

City of Oberlin, Ohio

ORDINANCE No. 11-30 AC CMS

AN ORDINANCE AUTHORIZING THE EXECUTION OF THE 2011 – 2016 PEAKING POWER PURCHASE SCHEDULE WITH AMERICAN MUNICIPAL POWER, INC. AND DECLARING AN EMERGENCY

WHEREAS, The City of Oberlin, Ohio (Oberlin) and American Municipal Power, Inc. (AMP) have entered into a Master Agreement (C-11-2005-4444) dated November 5, 2005 under which certain services may be provided under schedules thereto; and

WHEREAS, Oberlin owns natural gas and diesel capacity and associated energy, which is available for sale; and

WHEREAS, AMP has a need for peaking capacity to serve the Northern Power Pool's RPM and Energy Pools; and

WHEREAS, in order to obtain a source of peaking power and associated energy, AMP desires to purchase electric power and energy from Oberlin;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF OBERLIN, LORAIN COUNTY, STATE OF OHIO, FIVE-SEVENTHS (5/7ths) OF ALL MEMBERS ELECTED THERETO CONCURRING:

SECTION 1: That the conditions, terms and covenants attached hereto as Exhibit 1 as mutually agreed upon between the City of Oberlin and American Municipal Power, Inc., is approved substantially in the form attached hereto, subject to and with any and all changes provided herein.

SECTION 2: That the City Manager is hereby authorized to execute and deliver on behalf of this Municipality the June, 2011 – May, 2016 Peaking Power Purchase Schedule, substantially in the form attached hereto.

SECTION 3: If any section, subsection, paragraph, clause or provision or any part thereof of this Ordinance shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Ordinance shall be unaffected by such adjudication and all the remaining provisions of this Ordinance shall remain in full force and effect as though such

section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

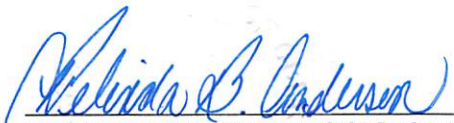
SECTION 4. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were taken in conformance with applicable open meetings laws and that all deliberations of this Council and of any committees that resulted in those formal actions were in compliance with all legal requirements including any applicable open meetings requirements.

SECTION 5. This Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, safety, and welfare of the citizens of Oberlin, Ohio, to wit:

“to authorize a peaking power schedule at the earliest date possible to ensure uninterrupted capacity credits to the municipal electric system wholesale power charges” and shall take effect immediately upon passage”

PASSED: 1st Reading – April 18, 2011 (S, E)
2nd Reading
3rd Reading

ATTEST:



BELINDA B. ANDERSON, CMC
CLERK OF COUNCIL



KENNETH SLOANE
PRESIDENT OF COUNCIL

POSTED: 04/19/2011

EFFECTIVE DATE: 04/18/2011

**2011-2016 Peaking Capacity Power Purchase
A Schedule to
American Municipal Power, Inc,
and
City of Oberlin, Ohio Agreement
AMP Master Agreement No. C-11-2005-4444
Dated November 4, 2005**

WHEREAS, the City of Oberlin, Ohio (Municipality) and American Municipal Power, Inc. (AMP) (individually a Party and collectively Parties) have entered into a Master Services Agreement dated November 4, 2005 (Agreement) under which certain services may be provided under schedules thereto;

WHEREAS, Municipality owns peaking generation capacity (Municipal Generation) and associated energy, which is available for sale;

WHEREAS, Municipality is a participant in the Northern Power Pool (NPP);

WHEREAS, AMP has a need for peaking capacity to serve the NPP RPM and Energy Pools;

WHEREAS, in order to obtain a source of peaking power and associated energy, AMP desires to purchase electric power and energy from Municipality;

NOW, THEREFORE, in consideration of the conditions, terms and covenants hereinafter contained, the Parties hereto do hereby mutually agree as follows:

SECTION 1 - TERM.

The term of this schedule (Schedule) shall be starting on June 1, 2011 and ending on May 31, 2016 (the "Term").

SECTION 2 - SERVICES.

AMP will purchase 8,000 kW of installed generation capacity ("Capacity") from Municipality's generation units listed in Appendix A for the Term. AMP will have the right to all PJM RPM benefits derived from the Capacity.

AMP will purchase 8,000 kW of peaking demand and energy ("Peaking") from Municipality's generation units listed in Appendix B for the Term.

SECTION 3 – RATES AND CHARGES.

Compensation for the sale will be at the following terms:

- ◆ Capacity charge will be at the rate of:
\$1.85 / kW-mo

- ◆ Peaking charge will be at the rate of:
\$0.40 / kW-mo

- ◆ All energy scheduled and received by AMP from the Municipal Generation will be compensated at Municipality's actual out of pocket fuel cost of generation for the month plus a \$20 / MWh variable operation and maintenance charge.

- ◆ Other than the performance requirements under PJM's Demand Response program, all of the power sold under this arrangement is considered unit firm, based on the availability of Municipality's generation units. In the event that Municipality does not have a portion of the Peaking available when called upon by AMP during a period that **is not** a PJM Full Emergency Load Response Event or Demand Response Test, then the capacity charge stated above will be reduced by \$0.20 / kW-day times the amount of the Peaking unavailable, with the total capacity charge reduction for any specific delivery month capped at that month's capacity charge. In the event that a portion of the Capacity is unavailable when called upon by AMP during a period that **is** a PJM Full Emergency Load Response Event or Demand Response Test, then the penalties stated in Section 4 shall apply.

- ◆ Municipality may remove the Municipal Generation from service for two weeks per year during April, October or November to perform preventive or other scheduled maintenance. During these two weeks, no capacity charge discount shall be made provided Municipality gives AMP a two week notice prior to the start of the maintenance outage.

SECTION 4 – OPERATIONS AND DEMAND RESPONSE REQUIREMENTS

- ◆ Municipality shall operate and remain ready to operate the Municipal Generation upon request by AMP in accordance with this Agreement. Municipality shall operate the Municipal Generation only upon request of and for sale to AMP except: (i) as necessary for start up and testing or periodic exercising of equipment as reasonably determined by Municipality to keep such equipment in good working condition, (ii) during emergency situations when a failure of the FirstEnergy transmission system prevents the delivery of the power to Municipality, or (iii) use pursuant to any "second call" contract.

- ◆ AMP shall provide a minimum sixty (60) minute notice for Municipality to operate the contracted Peaking and Capacity unless a shorter notice is agreed to by Municipality. Upon providing notice to Municipality, AMP will schedule the energy for a minimum two hour period unless a shorter period is agreed to by Municipality.

- ◆ AMP will register the Capacity under PJM's Demand Response program in order to receive the value of the Capacity for RPM purposes. Municipality agrees to cooperate with AMP in regards to PJM's Demand Response testing and emergency operations requirements in order to maximize the RPM value of the Capacity.
 - If Municipality fails to generate its entire Capacity during a PJM Full Emergency Load Response Event, AMP will charge Municipality 100% of the total penalties that AMP receives from PJM for the Municipality's non-performance.
 - Based on current PJM demand response rules, if a PJM Full Emergency Load Response Event is not called between June 1 and September 30, the Municipality is required by PJM to demonstrate the capability of the Capacity

no later than September 30 during a test scheduled by AMP. This one-hour test will be conducted between 12:00 (noon) and 8:00 PM between June 1 and September 30. All resources contracted by the Municipality and other Municipalities that belong to the PJM account of which the Municipality is a member must perform their test during the same hour. Should some of the resources within the PJM account fail, retesting may be required. PJM will administer financial penalties to the portion of the registered resource that fails the test. AMP will charge Municipality 100% of the total penalties AMP receives from PJM for the Municipality's non-performance.

SECTION 5 - BILLING.

Municipality shall provide AMP an invoice monthly detailing the demand and associated energy charges pursuant to this schedule. Municipality may request that AMP include the demand and associated energy charges as a credit on their monthly power invoice from AMP.

In case a portion of any amount included in a statement rendered pursuant to this Section is in bona fide dispute, AMP shall only pay that amount not in dispute and AMP shall provide written notice to Municipality by the due date of the invoice as to the amount of the dispute and the reasons for the dispute. Once the dispute is resolved, AMP shall pay any additional amount due calculated with interest thereon computed as provided in this Section.

If the output from the Municipal Generation is not recorded by AMP's SCADA system, Municipality is required to submit monthly hour by hour interval revenue quality metering data from its Municipal Generation to AMP within 5 days after the end of each month that the Municipal Generation has operated. In the event that valid data cannot be submitted due to a metering failure or any other cause, AMP will assist Municipality in estimation of interval data in accordance with the PJM rules in effect for meter failures.

SECTION 6 - DELIVERY POINTS.

The Delivery Point, pursuant to this Schedule shall be at the output of the Municipality generating units. Municipality will provide transmission across the Municipality transmission system at no cost to deliver the power to the Municipality / FirstEnergy interconnect.

SECTION 7 – CAPACITY REPLACEMENT.

Municipality shall be financially obligated for the sale of the Capacity for the Term. The Municipality shall be permitted to provide replacement Capacity to AMP (whether through a purchase from others or PJM) in order to meet its obligations, so long as the replacement does not result in increased costs to AMP.

SECTION 8 – CHANGE IN REGULATIONS.

In the event that new environmental regulations cause Municipality to retire any of the generating units providing the Peaking portion of this contract, the amount of Peaking sold by Municipality to AMP will be reduced by Municipality by providing AMP at least 6 months notice. New environmental regulations do not relieve the Municipality of its RPM Capacity obligations under this Schedule.

SECTION 9 – TRANSMISSION SAVINGS.

Any transmission cost savings achieved through the operation of Municipality's generating units will remain solely with Municipality. In the event that the generating units are operated only for the purpose of reducing Municipality's transmission peak, then Municipality will be responsible for the fuel costs associated with the generation during that time.

SECTION 10 – PARTIAL SALE OF PLANT CAPACITY.

In the event that Municipality does not sell all of its Municipal Generation located at its power plant, AMP will be credited with the first 8,000 kW of generation during operation of the Municipal Generation under this Schedule.

SECTION 11 - PRIOR SCHEDULES.


^{Oberlin} The January – May 2011 Peaking Power Schedule between AMP and the City of ~~Municipality~~ (AMP contract C-12-2010-8158) shall terminate on midnight May 31, 2011 and shall no longer be of any force or effect after the effective date of this Schedule except to the extent billing or like matters remain outstanding.

SECTION 12 - MISCELLANEOUS.

All terms and conditions of the Agreement which are not in express conflict with the terms and conditions of this Schedule shall be applicable to this Schedule.

IN WITNESS WHEREOF, the Parties hereto have caused this Schedule to be executed by their proper officers respectively, being there unto duly authorized, and their respective corporate seals, if any, to be hereto affixed.

City of Oberlin, Ohio

By:  Date: 4/26/11


Name: Eric Aorenberg

Title: City Manager

Approved to Form:

By: 
Eric Severs, City Law Director

American Municipal Power, Inc.

By:  Date: 5/5/11

Name: MARC S. GERKEN

Title: PRES / CEO

APPENDIX A

MUNICIPALITY GENERATING UNITS PROVIDING CAPACITY

<u>UNIT NAME</u>	<u>FUEL TYPE</u>	<u>CAPACITY</u>	<u>MUNICIPAL OWNERSHIP SHARE</u>
Unit No. 2	Dual Fuel	3,165 kW	100%
Unit No. 3	Dual Fuel	3,165 kW	100%
Unit No. 4	Natural Gas	2,000 kW	100%

APPENDIX B

MUNICIPALITY GENERATING UNITS PROVIDING PEAKING

<u>UNIT NAME</u>	<u>FUEL TYPE</u>	<u>CAPACITY</u>	<u>MUNICIPAL OWNERSHIP SHARE</u>
Unit No. 2	Dual Fuel	3,165 kW	100%
Unit No. 3	Dual Fuel	3,165 kW	100%
Unit No. 4	Natural Gas	2,000 kW	100%