



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Energy Management Organization; DME

CM/ACM/GM: Antonio Puente, General Manager, DME

DATE: April 16, 2024

SUBJECT

Consider adoption of an ordinance of the City Council of the City of Denton, a Texas home-rule municipal corporation ("Denton") providing for, authorizing, and approving the execution by the City Manager of the Power Purchase Agreement ("PPA") between Denton and Yellow Viking Development One, LLC ("Yellow Viking"); authorizing the acceptance and approval by the City Manager of the Letter of Credit, or other credit support issued on behalf of Yellow Viking, further securing the obligations of Yellow Viking to Denton for the benefit of Denton; approving the execution of such other and further related documents deemed necessary to effectuate the transactions allowed under this agreement by the City Manager, which are incident to or related to the PPA; finding that that the purchase of capacity and energy made by Denton under the terms of the PPA are in the public welfare; authorizing the expenditure of funds; determining that specific information contained in documents involved in this transaction pertain to a "Competitive Electric Matter" as set forth under the provisions of §551.086 and §552.133 of the Texas Government Code, as amended; allowing the public to inspect and reproduce the PPA as redacted; and providing an effective date. [The Public Utilities Board recommends approval \(3-1\).](#)

BACKGROUND

As part of the City of Denton's continuing efforts to achieve 100% renewable energy supply consistent with the Denton Renewable Resource Plan (DRRP) additional renewable energy supplies are required to keep up with load growth and to replace expiring renewable energy power purchase agreements. At the end of 2023 the White Tail wind power purchase agreement ended and the Energy Management Organization ("EMO") entered into several short-term renewable energy supply transactions to maintain adequate supplies of renewable energy and renewable energy credits (RECs). Additionally, the default and termination of the Samson Solar power purchase agreement, which was a 15 year contract for 75 MW of solar energy created additional needs for new renewable energy power purchase agreements. In September 2023 DME issued a competitive solicitation for up to 250 MW of renewable energy power purchase agreements.

Requests for Proposals were sent to 1199 prospective suppliers of this item. In addition, the RFP was placed on the Materials Management website for prospective respondents to download and advertised in the local newspaper. Seventeen (17) SOPs were received.

Based upon the proposal received pursuant to the RFP number 8271, the EMO evaluated and selected the proposal from Osaka Gas for its Yellow Viking solar farm to be constructed near Cleburne, Texas. The

proposed solar farm is anticipated to be constructed with a capacity of 204 MW on 1185 acres with a target commercial operations day of December 31, 2026. DME has negotiated a Power Purchase Agreement (PPA) for 100 MWs of capacity from the Yellow Viking project.

PRIOR ACTION/REVIEW

On April 8, 2024 the Public Utilities Board (PUB) recommended this item to the City Council for consideration by a vote of 3-1.

RECOMMENDATION

Recommend approval of the ordinance authorizing the City Manager to execute the 15 year power purchase agreement and attendant schedules, including required Letter(s) of Credit securing performance, with Yellow Viking Development One, LLC.

FISCAL INFORMATION

Funds for the required payments to Yellow Viking Development One, LLC after the solar farm achieves commercial operating status will be from the DME operating budget and will be included in the Energy Cost Adjustment (ECA) component of DME customer bills.

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Ordinance

Exhibit 3: Redacted Power Purchase Agreement

Exhibit 4: Presentation

Respectfully submitted:
Terrance Naulty, P.E.
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