



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Materials Management

CM: Todd Hileman

DATE: October 10, 2017

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas authorizing the approval of a first amendment to a contract between the City of Denton and Enterprise Risk Consulting, LLC (ERC) to assist the City of Denton in developing a Power Supply Hedge Strategy and implement a Risk Management Process in the not-to-exceed amount of \$200,000, amending the contract approved by the City Manager on August 23, 2017 in the amount of \$99,000; providing for the expenditure of funds therefor; and providing an effective date (File 6560—providing for an additional expenditure amount not-to-exceed \$200,000, with the total contract amount not-to-exceed \$299,000). The Public Utilities Board recommends approval (6-0).

FILE INFORMATION

Staff contracted with the independent firm of Enterprise Risk Consulting, LCC (“ERC”) to provide strategic support to assist with resource planning and the implementation of a revised long-term power supply strategy. This scope of work includes a revised resource plan, which will incorporate the addition of DME’s Denton Energy Center to its power supply portfolio. Targets will be developed for completing DME’s renewable power supply portfolio through the acquisition of a diversified set of power purchase agreements from renewable energy resources.

ERC presented their preliminary work on Phase 1 to the Public Utilities Board on September 11, 2017 and to the City Council on September 19, 2017. Below is a summary of anticipated findings from the presentation:

- Additional renewable resources will be found to be the least cost alternative for the City of Denton;
- Additional renewable resources will reduce the long term cost volatility of Denton’s energy supply;
- The Denton Energy Center (“DEC”) will assist in lowering supply volatility. ERC is analyzing how it might fit in the resource plan, and will recommend alternative ways to dispose of prospective excess production potential; and
- DME will need to develop forecasting and congestion management processes to fully integrate renewables into the supply portfolio.

ERC’s recommendations and report are expected to be delivered in mid/late October 2017. ERC also proposed a Phase 2 scope of work to 1) develop a Power Supply Hedge Strategy and 2) implement a Risk Management process. The scope of work is more fully explained in the scope of work which is attached as Exhibit A to the Ordinance.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On September 25, 2017, the Public Utilities Board recommended approval to forward this item to the City Council for consideration.

September 19, 2017 – ERC presented an update on their initial work at the September 19, 2017 City Council meeting.

September 11, 2017 – ERC presented an update on their initial work at the September 11, 2017 Public Utilities Board meeting.

RECOMMENDATION

Staff recommends approval of the first amendment to the professional services agreement with Enterprise Risk Consulting, LLC in an amount not-to-exceed \$200,000 for a total contract amount not-to-exceed \$299,000.

PRINCIPAL PLACE OF BUSINESS

Enterprise Risk Consulting, LLC
Sante Fe, NM

ESTIMATED SCHEDULE OF PROJECT

It is estimated that this work will begin in October 2017 and continue through the first quarter of 2018.

FISCAL INFORMATION

These services will be funded from Denton Municipal Electric account# 600001.7854.9210A.

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: **Public Infrastructure**
Related Goal: **2.3 Promote superior utility services and facilities**

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Original Agreement
Exhibit 3: Ordinance
Exhibit 4: First Amendment

Respectfully submitted:
Karen Smith, 349-8436
Purchasing Manager

For information concerning this acquisition, contact: Sarah Kuechler at 349-8356.