



Streetlight Fixed Price Proposal



Agenda



- Reliant Energy Contract Overview
- Winter Storm Uri
- Proposal



Reliant Energy Electricity Contract Overview

- **Approved by council on April 22, 2020 (Ordinance No. 2020-341)**
- **Contract Term: 5 Year term with 2 one-year options**
 - Start Date: 07/01/2020
 - End Date: 06/30/2025
- **Contract Value: \$640M (7-year contract value)**
- **Current Schedules:**
 - General Operations: Fixed Rate
 - Streetlights: Day Ahead Market Rate (variable)



Winter Storm Uri – February 2021

- **Streetlight Financial Impact**

- Average streetlight pricing*: \$ 28.97 per MWH (2019), \$22.42 per MWH (2020).

*based on day ahead (variable) pricing

- Day Ahead Market Pricing:

Winter Storm Uri Day Ahead Market Fluctuation

12-Feb	13-Feb	14-Feb	15-Feb	16-Feb	17-Feb	18-Feb	19-Feb	20-Feb
\$ 373.56	\$2,075.46	\$4,705.59	\$7,599.80	\$7,912.35	\$8,043.37	\$8,360.48	\$1,415.71	\$ 19.97

* this is not the actual COH pricing, does not include fixed adder

- Without the profile adjustment, the City of Houston would have paid over \$5.6M in energy supply costs.
- COH disputed the February 2021 and March 2021 Streetlight invoices as a result of Winter Storm Uri (February 15-19).
- NRG advocated to adjust the streetlight load profiles for the operating days of February 15-18, 2021, which resulted in Market Order M-A030821-01, dated March 8, 2021, that translated to an energy supply cost reduction of over \$3.2 million for the City.
 - The load profiles for the operating days of February 15-17, 2021, were adjusted to 20% of the original value, and the load profile for the operating day of February 18, 2021, was adjusted to 50% of the original value.
- COH and Reliant reached an agreement for the City to pay \$2.4M (processed on August 9, 2021) resolving the dispute.

Proposal for Fixed Streetlight Pricing



- Current remaining contract value (FY22-FY27): \$564M
- With the proposed fixed price:
 - Estimated electricity spending (FY22-FY27): \$545M - \$550M
 - This estimate is based on an average fixed price as of October 2021
 - Approximately \$16M below the remaining contract value, no additional spending authority needed
- Estimated impact of streetlight fixed price (FY22 – FY27): \$2.5M - \$3.1M
 - Estimated annual impact of streetlight fixed price: \$420K - \$510K
- A fixed price for streetlights will provide a risk management strategy against future uncertainty. This proposal will have no effect on the overall electricity supply contract value.



Next Steps

- Council Action: Mid November 2021
- Fixed price would be effective January 1, 2022