



## GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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**SHEILA V. CANTU**

DIRECTOR OF PURCHASING & WAREHOUSE OPERATIONS

Affiliated Energy Group (AEG) continues to consult and assist the district with energy market expertise. The district has historically secured highly favorable and competitive utility rates by proactively managing and hedging utility costs well in advance. To continue this practice, the district seeks to negotiate competitive rates for the period following the expiration of the current electricity (November 30, 2029) and gas (March 31, 2026) contracts.

To enable timely action on favorable market opportunities and maintain flexibility, we request that authority be delegated to the Superintendent, or their designee, to execute new electricity and gas contracts, either by renewing the existing agreements for subsequent periods or, if appropriate, through issuing a new RFP. The district will pursue the best value for these contracts by selecting the most advantageous option, whether through the RFP process or renewal with the current utility provider(s).

**Additional information:**

- Locking in fixed-price rates well before contract expirations enables the district to develop more accurate and reliable forecasts of utility expenditures. This approach also helps mitigate exposure to unfavorable market conditions by reducing the impact of short-term market fluctuations that often drive volatility of short-term pricing.
- Similarly, the district previously locked in its existing contract five years in advance, which resulted in present rates being far below present market conditions and resulting in over \$2,000,000 in annual savings over the existing five-year term.
- Regarding procedures, gas and electricity prices fluctuate daily, often by as much as 5% in a single day. These market conditions make electricity procurement unique in terms of volatility. When market conditions begin to look attractive, it is therefore advantageous to start the approval process as quickly (and with as much advance planning) as is possible. This strategy will give us the option to lock in prices when they are acceptable without any delay (and price changes) that would result in us waiting until too late to commence the approval process. Because of this volatility, companies typically also quote firm fixed price quotations daily subject to expiration upon closing of the natural gas markets each business day. This results in a very small window of opportunity (sometimes only hours) to sign and close a new utilities contracts.
- Therefore, we request that the Board authorize the Superintendent, or designee, to execute new or renewed electricity and gas supply contracts, either by extending the existing agreement with the current retail electric and natural gas provider or, alternatively, by issuing a new RFP and executing a contract with a different electric and natural gas provider. This delegation of authority will allow the district to secure favorable rates promptly, as electricity prices fluctuate daily, enabling the district to take advantage of competitive pricing opportunities. When and as additional utilities service extensions are procured, we will keep the Board informed with additional updates.