



# 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 – Power Supply

**CM/DCM/ACM:** Antonio Puente, Jr., DME General Manager

**DATE:** August 17, 2021

### **SUBJECT**

Consider adoption of an Ordinance of The City of Denton, A Texas Home-Rule Municipal Corporation, approving a Power Purchase Agreement between the City and Core Scientific Inc., a Delaware Corporation; providing for the expenditure of funds; and providing for an Effective Date.

### **INFORMATION/BACKGROUND**

Core Scientific Inc, has proposed the development of a large high efficiency data warehouse operation on 31 acres of leased property at the Denton Energy Center. As a large energy user that will receive energy delivery at the 138 kV transmission voltage that will registerd as a Load Resource with ERCOT, DME will provide Qualified Energy Scheduling services to provide Core Scientific Inc. access to the wholesale market. Because the project will both buy energy from the ERCOT market through DME and sell Ancillary Services to the ERCOT market through DME with significant complexities not contemplated in DME's standard electric rates, a highly structured Power Purchase Agreement is the appropriate mechanism. DME staff, the City Attorney's office and outside counsel have negotiated the proposed Power Purchase Agreement for consideration by City Council. Because the Power Purchase Agreement contains a significant amount of public power confidential information as defined under Texas Government Code Section 551.086, a redacted version of the Power Purchase Agreement is included with the proposed Ordinance.

### **RECOMMENDATION**

Staff recommends giving the City Manager the authority to execute the Power Purchase Agreement and all associated documents.

### **EXHIBITS**

Exhibit 1: Agenda Information Sheet (.pdf)

Exhibit 2: Ordinance

Respectfully submitted:  
Terrance Naulty  
DME Assistant General Manager