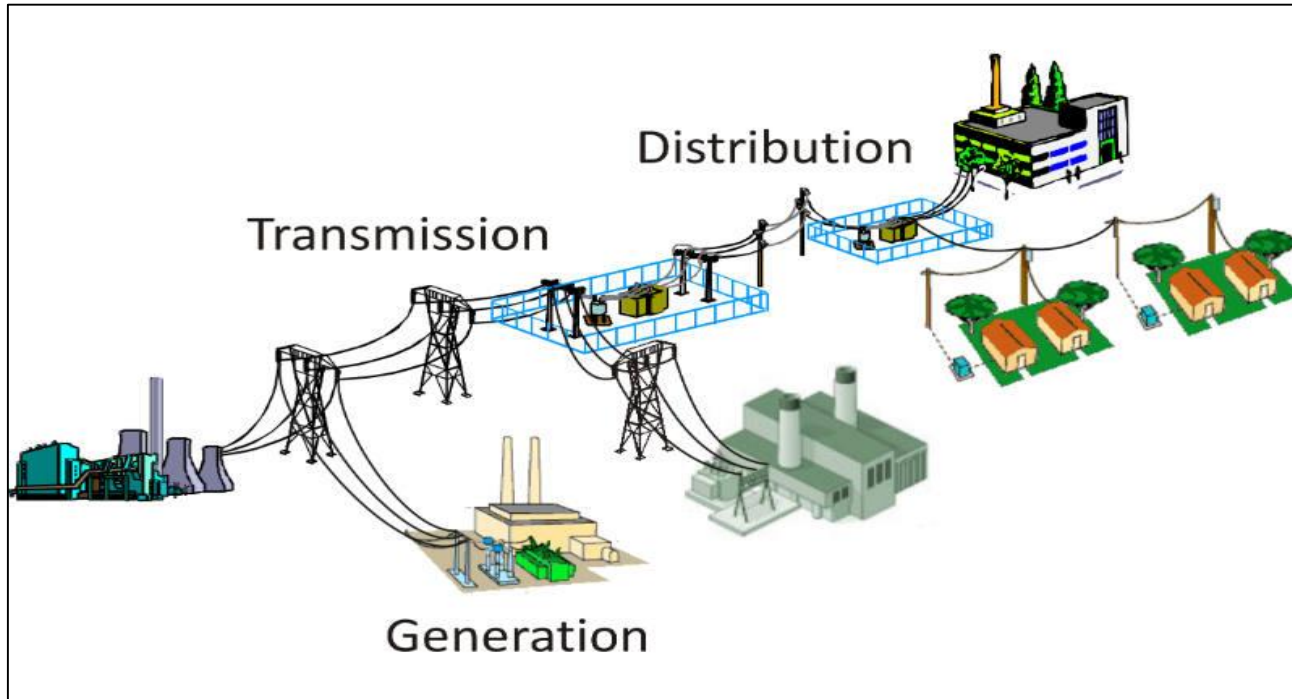


New Electricity Supply Program

Commission Meeting
February 20, 2019

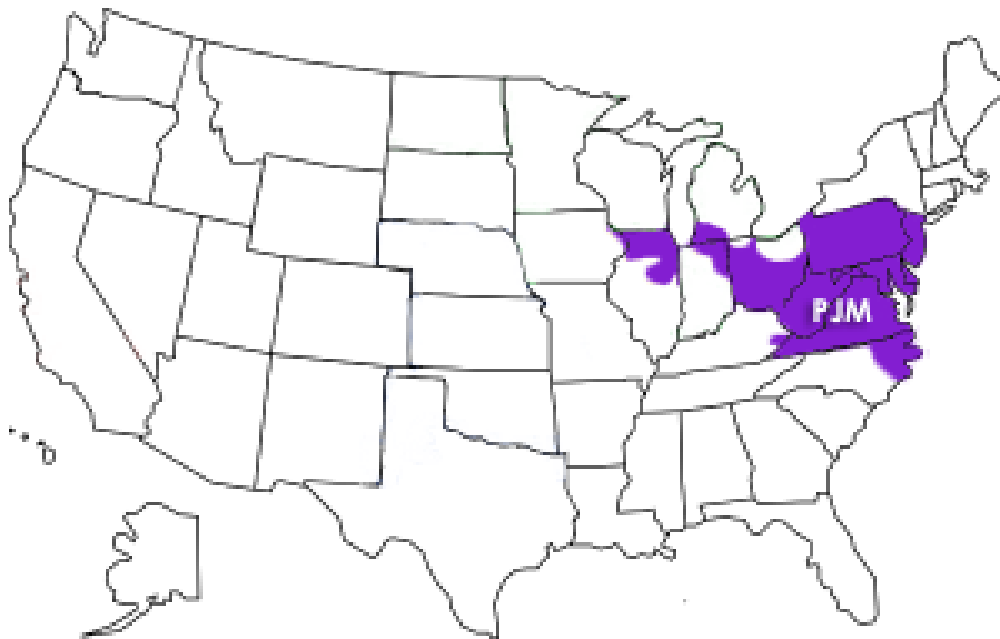
Electricity Market



Supply = Generation + Transmission

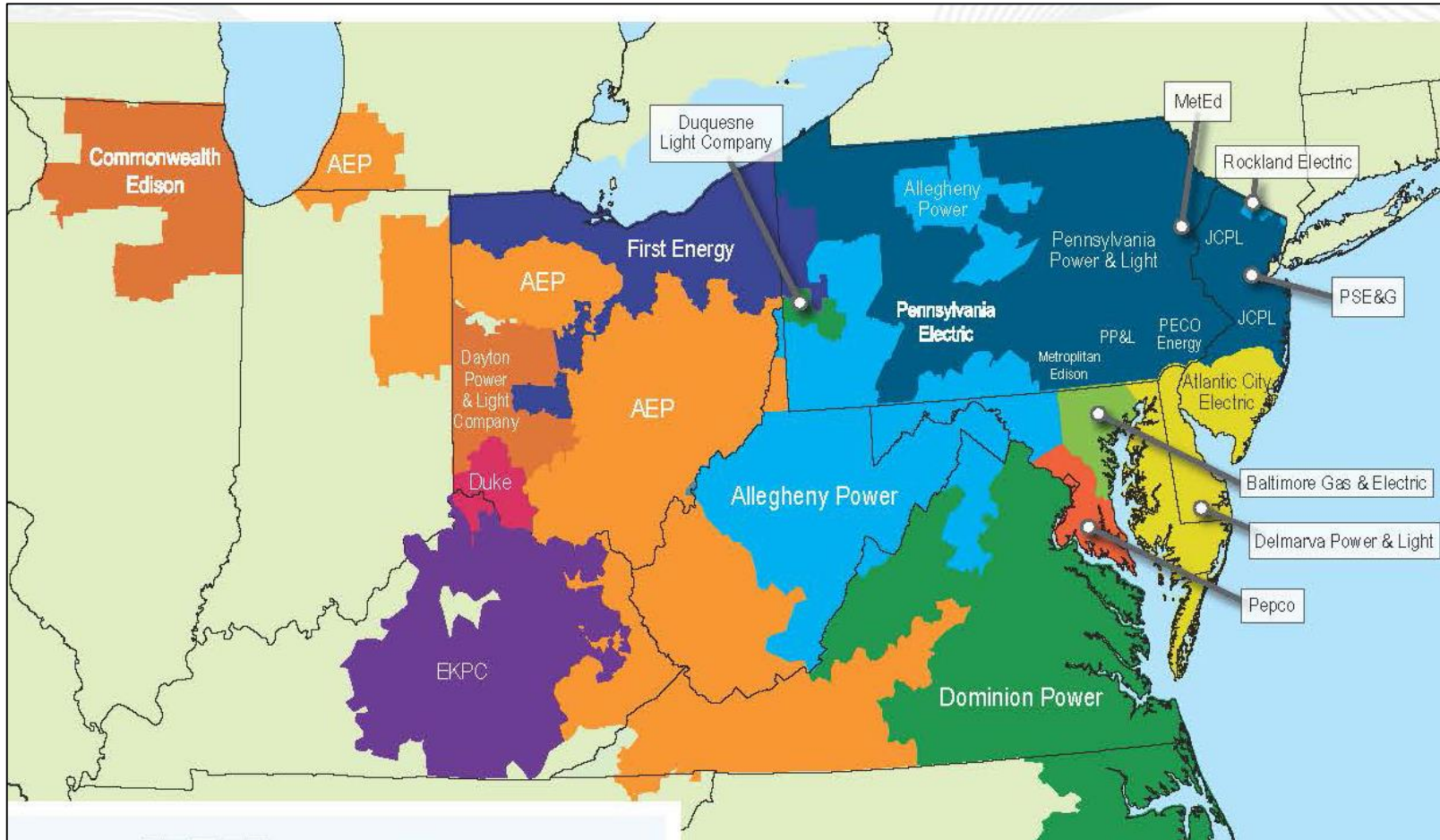
Energy Generation & Transmission

PJM Grid (Originally Pennsylvania–Jersey–Maryland)



Energy Generation & Transmission

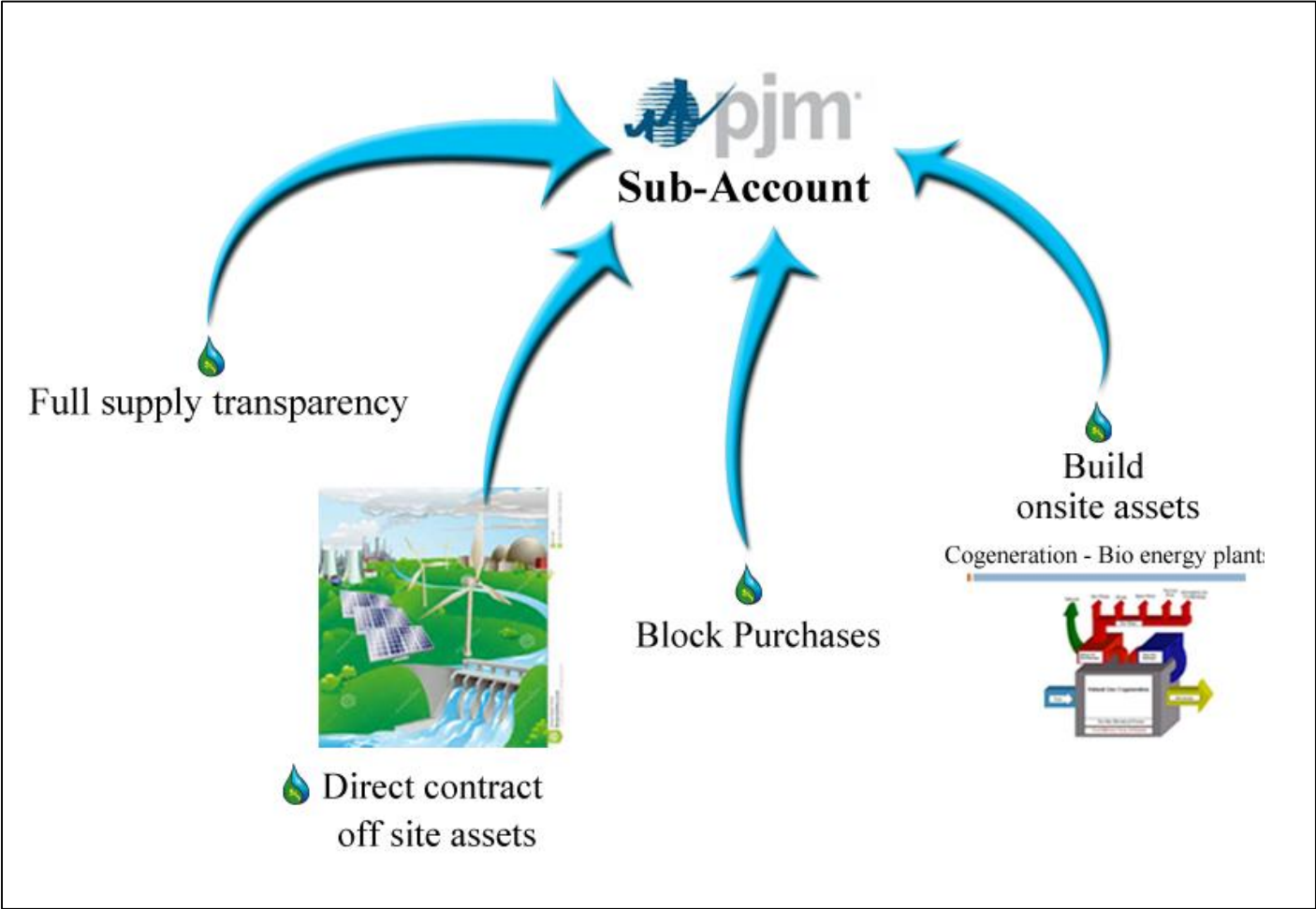
PJM Grid



Electricity Supply Procurement – WSSC History

- ▶ Fixed Price – Retail (2000 – 2004)
 - \$/kWh all inclusive price per account
 - Includes consumption & capacity, all other charges
 - No flexibility
- ▶ Block & Index– Retail (2004 – 2019)
 - \$/kWh on PJM Hourly Market
 - \$/MW blocks for yearly, seasonal periods
- ▶ PJM Sub–Account – Wholesale (2019 – 2024)
 - Similar to Block & Index w/o retail markup
 - Offers more flexibility

Benefits of PJM Sub-Account

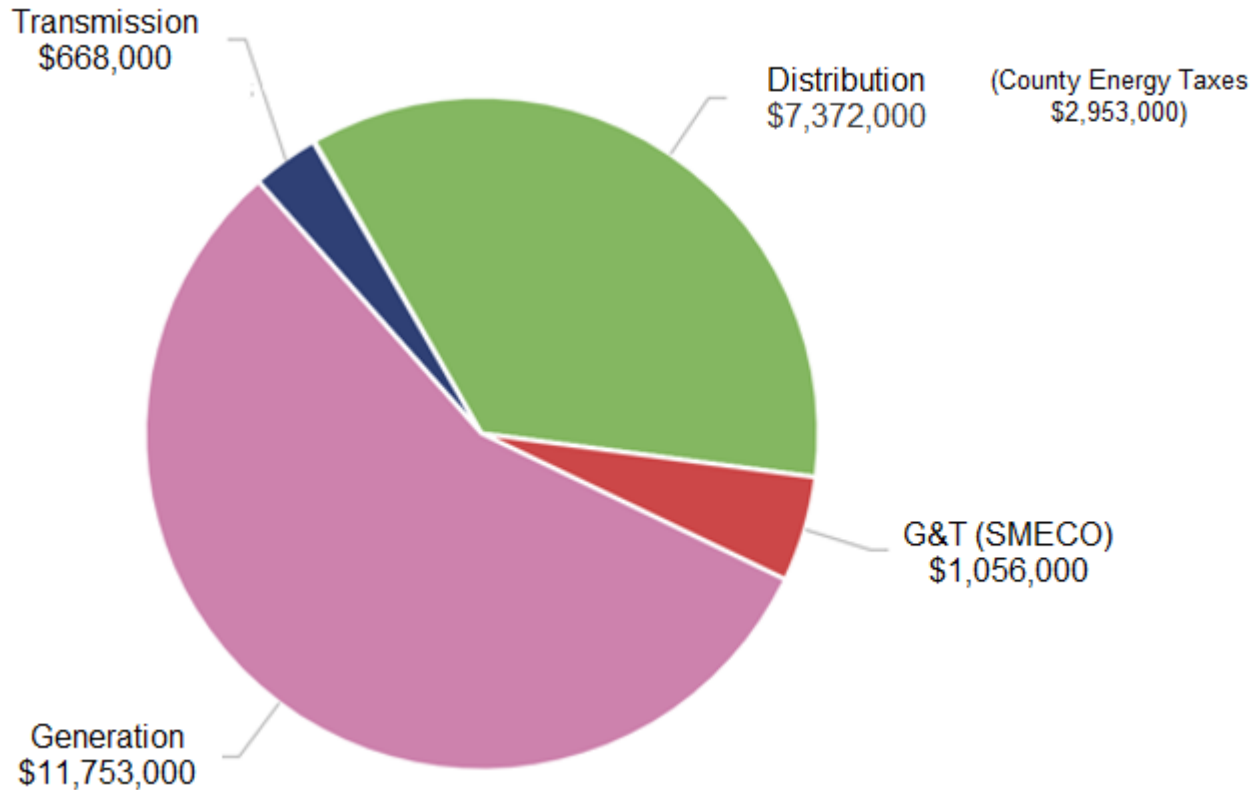


Existing Electricity Retail Supply Contract

- ▶ Supplier is Constellation Energy
- ▶ Expires 6/30/19
- ▶ Contract cost = fee (\$.00432/kWh) + wholesale cost of electricity
- ▶ Wholesale cost= spot market (hourly) + capacity + blocks (bid)
- ▶ Advice on timing and size of block purchasing & market conditions

WSSC FY'18 Electricity Cost Breakdown

Total Cost = \$20,849,000



New Electricity Wholesale Supply Contract

- ▶ PJM Account Holder
- ▶ WSSC becomes PJM Sub-Account Holder
- ▶ Contract begins 7/1/19
- ▶ Contract period is 5 years + 5 (1) year options
- ▶ Contract cost = flat fee/year + wholesale cost of electricity
- ▶ Wholesale cost= spot market (hourly)+ capacity + blocks (bid)
- ▶ WSSC (and consultants) decide on timing and size of block
- ▶ Projected cost/yr. of wholesale supply = \$12,000,000
- ▶ **Projected savings vs existing contract = \$700,000/yr.**

New Electricity Wholesale Supply Contract

- ▶ Contract advertised 11/19/18 as Invitation for Bid
- ▶ 3 proposals received on 1/7/19
- ▶ Contract being finalized with successful offeror
- ▶ Contract to be presented at the March 2019 Commission meeting for approval

Other Jurisdictions with Wholesale Supply (PJM Sub-Account) Contracts

- ▶ Montgomery County Public Schools
- ▶ Montgomery County Government (starting 2021)
- ▶ State of Maryland/University System
- ▶ Univ. of Maryland Medical System
- ▶ Baltimore Regional Cooperative Purchasing Committee
- ▶ Johns Hopkins Health Systems
- ▶ U.S. General Services Administration
- ▶ City of Philadelphia
- ▶ Georgetown University
- ▶ U.S. Postal Service

Questions

