

# Mayor and Council Communication

DATE: 04/28/26

M&C FILE NUMBER: M&C 26-0341

LOG NAME: 21RENEWABLE ENERGY CREDIT SALE

## **SUBJECT**

(ALL) Authorize Execution of Amendment No. 1 to the City of Fort Worth Retail Electric Contract with Reliant Energy Retail Services, LLC, Authorize Execution of a Market Participant Agreement with Electric Reliability Council of Texas, and Authorize Execution of an Agreement with Usource, or its Anticipated Successor, NextEra Advisors, LLC. in the Amount Up to \$300,000.00 for Renewable Energy Credit Sale Services

## **RECOMMENDATION:**

It is recommended that City Council:

1. Authorize execution of amendment No. 1 to the City's Retail Electric Contract with Reliant Energy Retail Services, LLC;
2. Authorize execution of a Market Participant Agreement with the Electric Reliability Council of Texas; and
3. Authorize execution of an agreement with Usource, or its anticipated successor, NextEra Advisors, LLC. in the amount up to \$300,000.00, for Renewable Energy Credit Sale services.

## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to authorize the execution of Amendment No. 1 to City Secretary Contract (CSC) No. 54646, to transfer Renewable Energy Credit Certificates (RECs) to the City of Fort Worth's Electric Reliability of Texas (ERCOT) Texas REC Trading account and to authorize an agreement with Usource, or its anticipated successor, NextEra Advisors, LLC for services related to the City's sale of Renewable Energy Credits.

The City of Fort Worth maintains 10-year electricity supply contracts with Reliant Energy Retail Services, LLC, from June 1, 2021, through May 31, 2031. The agreements cover all municipal facilities within deregulated ERCOT areas and include Renewable Energy Credits (REC) equal to roughly 50 percent of the City's annual electricity consumption. This totals approximately 173,000 RECs per full year, with a final allotment of 71,000 RECs for the partial year in 2031.

Prior to 2026, Reliant Energy retired RECs annually on the City's behalf. These retirements occur each April for the previous calendar year; for example, 2025 consumption RECs will be retired in April 2026. Approximately 936,000 RECs remain for the period spanning 2026 through 2031. The City will transition from retiring these future allocations to selling them to a third-party purchaser, receiving annual cash payments in lieu of retirements.

The City anticipates generating at least \$934,800.00 in gross revenue from the sale of 2026–2031 RECs, with a minimum price of \$1.00 per REC. Usource, or its anticipated successor, NextEra Advisors, LLC will receive a 15% fee on realized gross revenue, paid only after the City has received payment from the purchaser. This equates to approximately \$50,000 annually, subject to a cumulative cap of \$300,000.00. Net proceeds, estimated at \$794,582.00, are designated for the 200 Texas Street project.

### **Amendment No. 1 to the City's Retail Electric Contract with Reliant Energy Retail Services, LLC.**

The Council (i) approves this amendment and (ii) authorizes the City Manager, or his designee, to execute the amendment and any and all related documentation to facilitate the transfer of the City's REC certificates from Reliant and to City.

### **Agreement with Electric Reliability Council of Texas**

The purpose of this agreement is to establish the Texas Renewable Energy Credit (REC) Account as the necessary receptacle for the City to receive, hold, and sell renewable energy credits. By establishing this account, the City gains the legal and technical capacity to engage in receipt and sale activities. This agreement fulfills the requirements set by the Electric Reliability Council of Texas (ERCOT) for municipal participation in the renewable credit market.

### **Agreement with Usource, or its anticipated successor, NextEra Advisors, LLC.**

The purpose of this agreement is to engage Usource, or its anticipated successor, NextEra Advisors, LLC to sell the City's REC certificates in the REC marketplaces. The Council (i) approves (a) the sale of the City's REC certificates in one of more REC marketplaces for a minimum of One Dollar and No Cents (\$1.00) per REC certificate, (b) the agreement for Usource, or its anticipated successor, NextEra Advisors LLC to sell the City's REC certificates during a six (6) month term for a fee of fifteen percent (15%) per REC certificate with total fee not to exceed Three Hundred Thousand Dollars and No Cents (\$300,000.00) and (ii) authorizes the City Manager, or his designee, to (a) negotiate and approve any additional terms and conditions of the agreement and (b) execute the agreement and any and all related documentation needed to facilitate and finalize the sale of City's REC certificates by Usource, or its anticipated successor, NextEra Advisors, LLC.

A Form 1295 is not required because: This contract will be with a publicly-traded business entity or a wholly-owned subsidiary of a publicly-traded

business entity: Usource, or its anticipated successor, NextEra Advisors, LLC.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendations and execution of the agreement, funds will be deposited into the General Capital Projects Fund. The Property Management Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

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Expedited