



TITLE: **Fuel Management Services Procurement Directive**
Procurement of Fuels, Emission Allowances, and Associated Transportation

EFFECTIVE DATE: **August 18, 2014**
Revised: August 28, 2017

POLICY STATEMENT:

JEA employs a staff of professionals in its Fuel Management Services (FMS) Department that develops and administers cost-effective strategies for the procurement of fuel, emission allowances, and associated transportation.

JEA recognizes that the procurement of fuel, emission allowances and associated transportation is sufficiently different from the procurement of other supplies and services required by JEA. This Procurement Directive supplements JEA's Purchasing Code to provide JEA staff with the authority to make timely procurement commitments and to effectively participate in fuel, emission allowance, and transportation markets. It governs the procurement of fuel, emission allowances and associated transportation notwithstanding any provision in JEA's Purchasing Code or current Florida State Statute to the contrary.

ASSIGNMENT OF RESPONSIBILITY:

The Manager of Fuels Management Services is hereby designated by the Managing Director/CEO to serve as the Procurement Officer for Fuels Management Services in accordance with the JEA Purchasing Code, Section 2-201, Procurement Code Exemptions.

In addition to other duties assigned under this Procurement Directive, the Procurement Officer for Fuels Management Services will be responsible for establishing effective processes and procedures to carry out the policies of this Procurement Directive. The Procurement Officer may delegate duties associated with this directive to personnel within JEA, as appropriate.

DEFINITIONS:

Unless otherwise specified herein, all terms used herein will have the same definition specified in the JEA Purchasing Code.

Generating Fuels – Fuel or fuel-related product used in the generation of electricity by JEA including, but not limited to, petroleum coke, coal, limestone, natural gas, #6 residual fuel oil, and #2 diesel fuel oil.

Resale Fuels – Procurement of fuel with the intent to resell.

Fuels – Generating fuels and resale fuels are collectively referred to as fuels herein.

Emission Allowances – Trading credits associated with JEA’s activities in purchasing, generating, using, or providing energy. Emission Allowance markets include but are not limited to sulfur dioxide (SO₂), nitrogen oxides (NO_x), and carbon dioxide (CO₂).

PROCEDURE:

The following procedure augments the JEA Purchasing Code. At the option of the Procurement Officer for Fuels, FMS may procure fuel, emission allowances, and associated transportation in a streamlined approach. When market conditions and time constraints allow a standard bid and award process, FMS may utilize Solicitation Review Committee (SRC) and/or Award Committee involvement. Additionally, the Procurement Officer for Fuels shall ensure there are properly appropriated and budgeted funds prior to all items being procured.

I. Public Notice

- Due to the nature of fuel procurement, FMS is not required to advertise individual bid solicitations. FMS will, however, provide general notice on JEA’s website of its ongoing intent to engage in future bid solicitations and will solicit bids from those known suppliers on the FMS Bidder List.
- FMS will seek potential suppliers of fuels, with the exception of natural gas, via JEA’s website. FMS shall direct newly known suppliers to the JEA FMS Bidders List online application. FMS will attempt to solicit for bids from all suppliers on the appropriate FMS Bidders List.
- A bidder’s list is not appropriate for natural gas, transportation or emission allowances. Therefore, FMS shall pursue market opportunities to meet JEA’s needs for these commodities.

II. Terms and Conditions

- FMS will develop and maintain a “terms and conditions” document for the supply of each Fuel, as appropriate.
- FMS will periodically revise its terms and conditions as appropriate for use in subsequent Fuel procurements.
- FMS will distribute the current terms and conditions to prospective bidders contained in the bid list for each Fuel.
- In each bid solicitation for Generating Fuels, FMS shall make reference to the terms and conditions specific to which is being procured. The terms and conditions become part of the contract document.
- In a Resale Fuel contract, the terms and conditions will be referenced and provided to customer. The terms and conditions become part of the contract document.

III. Procurement of Fuels, Emission Allowances, and Associated Transportation

FMS will use a competitive bidding process when soliciting for bids. The time available for procurement of fuels, emission allowances, and associated transportation is typically less than that required by JEA’s conventional procurement process. Due to the nature of fuel, emission allowance, and transportation markets, FMS staff must request, receive and evaluate bids, and consummate a procurement contract in a much shorter time frame than

required in the standard procurement process. Therefore, at the option of the Procurement Officer for Fuels, FMS may solicit bids, use a broker, or utilize a combination of both methods to expedite the transaction. As market conditions and time constraints allow, a conventional bid and award process as described in the JEA Purchasing Code may be utilized.

- **Accelerated Bid Procedure** - If a short turnover is required, FMS shall use an accelerated bid process to procure the Generating Fuel by issuing a request for bid via email to all those on the appropriate FMS Bidders List. All those on appropriate FMS Bidders List shall receive the request for bid. Under this method, FMS will receive bids directly for quick evaluation and award.
- **Acceptance of Unsolicited Offers** - JEA may enter into contracts based on an unsolicited offer for fuels, emission allowances, and/or associated transportation without using the competitive bid process. JEA may engage in negotiations with the party who provided the unsolicited offer to improve the terms, conditions and/or pricing. FMS will be allowed to take advantage of unsolicited offers when such procurements are determined to provide operational and/or economical advantage to JEA and acceptance of such offer is in JEA's best interest.
- **Cooperative Procurement** - JEA may participate in, sponsor, conduct, or administer a cooperative procurement agreement for the procurement of fuels, emission allowances, and/or associated transportation with one or more public or utility industry partners in accordance with an agreement entered into between the participants, when such action is deemed to be in JEA's best interest.
- **Loan or Sale** - JEA may loan or sell fuels, emission allowances, and/or associated transportation when it is in the best interest of JEA to do so. JEA will be reimbursed for expenses incurred and compensated at fair market value for services or product loaned or sold.

IV. Contract Approval

Prior to contract execution and approval, FMS shall follow approval guidelines and authorization limits contained in the Energy Market Risk Management Policy.

- **Procurement Approval of Contracts of \$1,000,000 or more in Total Value:**
All actions taken under this Procurement Directive for these contracts will be approved by the Procurement Officer for Fuels, the Chief Financial Officer, and the Vice President/General Manager Electric Systems, or their designees unless Awards Committee approval is utilized as described below.
- **Procurement Approval of Contracts of Less than \$1,000,000 in Total Value:**
All actions taken under this Procurement Directive for these contracts will be fully documented by FMS and approved by the Procurement Officer for Fuels or their designee unless Awards Committee approval is utilized as described below.

- **Awards Committee Approval:**
As market conditions and time constraints allow, at the option of the Procurement Officer for Fuels, FMS may take a procurement action to the Awards Committee for approval.

V. Documentation

FMS shall follow these documentation requirement as well as any additional requirements as stated in the Energy Market Risk Management Policy.

- **Contract Term of One Year or Greater:**
FMS will provide original contract documents to the Manager Procurement Contracts Administration and will maintain a copy and all supporting documentation.
- **Contract Term of Less than One Year:**
FMS will maintain original contract documents and all supporting documentation.

VI. Execution of Documents

All documents to be executed on behalf of JEA pursuant to this Procurement Directive may be executed by the Managing Director/Chief Executive Officer, their designee, or the Procurement Officer for Fuels.

VII. Right to Protest

Any actual or prospective bidder who is aggrieved in connection with a solicitation or an Award of a Contract may submit a protest in accordance with the JEA Purchasing Code. Nothing contained in this Fuel Management Services Procurement Directive limits a bidder's ability to submit a protest in accordance with the JEA Purchasing Code.

VIII. Effective Date:

This revised Procurement Directive is effective upon its approval by the Managing Director/CEO.

IX. Appointment

I hereby designate Randall Van Aartsen, Manager, Fuels Management Services, as the Procurement Officer for procurement actions made under the authority of the Fuels Management Services Procurement Directive.



Paul McElroy
Managing Director/CEO

10/26/17
Date