

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance and Administration

ITEM: Contract to Provide Electrical Service for the University of Houston System

DATE PREVIOUSLY N/A

SUBMITTED:

SUMMARY:

Sempra Energy Solutions was awarded the electricity contract. Of the three finalists, they were the lowest bidder and had the highest credit rating (AA). They offered the following prices:

\$64.17 / MWh for the Houston Zone (UH, UHCL, UHD, Cinco Ranch, and Sugarland)
\$60.10 / MWh for the South Zone (UHV)

Sempra also made a contractual commitment to utilize 25% HUB subcontractors without any additional cost:

Seller shall use commercially reasonable efforts to purchase approximately twenty-five (25) percent of Buyer's Contract Quantities from Historically Underutilized Businesses (HUB) as defined by Texas Government Code Section 2161.001. Notwithstanding the foregoing, in the event that Seller does not purchase electricity from a HUB for any reason, Seller shall not be considered in Default or otherwise obligated to purchase HUB electricity under the Agreement. The Parties further agree that if Electricity is procured on behalf of Buyer from a HUB, Seller will provide confirmation of such, including the: (a) legal entity name of the HUB; (b) HUB vendor identification number; (c) quantity of electricity purchased; and (d) the term of delivery.

Sempra's prices are over \$11 / MWh lower than our current contract with Constellation New Energy.

FISCAL NOTE: Estimated annual savings over the previous contract is \$2,897,500.

SUPPORTING DOCUMENTATION:

ACTION REQUESTED: Information

COMPONENT: University of Houston System

PRESIDENT

DATE


EXECUTIVE VICE CHANCELLOR

Carl Carlucci

DATE

1/30/09

CHANCELLOR


Renu Khator

DATE

1/29/09