



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
www.cityofdenton.com

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Denton Municipal Electric

**DME General Manager:** Antonio Puente, Jr.

**DATE:** November 18, 2024

### **SUBJECT**

Consider recommending adoption of an Ordinance of The City of Denton, A Texas Home-Rule Municipal Corporation, authorizing the City Manager to execute Amendment number four (4) to the Power Purchase Agreement between the City and Core Scientific Inc., a Delaware Corporation; providing for an effective date.

### **Background**

The City entered into a Power Purchase Agreement (PPA) with Core Scientific (Core) on September 3, 2021 under which Denton Municipal Electric (DME) provides full requirements electrical power supply to Core, and provides Qualified Scheduling Entity (QSE) services, as required by ERCOT protocols. The PPA also includes provisions regarding the responsibility for the construction of the electrical interconnection systems, metering, electrical switching and ongoing operations and maintenance support among other things. The PPA contains confidential and market sensitive information that has not been publicly disclosed pursuant to the Public Power Exemption in Texas statutes. On August 20, 2024, the Denton City Council approve Amendment No. 3 to the PPA which permitted Core Scientific to convert Phase 3 of the project from cryptocurrency mining to High Performance Computing (HPC), a traditional Tier III data center, to host artificial intelligence computing.

Core Scientific now intends to convert the balance of the project from cryptocurrency operation to HPC to host artificial intelligence applications. Amendment No. 4 to the PPA will enable that conversion and will add additional energy demand to be supplied by DME. Once complete, the project will be one of the largest stand-alone HPC data centers in North America. Energy supply to the HPC operation will be a firm supply by DME, only subject to load curtailments ordered by ERCOT or due to a DME transmission or distribution system disruption and will not be curtailed by the customer due to the wholesale price of energy. Consequently, DME's electric rates require firm energy pricing on a cost of service basis which is significantly different from the original pricing provisions of the PPA. Amendment No. 4 to the PPA will make the pricing and other terms approved by the Denton City Council by Ordinance 24-1293 (August 20, 2024) applicable to the remainder of the Core Scientific project once converted to HPC operation.

**RECOMMENDATION**

Approve the ordinance enabling the City Manager to enter into the fourth amendment to the PPA.

**EXHIBITS**

Exhibit 1: Agenda Information Sheet

Exhibit 2: Ordinance

Exhibit 3: Presentation

Respectfully submitted:  
Terry Naulty  
Assistant General Manager  
940-349-7565