



AGENDA MEMO
9/15/2020 Agenda

TO: Honorable Mayor and City Council

FROM: Dale Harwell, Director of Information Services

SUBJECT: Consideration and Approval of Resolution Approving a Commercial Electric Service Agreement with Gexa Energy, LP and a Professional Services Agreement with Texas Coalition for Affordable Power for the 2023-2027 term.

BACKGROUND:

The City of University Park is affiliated with over 160 other municipalities that form the Texas Coalition for Affordable Power (TCAP). The current contract for electric service will expire on December 31, 2022. As a result of the current contract, the City experienced an approximate annual savings of \$190,000 for calendar years 2018-2019 with the same expected savings continuing for calendar years 2020-2022.

On June 16th, the Executive Director of TCAP made a presentation to the City Council during the Pre-Meeting Work Session. The presentation included a new proposal for the upcoming 2023-2027 contract called "Strategic Hedging Program" that potentially gives the City an estimated \$25,000 annual savings over and above the current contract. TCAP would aggregate power usage of member agencies and solicit wholesale energy pricing two years in advance of consumption. Due to the stability of the US energy market, this will deliver optimal energy pricing to the City. In addition, the City will know the per kWh price prior to each budget year to be able to forecast the cost of electricity for the City each year. If the energy market experiences a shift that causes unforeseen price increases, the City has the ability to shift to a fixed price contract during this five-year agreement.

The resolution approves the execution of the agreements with Gexa Energy, LP and TCAP and affirms the City's participation in the Strategic Hedging Program. The City Attorney reviewed both of these agreements and recommended no changes.

RECOMMENDATION:

Staff recommends that the City Council approve the resolution that would give the City Manager authority to execute the Commercial Electric Service Agreement with Gexa Energy, LP and the Professional Services Agreement with TCAP.