

# MEMORANDUM

TO: Paul Brake, City Manager, City of Delaware, Ohio  
 FROM: Rich Surace, COO, Energy Alliances  
 DATE: March 5, 2026  
 RE: Electric Aggregation Renewal Update

## Background

The City’s current electric aggregation program at a rate of 9.28¢ per kWh for AEP customers and 8.99¢ per kWh for Ohio Edison customers expires on the June 2026 bill.

Program Performance since it began in June 2023:

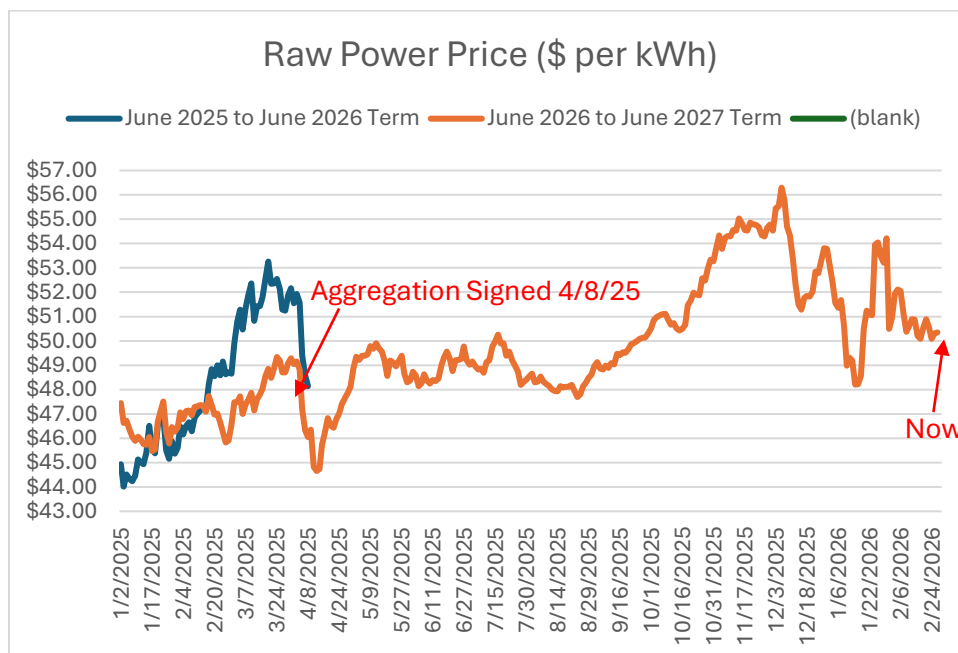
Utility	Avg. Savings	Percent Savings	Total Community Savings
AEP	\$534.15	26%	\$ 4,937,390.40
Ohio Edison	\$614.29	27%	\$ 279,069.94
		Total	\$ 5,216,460.34

With the current term ending this spring and market conditions becoming increasingly volatile, it is important to evaluate renewal pricing now to ensure residents continue to receive competitive electric rates.

## Key Pricing Components

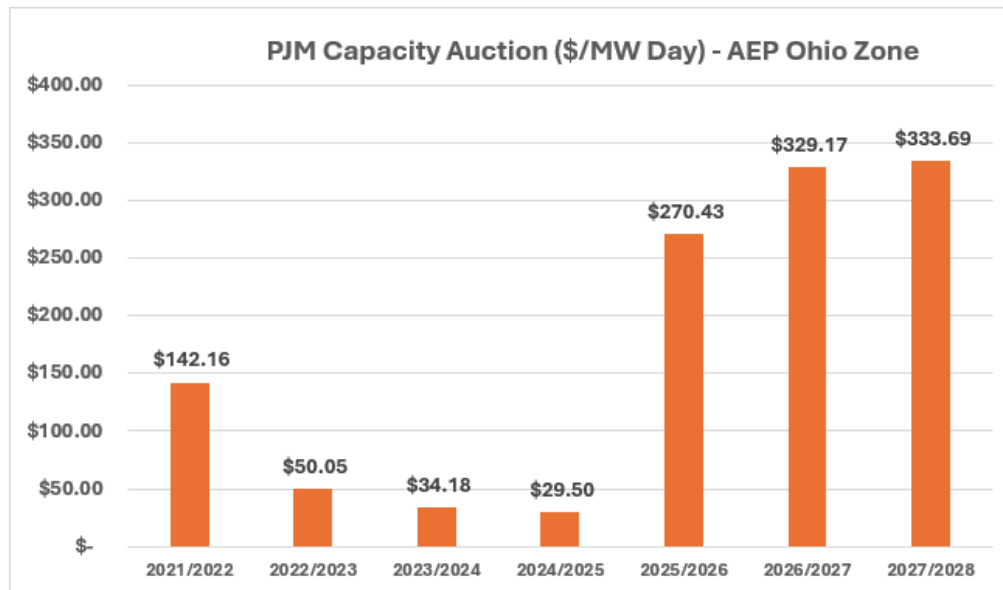
An aggregation rate is driven primarily by two components: Power and Capacity.

**Power:** This reflects the cost for a supplier to generate electricity or purchase it from the wholesale market and deliver it to end users. Power market prices have risen steadily since the Community executed its expiring contract in early 2025, driven by higher forward energy expectations and tighter supply conditions.



**Capacity:** Capacity represents the cost shared by all customers to ensure that enough generation resources (power plants) are available to meet demand. Regional capacity prices have increased significantly over successive planning years, signaling growing concern that electricity demand will outpace available generation.

While the exact numbers matter less, the upward trend indicates tightening supply and higher future costs.



### AEP Ohio Auction Results

AEP Ohio has completed auctions to set its default generation supply for upcoming years:

- 100% of June 2026–May 2027 load cleared at a wholesale rate of 9.552¢/kWh.
- 49% of June 2027–May 2028 load cleared at a wholesale rate of 9.631¢/kWh.

As a reference, the whole sale rate auction rate ending May 2026 is 9.312¢ per kWh

Based on these results, AEP Ohio’s projected “Price to Compare” (PTC) for the next two years is estimated to reach 10.7¢ per kWh or higher.

### Ohio Edison Auction Results

Ohio Edison has completed auctions to set its default generation supply for upcoming years:

- 100% of June 2026–May 2027 load cleared at a wholesale rate of 8.741¢/kWh.
- 37% of June 2027–May 2028 load cleared at a wholesale rate of 8.935¢/kWh.

As a reference, the whole sale rate auction rate ending May 2026 is 8.138¢ per kWh

Based on these results, Ohio Edison’s projected “Price to Compare” (PTC) for the next two years is estimated to reach 10.7¢ per kWh or higher.

## RFP Results

Energy Alliances issued an RFP to four suppliers, with three responding. The variance in prices reflects the ongoing volatility in both power and capacity markets. These preliminary prices are still subject to change as we continue negotiations aimed at lowering the final rate.

Drivers of current volatility includes rising capacity costs, strong summer peak forecasts, and elevated supplier hedging costs due to forward market uncertainty.

Results from Top 2 lowest bids.

### AEP Ohio Customers

"Traditional" Rate			
End Month	Jun-27	Sep-27	Jun-28
Direct	\$ 0.1034	\$ 0.1033	\$ 0.1046
Dynergy	\$ 0.1028	\$ 0.1033	\$ 0.1034

Rate w/ RECs			
Supplier	Jun-26	Sep-27	Jun-28
Direct	\$ 0.1057	\$ 0.1057	\$ 0.1071
Dynergy	\$ 0.1053	\$ 0.1058	\$ 0.1060

### Ohio Edison Customers

"Traditional" Rate			
End Month	Jun-27	Sep-27	Jun-28
Direct	\$ 0.1046	\$ 0.1040	\$ 0.1053
Dynergy	\$ 0.1028	\$ 0.1028	\$ 0.1033

Rate w/ RECs			
Supplier	Jun-26	Sep-27	Jun-28
Direct	\$ 0.1069	\$ 0.1064	\$ 0.1078
Dynergy	\$ 0.1053	\$ 0.1051	\$ 0.1060

## Recommendation

Energy Alliances recommend authorizing the City Manager to sign an electric aggregation contract with a price not to exceed 10.7¢ per kWh and a term not to exceed 24 months (May 2028 end date) with a supplier to be determined based on pricing at the time of contract execution.

This ceiling:

- Remains at or below projected AEP Ohio and Ohio Edison default rates when including additional purchase of RECs.
- Provides rate stability during a period of rising wholesale and capacity costs.
- Avoids locking the City into an overly long term at a time when long-range pricing remains uncertain.

Authorizing flexibility up to this limit will allow the City to act quickly and secure the most advantageous rate as markets move.