



# City of Denton

City Hall  
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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Denton Municipal Electric

**CM/ DCM/ ACM:** Todd Hileman

**DATE:** September 12, 2017

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton authorizing the City Manager, or designee, to execute generation credit rate agreements with electric utility customers owning renewable energy generating systems larger than 50 kW as needed; and providing an effective date.

### **BACKGROUND**

Under the Distributed Generation from Renewable Sources Rider (Schedule DGR) of the City's electric rate ordinance, the City buys back energy from distributed generation resources through the generation credit rate (for any generation returned to the grid up to the customer's consumption) and/or the excess generation credit rate (for any generation that exceeds the customer's consumption). This rate is used primarily for solar installations, which have typically been residential and smaller commercial sized systems.

Schedule DGR also includes two conditions under which the City is not obligated to purchase energy returned to the grid: (1) If the customer-owned generating system is larger than 50 kW; and (2) If the system's primary purpose is to sell energy back to the grid (as opposed to offsetting the customer's consumption). In these instances, Schedule DGR allows for the City to make special arrangements and contracts as necessary if the City chooses to buy the energy under either of these conditions.

In FY 2017, the City received two large-scale commercial solar installation applications that exceed the 50 kW limit, one to be located at the Embassy Suites Hotel and Convention Center and one to be located at the Target retail facility on Loop 288. Staff has reviewed these applications and determined that the recommended course of action would be to develop and execute generation credit rate agreements with each customer in order to allow Schedule DGR to apply to generation from these solar installations.

These ordinances will allow the City Manager, or designee, to execute a generation credit rate agreement with these customers, and any others in the future, that have installed qualifying systems over the 50 kW threshold. In addition, this will further aid staff in increasing the efficiency of the distributed generation interconnection application and approval process, and further the City's goal of achieving a "Solar-Friendly" designation from the Department of Energy's Sol Smart program.

## **RECOMMENDATION**

Staff recommends the City Council adopt the ordinance authorizing the City Manager, or designee, to execute generation credit rate agreements as needed.

## **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

The Public Utilities Board will consider recommending approval on September 11, 2017 (PUB17-168).

## **STRATEGIC PLAN RELATIONSHIP**

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

**Related Key Focus Area:** Sustainable & Environmental Stewardship  
**Related Goal:** 5.3 Improve energy efficiency and conservation

## **EXHIBITS**

Exhibit 1: Agenda Information Sheet  
Exhibit 2: Ordinance

Respectfully submitted:  
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