



Legislation Text

File #: PUB17-067, **Version:** 1

Agenda Information Sheet

DEPARTMENT: Denton Municipal Electric

CM: Todd Hileman

Date: March 27, 2017

SUBJECT

Consider recommending the adoption of an ordinance by the City Council authorizing the City Manager to execute an agreement by and between the City of Denton, Texas and the Texas Municipal Power Agency (TMPA), that provides for terms and conditions under which The City of Denton and TMPA are electrically interconnected between each of their respective transmission assets located within Denton County, Texas, in substantial conformity with the attached exhibits; authorizing the expenditure of funds therefor; and providing an effective date.

BACKGROUND

The City of Denton is a member of the TMPA who owns transmission assets that have been interconnected to deliver electric power to the City as part of a 1975 Power Purchase Agreement (PPA) between the member cities (Denton, Garland, Greenville, and Bryan) and TMPA. In the usual course of the electric transmission industry it is standard practice for physically connected transmission owners to sign an independent interconnection agreements that contain governing terms and conditions. In the situation between TMPA and its members, the interconnection and power supply terms were bundled together within one agreement instead of being independent. Therefore, no agreement that solely addresses interconnections had existed between TMPA and its members.

Due to agreed changes between TMPA's members affecting the governance of TMPA, there now exists the possibility that TMPA could one day no longer produce electric power from its own generation resource, but still transmit it from third party resources. The original Power Purchase Agreement (PPA) was designed to combine these functions. This was functional and served the members well for many years but having the transmission interconnection as an agreement independent of power supply will give TMPA, the City of Denton and the other city members of TMPA greater flexibility to address their changing circumstances. Therefore, TMPA and the member cities have put together a plan to put in place a standardized interconnection agreement that involves transmission only with the same existing assets that have been operating for almost four decades.

The TMPA board through its representative members has approved putting these agreements in place.

OPTIONS

1. Recommend that the City Council approve an ordinance to enter into an Interconnection Agreement with TMPA.
2. Do not recommend that the City Council approve an ordinance to enter into an Interconnection

Agreement with TMPA.

RECOMMENDATION

DME recommends that the PUB make a recommendation that the City Council approve the Interconnection Agreement with TMPA.

FISCAL INFORMATION

This Interconnection Agreement does not mandate specific expenditures. If contingencies arise requiring the purchase of goods or services those cost will sought and budgeted on a case by case basis.

EXHIBITS

1. Draft Interconnection Agreement

Respectfully submitted:
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General Manager

Prepared by:
Smith Day
Compliance Manager