

Energy Market Trends

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Attendees

- Mr. Walker
- Adam Powell and staff
- Chief and Jamie
- Guests: Earl Isaacs, Chris Colvin, Joe Garrett, Connie Miller, David Nation

Natural Gas Aggregation

- 2% guarantee off the adder runs through March.
- The new auctions have gotten very skinny, with Centerpoint going from 220 down to 1.65, making the 2% not viable for the supplier.
- Options:
 - Go back to the utility (creates resident phone call problems).
 - Look to do a fixed rate.
- Current pricing (March 2025 to end of February): high 70s on average, based on usage and utility price.
 - Market is about 68 cents, 69 cents, expected to come down a little.
 - Fixed rate is the way to go.
 - "This is a safety net on gas because gas is used three or four months, three months really heavy, but rest of the year it's not used."
- Addendum signed last time on both electric and natural gas needs to be refigured due to market increase.
 - Looking at mid-60s, anticipating a drop around mid-March.

Electric Supply in Ohio

- Supply demand problem.
- Grid (JPM, 13-state grid) is close to its maximum capacity of 166,000 kilowatts.
 - July 25, hit 160,000 kilowatts.
- Growth (housing, businesses) is at least 1% a year.
 - Without data centers, grid will reach capacity in less than four years.
- New plant coming online around 2030 (9.2 gigawatt kWh output).
- Upward push on electric grade prices until 2030.
- Requesting ability to purchase electricity further out.
 - Sister company (industrial/commercial) is buying out through 2030.
 - "This gives us the ability and that could be we buy part of it, buy all of it. It just depends on what that opportunity is."
 - Document would allow purchasing further out, which is in the residents' best interest.

Market Trends and Large Volume Customers

- Larger volume customers used to bid every day to play the market, but they're now buying huge chunks of energy due to recent trends.
 - This saves them money but reduces market availability for others, impacting supply and demand.
- Problems hoped to improve have worsened.

Contract Extension and Future Pricing

- The current contract has two years remaining on the electric.
- Extending the contract term could be beneficial, allowing them to consider future electrical plants expected to impact pricing around 2028-2030.
 - Extending the term allows for more flexibility in finding better rates.
- There's concern about increased costs for residents, but acting now could minimize losses compared to waiting.

Aggregate Benefits and Opt-Out Feature

- The best rate may not always be through the aggregate, and residents may find better deals elsewhere.
 - Residents may be encouraged to seek alternative options if the aggregate isn't the best choice at a particular time.
- There's a no-cost opt-out feature, allowing residents to leave the aggregate if better options arise.
 - Residents can opt-out and opt back in.
 - The aggregate aims to offer long-term savings, but residents retain the freedom to choose.

Program Details and Public Awareness

- Gas contracts are typically two-year terms.
- The aggregate includes multiple municipalities (Wayne, Harveysburg, Massey).
- The aggregate manages a large volume of power, providing buying power.
- Timing is crucial for pricing, more so than volume.
- Public awareness is raised through letters (using "Village of Waynesville" on the envelope to increase open rates), website information ("How do I enroll in the aggregate"), and "refresh" mailings targeting new residents.
- People locked into rates outside of the aggregate are seeing rates of 12, 13, 14 cents kilowatt hour rate.

Aggregation Program Challenges

- The supplier can change the agreed rate if their costs increase, even with a contract in place.
 - The language in the contract allows for this.
- The current supplier is recommending a fixed rate due to recent winter conditions and is willing to extend the current agreement until the new contracts are signed.
- The contract includes a 30-day exit clause with zero liquidated damages to protect the supplier if government actions or auctions significantly increase their costs.

- The speaker states that suppliers will not agree to a contract without this clause.

Utility Regulation and Rate Increases

- Utilities are still regulated, so the BlackRock acquisition of AES is not expected to have an affect.
- Regulators often reject multiple price increase requests from utilities before approving one.
 - The speaker believes this creates the illusion that regulators are fighting for the people.
- A story is shared about a Columbia Gas manager being instructed to double his budget request for a rate case.

Current Program Status and Savings

- The current offer is 2% off the adder, which is currently at 220.
 - This equates to less than a penny per CCF.
- The program has a feature to convert to a fixed rate, which is now being pursued due to changing market conditions.
- The new addendum raises the price to allow for the conversion, but it is still considered reasonable compared to the past year's costs.

Natural Gas Safety and Market Volatility

- Round, small features in yards are either valves to control gas service or test stations.
 - Valves allow for secondary shut-off, while test stations contain wires for locating utilities.
- Market uncertainties are causing poor market response, emphasizing the need for timely decisions.
- Individuals are encouraged to shop around for the best rates, especially given the market volatility.
 - Those who prefer a "set it and forget it" approach should stay with the aggregation program.

Energy Prices and Aggregation

- Current prices:
 - .0958 for 12 months
 - .0989 for 24 months
- Aggregations from competitors are around .097-.098, because they wait until the contract is almost up to renew.
- Current aggregation is at 9.1 or 9.15 until June 1st.
- The exact price will be known in the next 2-3 weeks, after AES has their auction.

Grid Updates and BlackRock Ownership of AES

- Grid updates are joint ventures between the government and utility companies.
- Government provides grants or capital funds for infrastructure projects.
- Potential benefit of BlackRock owning AES: they have a lot of government influence.
- BlackRock is a U.S. domestic firm.

Understanding Energy Bills and Rates

- Gas is not much of a concern, electric is the focus.
- Current electric rate is 9.1 cents, good until June 1st.
- The generation portion has been bought, but capacity is a passenger.
- Capacity will be tapped on and that will be the new rate.

Ordinance and Contract Amendments

- An ordinance is needed to allow buying further out for 20-30 years.
- The electric is under Archer Energy.
- The ordinance will be put together for the next council meeting.
- Need to vote on amending the Trey Bill contract.

Emergency Ordinance and Market Response

- An emergency ordinance can be done in two weeks.
- Conflict usually causes the energy market to go up.
- An ordinance tonight would require language to be given to Jeff, who could bring it back in two weeks for an emergency vote.
- An old addendum could be amended, but the speaker prefers the attorney to review legal matters.
 - The current proposal is similar to the last addendum, with only price points changed.
- There's a desire to provide residents with an opt-in/out option and educational resources regarding billing.
 - Suggestions include holding a public event at the school to explain the program.
- There are issues with electrical companies estimating bills with new smart meters.
 - Estimating practices can lead to significant over or under estimations, causing billing problems.
- Adam buys power for DHL at 900 locations and is familiar with the energy market.
 - He suggests partnering with someone embedded in the market to stay informed.
 - Commercial customers have more options like peak/non-peak rates and tracking usage days.
- Cost avoidance should be considered when evaluating savings, as bills may still increase.
- A correction to the minutes is needed: "480 homes" should be "480 people" regarding the merger with Gorwin/Cornwall.
- A motion was made to amend the minutes to reflect "480 people" and was approved.
- To improve meeting minute accuracy, speakers should identify themselves before speaking.

Hutch Plant

- The speaker learned the old Hutch plant, which was coal fire, had a lot of misinformation surrounding it.
- The speaker confirmed that Hutch is still an operational power plant.
 - It is a gas-fired turbine.
 - They've been pumping a lot of power into the grid at capacity for this area over the last two months, which was obviously reflected on their meter.
- "There's nothing wrong with a modern coal fired plant except for the finding coal."