

Supply of Natural Gas and Related Services

Briefing by:

Houston Finance Department – FP&A

City of Houston
BUDGET and FISCAL AFFAIRS COMMITTEE
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OVERVIEW

- The City of Houston conducted a Request for Proposals (RFP) for the supply of natural gas on October 26, 2018.
- The current contract expires on April 30, 2019. The contract was extended to this date in order to help the City of Houston take advantage of historically lower prices of natural gas during the spring season.
- The new contract to supply natural gas will begin May 1, 2019.



PROCUREMENT PROCESS

- Request for Proposals (RFPs) for the Supply of Natural Gas and Related Services for the City of Houston was advertised on October 26, 2018.

- The deadline for submitting proposals to the RFP was November 29, 2018.
 - 3 letters of clarification were released by SPD on November 14, November 21, and November 28.

- The City of Houston received submittals from three (3) qualified vendors:
 - CenterPoint Energy Services, Inc. (current provider)
 - Cokinos Energy Corporation
 - Texican Natural Gas



PROCUREMENT PROCESS CONT'D

Evaluation criteria and process followed:

- The Evaluation Committee (EC) evaluated the proposals of three (3) suppliers in response to the Request for Proposals (RFP) in accordance with the pre-established evaluation procedures.
- The EC is composed of City of Houston voting members from 5 different departments: FIN, PWE, ARA, GSD and HAS. Each member has numerous years of experience in the utilities and energy sector.



PROCUREMENT PROCESS CONT'D

Evaluation criteria and process followed (cont'd):

- The evaluation is based upon the following criteria:
 - Responsiveness of proposal
 - **Price proposal, Technical Competence/Requirements**
 - Price Adder: supply approximately 1.3 million MMBtu of natural gas with competitive pricing based on the **adder** offered.
 - Product Offerings: Risk management, balancing and “true up”, ability to coordinate with CNP and City for new connections, disconnections, and other account changes, ability to address telemetry.
 - Electronic E-commerce
 - References and Customer Relations
 - Provide references from customers with similar sized loads and meters.
 - No material or unsatisfactorily resolved Texas Railroad Commission (TRRC) customer complaints.
 - No material pending or past litigation.
 - Acceptance of Contract Terms
 - Offer beneficial contract terms to City.
 - No objections or exceptions taken to City contract terms.



PROCUREMENT PROCESS CONT'D

Evaluation criteria and process followed (cont'd):

- Hire Houston First (HHF) Program can be found in the City of Houston's Code of Ordinances (the "Code") Ch. 15, Article XI. At the conclusion of scoring the Proposals, HHF preference points shall be distributed in the following manner:
 - 5 Points: for proposer whose firm resides within the City of Houston Limits.
 - 3 Points: for proposer whose firm is a local business residing within the local area as defined by section 15-176 of the Code.
 - 0 Points: for proposer whose company does not reside within Houston city limits, or within the local area as defined by section 15-176 of the Code.



HIGHLIGHTS

- Three (3) Year contract with two one-year options
- Price Adder:
 - All proposers have the ability to supply approximately 1.3 million MMBtu of natural gas annually to the City of Houston and have offered various pricing options.
- Product Offerings:
 - All proposers are able to include a wide array of related natural gas product and service offerings to satisfy the City's needs.
- Electronic commerce:
 - Two of the proposers offered electronic commerce, one did not address electronic commerce.
- References and Customer Relations:
 - All proposers demonstrated high overall scores regarding references and customer relations by providing references from customers with similar sized loads and similar number of meters.
- Acceptance of Contract Terms:
 - Two proposers accepted our terms and conditions with no objections, one proposer did not.
- Hire Houston First (HHF):
 - Two proposers received full HHF points, one proposer received zero (0) HHF points.



Next Steps

- SPD and LGL are currently involved in final negotiations with the proposer recommended by the Evaluation Committee (EC).
- This item is expected to go to Council in April.

