

# Mayor and Council Communication

**DATE:** 11/19/19

**M&C FILE NUMBER:** M&C 19-0321

**LOG NAME:** 21ELECTRICITY

**SUBJECT**

Adopt an Ordinance Amending Section 2-9(d)(8)(a) of the City Code in Order to Allow the City Manager to Execute Contracts for the Purchase of Electricity of up to 120-Months (ALL COUNCIL DISTRICTS)

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**RECOMMENDATION:**

It is recommended that the City Council adopt the attached ordinance amending Section 2-9(d)(8)(a) of the City Code in order to allow the City Manager to execute contracts for the purchase of electricity so long as (i) term of any such contract does not exceed 120-months, and (ii) sufficient funds have previously been appropriated by the City Council for that purpose.

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**DISCUSSION:**

On January 1, 2002, the retail electricity market in Texas was deregulated allowing large electric utility customers to aggregate their accounts when negotiating electricity service contracts. The City of Fort Worth participates in the Retail Electric Provider (REP) contract program to receive the best rates for electricity service.

The competitive market for electricity as a commodity is very fluid as prices change several times daily. In order to lock in prices, the City must have the flexibility to execute a contract in a very short amount of time. To that end, on April 26, 2005 the City Council adopted Ordinance No.16399-04-2005 (M&C C-20675) authorizing the City Manager to execute a contract for the purchase of electricity without City Council approval provided the term of the contract did not exceed 48-months. City contracts for electricity have since ranged from 11- to 48-months with contract prices approximately ranging from 4.1- to 8.0-cents per kWh.

The City has entered into nine REP contracts to serve the majority of City facilities; three with TXU Energy Retail Company, two with Reliant Energy Retail Services, and four with Champion Energy Services. The City has primarily signed Electric Sales Agreements with the Texas General Land Office (GLO) through its State Power Program (SPP), a part of the GLOs State Energy Marketing Program (SEMP) offering natural gas and electricity competitively only to public entities. Since 2010, Champion Energy Services has been the REP serving SPP customers such as the City.

This ordinance will allow the City to take advantage of market trends and lower prices by allowing the City Manager to execute a REP contract with a term of up to 120 months. City staff may negotiate lower prices associated with the longer terms and will be able to lock in those prices for a longer period of time. City staff will notify the City Council of the terms and conditions of any new contract as soon as possible following execution.

Pursuant to Texas Local Government Code Section 252.022(a)(15) , purchases of electricity are exempt from competitive bidding and competitive proposal requirements.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that this action will have no material effect on City funds.

**Submitted for City Manager's Office by:** Kevin Gunn 2015

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