



**INFORMATION REPORT**

**PROPOSED ACTION:**

**Information Report:** Proposed Utility Purchasing Authority Ordinance (**Executive Office**)

Submitted By: Kristi McKenney, Acting Executive Director

**EXECUTIVE SUMMARY:**

Staff proposes bringing to the Board of Port Commissioners (Board) at a future meeting, a Utility Purchasing Authority Ordinance, which gives Executive Director, Chief Operating Officer, and Utility Manager contracting authority to execute agreements for short-term market energy and energy-related purchases. The proposed Utility Purchasing Ordinances codifies existing practices and will ensure that the Port has adequate resources to meet the customers’ demands, State regulations, and the Port’s zero-emissions goals.

**BACKGROUND & ANALYSIS**

The Port of Oakland (Port) is a publicly owned utility supplying utility services to the Seaport and Airport. Port Utilities has over 300 utility service connections to customers operating within the Port area. As a publicly owned utility, the Port purchases energy and energy-related instruments such as Resource Adequacy Capacity, Renewable Energy Certificates (REC), and Greenhouse Gas Compliance Instrument Purchases, and re-sells energy to Port tenants.

The Utility Purchasing Authority Ordinance is an important tool to help ensure that the Port can act quickly on short term market energy and energy-related purchases to ensure that it has adequate resources to meet customers' demands, State regulations, and the Port's zero-emissions goals. Port Staff is proposed adding Chapter 10.02 outlining contracting authority for energy-related purchases, support services, requirements for Short-term Market Energy Purchases of Resource Adequacy Capacity, RECs, Greenhouse Gas Compliance Instruments, and Administrative Procedures. The proposed Utility Purchasing Authority Draft Ordinance is attached as Attachment A, and it codifies and provides enhanced transparency surrounding existing practices that have been previously presented to the Board.

The following itemized list provides an overview and summary of the topic areas and requirements covered in the Utility Purchasing Authority Ordinance.

1. **Contracting Authority for Energy-Related Purchases:** The Chief Operating Officer and Executive Director shall have the authority to execute any agreements (for a period of five years or fewer) for Short Term Market Energy, Resource Adequacy Capacity, RECs, and Greenhouse Gas Compliance Instrument

Purchases of up to Three Million Dollars (\$3,000,000) on a per transaction basis while Utility Manager shall have the authority to execute purchasing agreements of up to Two Million Dollars (\$2,000,000). All other agreements must be approved by the Board. This codifies the purchasing authority limits set forth in Port Utility's June 2015 Energy Risk Management and Procurement Program (ERMPP), which was presented to the Board of Port Commissioners on October 22, 2015. Previously, Staff followed an overall aggregate purchasing limit (e.g., set forth in Resolutions 07-120 and 12-104), but this Ordinance will provide that aggregate amounts will be addressed by the budget process.

2. **Contracting Authority for Support Services from Northern California Power Agency (NCPA):** The Executive Director is authorized to execute confirmations with NCPA for support services under the Support Services Agreement, subject to a per confirmation limit of One Hundred and Fifty Thousand Dollars (\$150,000). Previously, on April 14, 2016, the Board of Port Commissioners approved the Port's participation in the NCPA Support Services Agreement and delegated to the Executive Director authority to execute confirmations with NCPA for select electric utility services to be determined by the Port on an as-needed basis. This codifies that action setting per confirmation limit aligned with the Executive Director's purchasing authority without setting a maximum, aggregate amount.
3. **Requirements for Short Term Market Energy Purchases and Purchases of Resource Adequacy Capacity, RECs, and Greenhouse Gas Compliance Instruments:** The Board will set the cumulative transaction maximum total for Short Term Market Energy Purchases and Purchases of Resource Adequacy Capacity, RECs, and Greenhouse Gas Compliance Instruments through its adoption of the annual one-year operating and capital budget.
4. **Administrative Procedures:** The Executive Director or designee may promulgate and adopt administrative procedures and policies, and implement controls, for Energy procurement and to implement a risk management program intended to minimize risks associated with the Port's Energy procurement practices and reflect industry best practices.