



# City of Denton

City Hall  
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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Denton Municipal Electric

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

**DATE:** January 22, 2018

### **SUBJECT**

Consider recommending formal adoption of a Renewable Resource Plan for Denton Municipal Utility.

### **BACKGROUND**

Enterprise Risk Consulting, LLC (ERC) presented a proposed Renewable Resource Plan (Plan) to the Public Utility Board on October 23, 2017 and the City Council the following day. Since that time, ERC has updated the Plan – the updated/final Plan is provided as an attachment to this agenda item.

Key outcomes of the October ERC presentations to the PUB and City Council included responses to four key questions:

1. Should Denton accelerate renewable purchases? **YES**
2. Should Denton move forward the date of the 100% renewable goal? **YES**
3. Should Denton delay solar purchases because of a potential federal solar tariff? **NO**
4. Should “WhiteTail” be counted as a renewable resource? **NO**

Assuming retirement of the Gibbons Creek project on September 30, 2018, Denton’s projected resource portfolio includes the following projects:

Generator Name	Type	Location	Capacity (MW)	Official Contract Date	Start Date	End Date	Annual Production (MWh)
WhiteTail (Nextera)	Wind	West Texas	30	5/1/09	7/1/11	12/31/23	262,800.00
BlueBell	Solar	West Texas	30	1/1/19	1/1/19	1/1/39	76,212.00
Santa Rita	Wind	West Texas	150	1/1/19	4/1/18	4/1/38	591,300.00
Landfill	Landfill Generation	Denton	1.6	?	1/1/17	12/31/24	14,016.00

The Plan looked at a variety of renewable resource options to move the electric utility’s portfolio to 70% and to 100%. Given Denton’s existing power resources, Solar in a relatively low congestion zone is judged to be the preferred option, followed by Coastal Wind and then Panhandle Wind. (Western Wind is the least attractive renewable resource given its geographic location and the large amount of western wind in Denton’s current portfolio.)

As of January 1, 2019, Denton’s renewable percentage is expected to equal 43% without including the WhiteTail project. To reach a power supply goal of 100% renewable energy, ERC’s resource planning model (and its assumptions) identified the following preferred options for Denton.

- 180 MW Solar and 150 MW Coastal Wind
- 120 MW Solar and 200 MW Coastal Wind

The City and ERC are currently finalizing an evaluation of renewable offers received on October 4, 2017 in response to a Request for Proposals (RFP) 6496. A total of 40 firms offered a total of 84 projects. Individual offers totaled 834 (495 solar, 332, wind and 7 other) when iterations in offered quantity and term are considered. It is expected that a contract with one project will be recommended in the near future for approval from this solicitation.

Following identification of a preferred project from the current RFP, the plan is to issue one or more subsequent RFPs for renewable resources that will individually target solar and wind technologies, and perhaps locations. Interestingly, several other municipal electric utilities have expressed an interest in joining with Denton to potentially acquire renewable resources via bids from these RFPs. Staff believes participation by other agencies could be beneficial given the relatively large project sizes generally needed by project developers to support project viability/economics. Staff hopes to complete the RFP issuance within the next 45 days.

In conclusion, the proposed Renewable Resource Plan provides a vision/strategy for increasing the renewable resource portfolio of Denton Municipal Electric to a 100% level. It provides a comparison of various renewable technologies and locations that will assist in evaluating possible projects bid under the current and subsequent renewable RFPs. The Plan also addresses and incorporates the Denton Energy Center project and documents the key variables that will impact the future economics of this project.

The new DME General Manager has reviewed the Plan in detail and concurs with its findings/conclusions with one possible exception. Based on information he has received to date regarding the facts and history of the 30 Megawatt “Whitetail” contract, a review of this resource’s appropriate classification is underway. If new information, not previously available to the consultant, is uncovered that supports a possible change in the classification, that information will be brought forward to the Public Utility Board.

### **RECOMMENDATION**

Staff recommends support for adopting the Renewable Resource Plan.

### **FISCAL INFORMATION**

The adoption of the Plan does not immediately obligate the expenditure of funds.

### **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 City facilities**

### **EXHIBITS**

1. Agenda Information Sheet
2. December 5, 2017 Renewable Resource Plan

Respectfully submitted:  
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