



SHAKER HEIGHTS

Memorandum

To: Members of City Council

From: William M. Ondrey Gruber, Director of Law

Cc: Mayor David E. Weiss
Matthew P. Carroll, Chief Administrative Officer

Date: January 12, 2026

Re: **Gas Aggregation Program Supply Contract**

Summary

Council is asked to enact legislation to authorize the Mayor to enter into a contract with IGS Energy for natural gas supply for the City's gas aggregation program for a two-year period, starting April 1, 2026.

On March 31, 2026, the City's current 1 year contract with IGS Energy as the supplier for the City's gas aggregation program expires, and the City's Program would end unless the City enters into a new contract with a supplier.

The City's aggregation consultant, AMPO, with Palmer Energy as their sub-consultant, conducted a competitive process to select a supplier starting in July 2025 and has refreshed rates through today.

Based on the Palmer Energy's results and recommendation, I am recommending that the City enter into a contract with IGS Energy for a contract of 2 years, with the price to be determined based on the market pricing and the IGS pricing proposal. The deadline for entering into a new contract is the last week of January 2026, in order to comply with Public Utilities Commission of Ohio (PUCO) notice requirements and the time it takes to enroll customers.

In Ordinance 25-02, enacted on January 21, 2025, City Council granted the Mayor the authority to contract with IGS for up to two years for the gas aggregation program supply. Due to market conditions at that time, the City entered into a one year contract with IGS, with the pricing split into two 6-months segments. Thus, the Mayor could enter into another one year contract with IGS based on the Council approval in Ordinance 25-02. However, due to current pricing, it is recommended that we enter into a 2-year contract, which requires Council approval.

In the past few years, we have taken the Gas Aggregation contract to the Administration Committee. However, that Committee is not scheduled to meet in January. We have not previously taken the contract to the Finance Committee since there is no cost to the City for the Program.

The pricing in the market was at about \$4.80 per thousand cubic feet (MCF) in July, and then went up over \$5.00 until the past week. The prices appear to be falling now, but we do not know how long that will last. So now is the best time to buy.

That is why the Administration is bringing to Council legislation that would authorize a two-year contract at the January 12th meeting, which is scheduled to be a work session and special meeting.

Background

In November 2003, Shaker Heights voters approved a ballot measure authorizing the City to form an “opt-out” natural gas aggregation program. Ohio law allows a community to hold an election to authorize the establishment of an “opt-out” aggregation program, which means that a community’s program automatically includes all eligible residential and small business customers in the program, unless a customer “opts-out” of the program.

In January 2004, the City solicited proposals from natural gas suppliers, but the City was unable to secure a natural gas price that would provide a reasonable certainty of savings compared to the prices of Dominion, the traditional natural gas provider in our region. The City considered joining the program of the Northeast Ohio Public Energy Council (NOPEC), but decided to form its own program instead.

Ultimately, the City contracted with AMPO in October 2005 to assist in establishing a natural gas aggregation program. Thus, the City has never been a member of NOPEC’s gas program, though the City was a member of NOPEC’s electric aggregation program for many years until 2023.

On February 27, 2006, City Council approved the City’s Plan of Operation and Governance for the City’s Natural Gas Aggregation. On April 23, 2006, the City was certified by the PUCO as a municipal aggregator, and the Program began.

The City has considered whether to join NOPEC several times over the years. Experience with the City’s Program has found that the City’s gas rate has generally been competitive with NOPEC’s gas rates over the years. Partly this is due to lower overhead for the City’s program. NOPEC costs -- administrative, advertising, legal, and programmatic (including some grants) --- are paid for through the rates charged to participants in the aggregation programs (gas and electric). On top of those costs are the energy costs of and profit for the supplier, which is determined partly by the market and partly by the supplier.

The City’s Program includes a fee for the City’s consultant (AMPO) and the energy costs of and profit for the supplier. There are no other overhead costs, and the City does not receive any fee or payment from participants in the City’s Program.

AMPO, Inc., the City’s Program consultant, is a for-profit subsidiary of American Municipal Power, Inc. (AMP). AMP is a nonprofit corporation that serves as a trade group for municipally owned electric distribution companies, such as Cleveland Public Power. AMP also owns and operates electric facilities with the purpose of providing generation, transmission and distribution of electric power and energy to its members. AMP has 130 members in 9 states, including 83 members in Ohio.

AMPO, Inc. was formed in 1998, and it provides natural gas aggregation services for Ohio communities in the Columbia Gas of Ohio, Enbridge (formerly Dominion East Ohio Gas), and Vectren Energy Delivery of Ohio service territories. Currently, AMPO, Inc. actively serves about 38 communities with gas aggregation services.

The City’s Gas Aggregation Program

The City’s Natural Gas Aggregation Program averaged 6,445 residential and small business participants between June 2023 - May 2025. Recent average participation (Sept-Nov 2025) is at ~6,750 participants. Recent peak enrollment has been at around 7,250 participants.

The City’s program participants receive gas distribution service from Enbridge East Ohio Gas Co. (formerly Dominion Energy Ohio), and the supplier rates are billed through Enbridge. The Program is available to most residential customers and small business customers.

Current Natural Gas Supply Contract

The current contract with IGS Energy called for purchasing the natural gas supply for the contract in 6 month amounts, in order to avoid locking in a 12-month price due to the market at the time of the initial supply purchase. The initial purchase established the rate of \$4.21 per MCF of gas supply for a 6-month period from April 1, 2025 through September 30, 2025. The rate was set at \$4.98 for the period October 1, 2025 through March 31, 2026. That meant that the 1-year weighted fixed rate was \$4.824.

Renewal Process

The City's energy consultants, AMPO, Inc. and their partner, Palmer Energy, sent out a request for proposals (RFP) in July 2025 for the City's Program for the new contract period starting April 1, 2026. The RFP requested rate proposals for term lengths of 12 and 24 months.

The RFP was sent to 14 suppliers. While several proposals were received, IGS was once again the lowest proposal. NOPEC was asked but chose not to submit a proposal.

IGS Energy pricing continues to be extremely competitive in the Enbridge/Dominion service area. As always, the suppliers propose a price that includes the supplier's base price, that includes costs and profit, and the market price for gas at the time they submit their proposal. Palmer Energy has sought updated price proposals several times since July as the market has changed. IGS has consistently proposed the lowest prices.

Pricing

The most recent IGS proposed pricing on December 31, 2025 for contracts starting April 1, 2026, was as follows:

12-month term = \$4.76 per MCF
24-month term = \$4.83 per MCF

The pricing over the past week is the lowest it has been since before July.

For comparison as to what the pricing is currently being offered by other suppliers and aggregations:

- **Current City Aggregation Price = \$4.98**
- **Most Recent Proposed IGS Price (12-31-25) =**
 - 12-month Fixed Price - IGS = \$4.76
 - 24-month Fixed Price - IGS = \$4.83
- **NOPEC Gas Price**
 - Opt-Out – Jan. – May 2026 = \$5.59
 - 12-mo. fixed Jan. – Dec. 2026 = \$5.25
 - 24-mo. fixed Jan. 26 – Dec. 27 = \$5.50
- **Enbridge SCO* valid to 1-11-26 = \$4.9248**
- **Individual Supplier Rates from PUCO Website – 12-31-25:**
 - 12 mo. rates – 24 offers
 - Average = \$5.57
 - Median = \$5.49
 - Lowest = \$4.17
 - 24 mo. rates – 12 offers
 - Average = \$5.57
 - Median = \$5.45
 - Lowest = \$4.58

* The “SCO” is the Standard Choice Offer, which is the cost for the natural gas supply for consumers who get their natural gas through their utility (Enbridge in this case). This price is set annually by a competitive auction.

Analysis of IGS Energy

The City has always considered the following in selecting a supplier:

1. Price;
2. Customer service:
 - customer call center track record and experience;
 - responsiveness to complaints and issues;
 - satisfaction of residents and businesses;
 - willingness to offer a notice to customers of other suppliers (an “opt-in” notice), so all City residents have an opportunity to join the aggregation;
 - flexibility on re-opening the aggregation to allow new members (e.g. new residents); and
 - policy on early cancellation and whether there is an early termination fee (IGS charges no early cancellation fee);
3. Ease of working with the City (including flexibility in pricing; i.e. will allow a mix of variable and fixed, and/or different summer and winter rates, in order to respond to market fluctuations and volatility);
4. Responsiveness to City concerns; and
5. Working with the City closely on notices to customers.

The City and its residents have received excellent service from IGS over the past twenty years, and the City has been able to offer competitive rates for natural gas. IGS has been very flexible in its willingness to work with our consultant AMPO and the City to make gas purchases for various periods to take the best advantage possible of market conditions. The IGS competitive rates, combined with its flexibility and excellent service, present a good reason to remain with IGS.

Timing

In order to continue the City’s Program without any disruption requires that a contract be entered into with IGS by the last week of January 2026. The PUCO and Enbridge require a long lead time relative to an aggregation program renewal date.

For an April 1 start date to renew the Program, customers must be enrolled on their respective March meter reads (which generally occurs anywhere from March 3 to April 4). To accomplish this, the supplier must submit account enrollments to Enbridge around February 27 to March 2. In order to enroll participants, the supplier must first send out an opt-out letter advising eligible residents and small businesses of the rate, terms, and their right to opt-out if they wish.

Ohio law requires that the opt-out letter to prospective participants must be mailed out 21-days prior to enrollment. Thus, for enrollment by the end of February, the opt-out letter must be issued around the first week of February (with the deadline for residents to opt-out being the final week of February). The letter must first be filed with the PUCO 10 days prior to issuance (around the final week in January). The opt-out letter is created by the supplier and approved as to its form by the City. The letter must first be sent to the supplier's printer to prep for mass mailing.

Recommendation

Based on the proposals of IGS providing the lowest rates, AMPO/Palmer recommend that the City contract with IGS Energy for a period of two years, with the rate to be set as soon as possible based on the market pricing. The key points in support of this recommendation are:

1. The City has 19 years' experience with IGS as the City's supplier, and their track record for customer service and responsiveness to the City's and customers' needs has been excellent.
2. There is no cost directly to the City in contracting with IGS to serve the Program. The City's facilities that are on the Program may be switched to alternative suppliers if the City finds a better rate.
3. IGS has, through an RFP process, offered a rate that is the most competitive.
4. Participants in the Program may opt out or join at any time without a cancellation or sign-up fee.

Council is requested to enact legislation authorizing a supply contract with IGS Energy for 2 years on first reading and as an emergency to enable the City to work with our energy adviser to make the gas purchase as soon as possible, depending on market conditions.

ORDINANCE NO.
BY:

Authorizing renewal of the Master Services Agreement with Interstate Gas Supply, Inc. for provision of Retail Natural Gas Services for the City's Natural Gas Aggregation Program, for a period of up to two years, from April 1, 2026 through March 31, 2028, and declaring an emergency.

WHEREAS, in November 2003, the City's voters authorized the City to form a Natural Gas Aggregation Program to provide an opportunity for residential and small business customers collectively to participate in the potential benefits of the competitive retail natural gas market; and

WHEREAS, in Ordinance No. 06-21, enacted on February 27, 2006, City Council approved the City's Plan of Operation and Governance for the Municipal Natural Gas Aggregation Program; and

WHEREAS, on March 24, 2006, the City first applied to and was certified by the Public Utilities Commission of Ohio ("PUCO") as a Governmental Aggregator, and the City has renewed its PUCO Certification each year thereafter; and

WHEREAS, in Ordinance No. 25-02, enacted on January 21, 2025, this Council authorized the City to enter into a contract with Interstate Gas Supply, Inc. ("IGS") for up to two years, and the contract thereafter entered into by the City and IGS on January 22, 2025 was for a period of one year, from April 1, 2025 through March 31, 2026; and

WHEREAS, in July 2025, the City's gas consultant AMPO, through its sub-consultant Palmer Energy, sent out a Request for Proposals (RFP) for the City's natural gas provider for the City's Aggregation Program to fourteen gas suppliers; and

WHEREAS, the proposal of IGS Energy was the lowest and best proposal; and

WHEREAS, the City's consultants from AMPO-Palmer Energy have recommended that the City enter into a contract with IGS Energy for a period of up to two years as the City's Program supplier; and

WHEREAS, IGS is certified by the PUCO as a Competitive Retail Natural Gas Service ("CRNGS") Provider to sell competitive retail natural gas and related services to consumers and governmental aggregation programs in the State of Ohio; and

WHEREAS, the City desires to renew the Master Services Agreement with IGS to provide natural gas supply and related services necessary to serve the natural gas accounts of residential and small business customers enrolled in the City's Natural Gas Aggregation Program.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Shaker Heights, State of Ohio:

Section 1. This Council hereby authorizes a renewal or renewals of the Master Services Agreement with Interstate Gas Supply, Inc. for provision of Retail Natural Gas Services, for a period of up to two years, from April 1, 2026 through March 31, 2028.

Section 2. The Mayor is hereby authorized to enter into a renewal or renewals of the Master Services Agreement with Interstate Gas Supply, Inc. Said renewal or renewals of the Master Services Agreement shall be as approved by the Director of Law.

Section 3. This ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare for the reason that it is necessary in the current operation of the City in order to continue the City's Natural Gas Aggregation Program without interruption for customers of the Program, and therefore, this ordinance shall take effect immediately upon its enactment and approval by the Mayor.

Enacted

Approved this _____ day of _____, 2026.

DAVID E. WEISS, Mayor

Attest:

MATTHEW P. CARROLL
Clerk of Council

coun26/0112IGSagreementrenewal-2026-2028