



Legislation Details (With Text)

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On agenda: 5/16/2023 **Final action:** 5/16/2023

Title: Authorizing the Mayor to enter into agreements to purchase wholesale electricity in real time and in various megawatt or megawatt-hour blocks; authorizing the Mayor to enter into agreements to sell, balance, deliver and manage electricity for customers of Toledo Public Power; authorizing the Mayor to purchase equipment, infrastructure and real estate interests to facilitate the operation of Toledo Public Power; authorizing only Toledo Public Power to aggregate and bid demand response of retail customers in accordance with FERC Order 719; authorizing the Mayor to execute the necessary agreements and contract amendments on behalf of Toledo Public Power to facilitate demand response and other electricity opportunities including but not limited to renewable energy plans; and declaring an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
5/16/2023	1	City Council	Suspension	Pass
5/16/2023	1	City Council	Emergency	Pass
5/16/2023	1	City Council	Passage	Pass

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DPU/Law

L. Kovacik (x1020)

Revised

Authorizing the Mayor to enter into agreements to purchase wholesale electricity in real time and in various megawatt or megawatt-hour blocks; authorizing the Mayor to enter into agreements to sell, balance, deliver and manage electricity for customers of Toledo Public Power; authorizing the Mayor to purchase equipment, infrastructure and real estate interests to facilitate the operation of Toledo Public Power; authorizing only Toledo Public Power to aggregate and bid demand response of retail customers in accordance with FERC Order 719; authorizing the Mayor to execute the necessary agreements and contract amendments on behalf of Toledo Public Power to facilitate demand response and other electricity opportunities including but not limited to renewable energy plans; and declaring an emergency.

SUMMARY & BACKGROUND:

Toledo Public Power has been in existence since 2007 and serving retail electricity to its sole customer, OmniSource LLC, since 2009. The current power contract between the parties was executed in 2019 and runs for ten years. One of the original authorizing ordinances, 319-09, provided an adequate framework for the first decade of operating Toledo Public Power but OmniSource has expressed an interest in acquiring additional,

varied electricity products. In particular, OmniSource would like to explore demand response and other programs to assist in stabilizing or reducing its monthly power costs. Despite over a decade of predictable monthly invoices, record high prices in 2022 and the current volatility in the electricity markets has caused unpredictable spikes in power costs.

The regional transmission organization that services Toledo Public Power has various programs that make payments to customers if they modify their operating status on short notice. These programs, called demand response, reduce the operating costs and increase the efficiency of the electric transmission grid. This type of program is regulated by the Federal Energy Regulatory Commission (“FERC”) via Order No. 719, 125 FERC ¶ 61,071, 73 Fed. Reg. 64,099; 18 C.F.R. § 35.28(g)(1)(iii) and g(1)(i)(A) (“Order 719”). In order to protect Toledo Public Power, its customer(s) and the integrity of Toledo’s electric utility, only Toledo Public Power is hereby authorized to aggregate and bid into demand response programs.

Toledo Public Power is further authorized to continue executing the necessary agreements and contract amendments to purchase equipment, infrastructure and real estate interests to further serve Toledo Public Power, as well as facilitate other electricity programs, including but not limited to renewable energy opportunities.

NOW, THEREFORE, Be it ordained by the Council of the City of Toledo:

SECTION 1. That the Mayor is authorized to enter into agreements and contract amendments to purchase wholesale electricity in real time and in various megawatt or megawatt-hour blocks, upon terms and conditions acceptable to the Director of Public Utilities and the Director of Law.

SECTION 2. That the Mayor is authorized to enter into agreements to sell, manage, balance and deliver electricity to customers of Toledo Public Power, upon terms and conditions acceptable to the Director of Public Utilities and the Director of Law.

SECTION 3. That the Mayor is authorized to enter into contracts for the purchase equipment, infrastructure and real estate interests to facilitate the operation of Toledo Public Power, upon terms and conditions acceptable to the Director of Public Utilities and the Director of Law.

SECTION 4. That the Mayor is authorized to accept and deposit revenues received from the sale of electricity into Account Code 607U-31000-4000554STDSTD (Toledo Public Power).

SECTION 5. That subject to appropriation the expenditure of funds is authorized from the Toledo Public Power Fund for the purposes in Section 3.

SECTION 6. That the rate for the sale of electricity to the customers of Toledo Public Power shall be the wholesale cost as purchased by the City plus the City’s administrative fees and applicable state kilowatt-hour taxes.

SECTION 7. That the Director of Public Utilities, or his or her designee, shall operate and manage all operational and billing needs of Toledo Public Power.

SECTION 8. That the Finance Director is authorized to draw his or her warrant or warrants against the above-mentioned Account Code in payment of the obligations herein, as authorized upon presentation of the proper voucher or vouchers therefore.

SECTION 9. That the aggregation of demand response on behalf of Toledo Public Power retail customers to be bid directly into the organized electric and ancillary services markets administered by the regional transmission organization (or any successor independent system operator) be performed by Toledo Public Power and/or its authorized designee(s).

SECTION 10. That only Toledo Public Power and/or its authorized designee(s) are permitted to aggregate retail customers' demand response and bid demand response on behalf of retail customers directly into any Commission-approved independent system operator's or regional transmission organization's organized electric markets.

SECTION 11. That retail customers of Toledo Public Power desiring to bid their demand response into a Commission-approved independent system operator's or regional transmission organization's organized electric markets may do so only by participating via Toledo Public Power and/or its authorized designee(s).

SECTION 12. That Toledo Public Power and/or its authorized designee(s) are the only entities permitted to bid demand response on behalf of retail customers directly into any Commission-approved independent system operator's or regional transmission organization's organized markets for emergency load response, energy imbalance, spinning reserves, synchronized reserve, supplemental reserves, reactive power and voltage control, or regulation and frequency response ancillary services (or any one or more functional equivalent(s) in the Commission-approved independent system operator's or regional transmission organization's tariff).

SECTION 13. That retail customers of Toledo Public Power desiring to bid their demand response into a Commission-approved independent system operator's or regional transmission organization's organized markets for emergency load response, energy imbalance, spinning reserves, synchronized reserve, supplemental reserves, reactive power and voltage control, or regulation and frequency response ancillary services (or any one or more functional equivalent(s) in the Commission-approved independent system operator's or regional transmission organization's tariff) may do so only by participating via Toledo Public Power and/or its authorized designee(s).

SECTION 14. That the Mayor is authorized to execute agreements and necessary contract amendments to facilitate delivery of demand response and other programs on behalf of Toledo Public Power, upon terms and conditions acceptable to the Director of Public Utilities and the Director of Law.

SECTION 15. That it is found and determined that all formal actions of this Council of the City of Toledo, Ohio concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council and that all deliberations of this Council and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

SECTION 16. That this Ordinance is declared to be an emergency measure and shall be in force and effect from and after its passage. The reason for the emergency lies in the fact that same is necessary for the immediate preservation of the public peace, health, safety and property, and for the further reason that it is critical to facilitate expanded power choices to Toledo Public Power customers to provide relief from electricity costs.

Vote on emergency clause: yeas 12, nays 0.

Passed: May 16, 2023, as an emergency measure: yeas 12, nays 0.

Attest:

Gerald E. Dendinger
Clerk of Council

Matt Cherry
President of Council

Approved:

May 16, 2023
Wade Kapszukiewicz
Mayor