



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement

ACM: Christine Taylor

DATE: September 29, 2025

SUBJECT

Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a Professional Services Agreement with Inpowerd LLC, for consulting services related to Electric Regulatory Compliance for Denton Municipal Electric as set forth in the contract; providing for the expenditure of funds therefor; and providing an effective date (RFQ 8840 – awarded to Inpowerd LLC, for one (1) year, with the option for four (4) additional one (1) year extensions, in the total five (5) year not-to-exceed amount of \$750,000.00).

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Enhance Infrastructure and Mobility.

INFORMATION/BACKGROUND

The City's Electric Department, Denton Municipal Electric (DME), is a North American Electric Reliability Corporation (NERC) Registered Entity that must be compliant with NERC's standards for the electric power industry. DME must comply with over 350 NERC requirements. These are enforced by the Federal Energy Regulatory Commission. In addition to these, DME must also comply with Electric Reliability Council of Texas (ERCOT) protocol and guides, as well as the Public Utility Commission of Texas (PUCT) rules. Violations of these standards, protocols and guides, and rules could result in Civil Penalties as well as removal of DME's registrations to operate on ERCOT's grid and participate in its market. DME is seeking approval of an agreement for services to evaluate Denton Municipal Electric's existing Regulatory Compliance Program, consisting of NERC, ERCOT, and PUCT, in advance of a 2028 audit. The primary objective is the identification of program deficiencies to eliminate non-compliance findings and provide the mitigation for any deficiencies with appropriate internal controls and programmatic changes. The purpose of this will be to ensure an effective and efficient reduction of risks to the reliability and security of the Bulk Electric System.

If approved, Inpowerd LLC will provide the following services:

- Review and update of DME's Internal Compliance Program
- Analysis of DME's existing regulatory compliance program documents such as Reliability Standard Audit Work Sheet (RSAWS), policies, processes, programs, and plans in the areas of Distribution Provider, Generation Owner, Generation Operator, Transmission Owner, Transmission Operator, and Transmission Planner in comparison with the requirements for each of these areas to assess if

DME's program reasonably addresses them and identify specific areas of DME's program that may be deficient.

- Assist with regulatory compliance items for NERC standards, PUCT rules, and ERCOT protocols that must be adhered to by DME.
- For identified deficiencies (if any), create new or amended program language that will reasonably mitigate the found deficiencies and assist with the identification of evidence that would satisfy the mitigated language.
- For program areas that are not deemed deficient in relation to compliance, but are fairly considered to have inefficient methodologies or are out of step with general industry practice, the vendor shall identify these areas and suggest alternative program methods and/or language.
- Review and assess evidence generated by the current program for completeness and identify areas where augmentation would be beneficial.
- Identify and consult on the development of internal controls for both NERC Critical Infrastructure Protection and Operations & Planning Standards, PUCT, and ERCOT that aid in evidence creation and retention.
- Consult on a compliance platform that most appropriately addresses DME's current and future internal controls for all DME Regulatory Compliance.
- Provide bi-annual review informing executive management of compliance program maturity, recommended resource allocation, short- and long-term program prioritization, and managerial consent.
- Consultation and assistance with audit preparation and audit engagement. This will consist of evaluating particular inquiries of the audit team and providing a strategic approach to responding, with the goal of achieving the best results possible. It is anticipated that this will proceed on an ad hoc basis and be done by remote/ on-site meeting. This is a selection of a new vendor and not an additional cost to operating budgets.

Project Description	Estimated 5-Year Expenditure
Consulting Services Fiscal Year 2026	\$300,000
Consulting Services Fiscal Year 2027	150,000
Consulting Services Year 3	150,000
Consulting Services Year 4	75,000
Consulting Services Year 5	75,000
Total	\$750,000

Request for Qualifications was sent out to 1,215 prospective bidders for this item, including 41 Denton firms. In addition, the RFQ was placed on the Procurement website for prospective respondents to download, and advertised in the local newspaper. Nine (9) statements of qualifications (SOQ) were received. The SOQs were evaluated based on published criteria, including compliance with specifications, probable performance, and delivery. Based upon this evaluation, the recommended award is to Inpowerd LLC, and is determined to be the most qualified firm for the City.

NIGP Code Used for Solicitation:	918 - (Service Only) - Consulting Services
Notifications sent for Solicitation sent in IonWave:	1,215
Number of Suppliers that viewed Solicitation in IonWave:	38
HUB-Historically Underutilized Business Invitations sent out:	201
SBE-Small Business Enterprise Invitations sent out:	469
Responses from Solicitation:	9

RECOMMENDATION

Award a contract to Inpowerd LLC, for consulting services related to Electric Regulatory Compliance for Denton Municipal Electric, one (1) year, with the option for four (4) additional one (1) year extensions, in the total five (5) year not-to-exceed amount of \$750,000.

PRINCIPAL PLACE OF BUSINESS

Inpowerd LLC
Dunlap, TN

ESTIMATED SCHEDULE OF PROJECT

This is an initial one (1) year contract with options to extend the contract for four (4) additional one (1) year periods, with all terms and conditions remaining the same.

FISCAL INFORMATION

These services will be funded from Operating Budget account 600202.7899. Requisition #171813 has been entered into the Purchasing software system in the amount of \$50,000. The budgeted amount for this item is \$750,000.

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Evaluation Sheet
Exhibit 3: Ordinance and Contract

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Jerry Looper, 940-349-7676.

Legal point of contact: Marcella Lunn at 940-349-8333.