



Legislation Text

File #: ID 17-359, **Version:** 1

Agenda Information Sheet

DEPARTMENT: Denton Municipal Electric

CM: Todd Hileman, City Manager

DATE: April 18, 2017

SUBJECT

Consider adoption of an ordinance 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. The Public Utilities Board recommends approval (6-0).

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 independent interconnection agreements containing governing terms and conditions. Within the existing contractual regime between TMPA and its members, the interconnection and power supply terms are bundled together, instead of being governed by independent agreements. Relying solely on a bundled agreement will not adequately address all future contingencies.

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 the generation resource it owns. TMPA's other main function, transmission of electric power, would continue to operate. The original PPA agreement was designed by combining both of these functions. This system functioned and served the members well for many years, but with the potential for changed circumstances in the future, having a transmission interconnection agreement independent of a power supply agreement will give TMPA, the City of Denton, and the other member cities greater flexibility to address those changes. Therefore, TMPA through its member cities, has approved a plan to put in place a standardized interconnection agreement that is centered upon the transmission function only, using the same existing transmission assets that have been operating for almost four decades.

PRIOR ACTION

On March 27, 2017 the Public Utilities Board recommended approval by a 6-0 vote.

OPTIONS

1. Approve an ordinance to enter into an Interconnection Agreement with TMPA.
2. Do not approve an ordinance to enter into an Interconnection Agreement with TMPA.

RECOMMENDATION

DME recommends that the City Council approve the Interconnection Agreement with TMPA.

FISCAL INFORMATION

This Interconnection Agreement does not mandate the appropriation of specific funding. If future contingencies arise requiring the purchase of goods or services, those cost will be sought and appropriated on a case by case basis.

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

1. Ordinance (with exhibit)

Respectfully submitted:

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