



MEMORANDUM

TO: Board of Education, Superintendent Schumacher and Kilrea

FROM: Dan Polowy, Facilities Director

DATE: January 14, 2026

RE: Natural Gas Procurement

Background

Central Unit School District 301's current natural gas agreement expires in June 2026. Contracting for this utility provides stability for planning and budgeting for the District. Participating in a monthly variable rate exposes the District to potential rapid and extreme changes in price. This was the case that adversely affected some area school districts in 2021 when there was a freeze in Texas caused by Winter Storm Uri. At that time, natural gas prices surged multiple times over the normal price, causing dramatic and unexpected cost increases for districts that did not have supply contracts in place. Contracting is typically done between one and five years. As prices change daily, and longer-term contracts may be less or more expensive than shorter ones, the standard practice is for a board to authorize its administrators to enter into a contract, following which the administration locks in the price following some market monitoring.

The energy market has been challenged in recent times, particularly with increasing energy demands. This increase stems from growing demand in several areas, especially data centers and the high intensity demand from the proliferation in AI. The increasing demand has put upward pressure on electric costs, and by association, natural gas costs, as the United States relies on natural gas for ~40% of electricity generation. Currently, natural gas rates are experiencing the first significant retraction in over 12 months following milder than expected winter weather.

While energy is a commodity, it can be challenging for school districts to independently obtain pricing and negotiate contracts. That is why Central Unit School District 301 and other districts often have used brokers or outside consultants to assist with the process. Nania Energy Advisors has been asked to assist the District as it seeks to mitigate risk in the marketplace by examining options for natural gas upon the current contract expiration.



Nania Energy Advisors has a long-standing reputation of working with public school districts, and currently services over 50 local Illinois districts. Its services include soliciting suppliers for natural gas and electricity requests for proposals, evaluating options and making recommendations, auditing invoices for accuracy, providing cost forecasting for budget planning, and a dedicated Customer Care team for issue resolution.

Nania Energy Advisors solicited natural gas supply quotes from registered retail energy suppliers in Illinois for a risk adverse full requirements product for 100% of the annual volumes for the District's natural gas needs. Similar to how other brokers have worked with the District, fees for Nania Energy Services will be included in the quotes received from suppliers, and no direct costs will be incurred by the District for their services. The results, along with a market update, are included with this board packet.

Recommendation

Due to the daily fluctuations in pricing, historically, the Board of Education has provided administrative authority to enter into a purchase agreement for natural gas subject to a set of parameters by approving a board action.

I recommend the Board of Education to authorize the Business Manager to approve contracts for the procurement of natural gas and to work with Nania Energy Advisors to elect and designate the price terms of such contracts for periods not to exceed 48 months.