&E                   | \$0.08058         | \$0.07891 | \$0.07790 |
| Marathon Energy         | \$0.07790         | \$0.07791 | \$0.07670 |
| AEP Retail              | \$0.07700         | \$0.07500 | \$0.07310 |

**\* Only 4 Suppliers Responded w/Green**

Projected Average Usage for all Accounts 318,285 kWh/year

| Traditional Energy Rates |           |           |           |
|--------------------------|-----------|-----------|-----------|
| Term (Months)            | 24        | 36        | 48        |
| Direct Energy            | \$0.06964 | \$0.06725 | \$0.06651 |
| Annual \$                | \$21,165  | \$21,405  | \$21,169  |
| Vs. Green                | -\$716    | -\$1521   | -\$1499   |

| 100% Green Energy Rates |           |           |           |
|-------------------------|-----------|-----------|-----------|
| Term (Months)           | 24        | 36        | 48        |
| Direct Energy           | \$0.07203 | \$0.07203 | \$0.07122 |
| Annual \$               | \$22,926  | \$22,926  | \$22,668  |
| Vs. Traditional         | \$761     | \$1521    | \$1499    |