

TOWN OF ADDISON, TEXAS

RESOLUTION NO. R10-027

A RESOLUTION OF THE TOWN OF ADDISON TEXAS, AUTHORIZING THE CITIES AGGREGATION POWER PROJECT, INC. (CAPP) TO NEGOTIATE AN EXTENSION TO THE CURRENT ELECTRIC SUPPLY AND NECESSARY RELATED SERVICES AGREEMENT WITH NEXT ERA FOR A FIXED PRICE PER kWh THAT IS LOWER THAN CONTRACT RATES FOR 2011-2013, SAID EXTENSION TO CONTINUE UNTIL DECEMBER 31, 2018; APPROVING CAPP CONTRACTING WITH NEXT ERA AND AUTHORIZING THE CITY MANAGER OR OTHER DESIGNATED CITY OFFICIAL TO SIGN A CONTRACT WITH CAPP FOR THE TOWN'S ELECTRICITY NEEDS FOR THE PERIOD BEGINNING JANUARY 1, 2011 OR AS SOON AFTER FINALIZATION OF A CONTRACT AS POSSIBLE AND EXTENDING UP TO DECEMBER 31, 2018; COMMITTING TO BUDGET FOR ENERGY PURCHASES AND TO HONOR THE TOWN'S COMMITMENTS TO PURCHASE POWER THROUGH CAPP FOR ITS ELECTRICAL NEEDS THROUGH DECEMBER 31, 2018; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Addison, Texas (City) is a member of Cities Aggregation Power Project, Inc. (CAPP), a nonprofit political subdivision corporation dedicated to securing electric power for its 102 political subdivision members in the competitive retail market; and

WHEREAS, CAPP negotiated favorable contract terms and a reasonable commodity price for delivered electricity since 2002 resulting in significant savings for its members; and

WHEREAS, the City's current contract for power with Next Era arranged through CAPP expires December 31, 2013; and

WHEREAS, the CAPP Board of Directors is currently considering a blend and extend contract with Next Era with indicative retail energy prices that will reduce the prices under the current contract for the next three years and extend a fixed price for energy through December 31, 2018; and

WHEREAS, the current contract is a master agreement between CAPP and Next Era endorsed by contract with individual CAPP members; and

WHEREAS, CAPP must be able to commit contractually to prices in a blend and extend contract amendment within a 24-hour period in order to lock-in favorable prices; and

WHEREAS, experiences in contracting for CAPP load since 2002 demonstrated that providers demand immediate response to an offer and may penalize delay with higher prices; and

WHEREAS, suppliers demand assurance that CAPP will pay for all contracted load; and

WHEREAS, the City must assure CAPP that it will budget for energy purchases and honor its commitments to purchase power for its electrical needs through CAPP for the period beginning January 1, 2011 and extending through December 31, 2018; and

WHEREAS, CAPP intends to continue to contract with Next Era (power supply) and Direct Energy (billing, administrative and other customer services); and

WHEREAS, the current contractual relationships between CAPP and Next Era and Direct Energy have been beneficial and cost effective for CAPP members and the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. That the CAPP Board and its consultants and advisors are agents authorized to negotiate for the City's electricity needs as a member of CAPP and extend the current supply agreement through December 31, 2018.

Section 2. That the City approves CAPP extending its current contract with Next Era for the supply of electric power and related, necessary services for the City for a term to begin January 1, 2011 or as soon after finalization of a contract as possible and extending up to December 31, 2018, so long as the extension results in savings over the current contract term of 2011-2013 and results in fixed prices through December 31, 2018.

Section 3. That the City Manager or other designated city official will execute a contract with CAPP that permits the Chairman of CAPP to sign a Commercial Electricity Supply Agreement ("CESA") for the City's electricity needs and related, necessary services beginning January 1, 2011 and extending up to December 31, 2018, as a member of CAPP and commits its load for the same period pursuant to the contract recommended and approved by the CAPP Board of Directors, provided that the energy price to be paid per kWh in 2011-2013 is less than the current contract price for 2011-2013 resulting in savings for the City and that the fixed price for the period 2011-2013 will continue through December 31, 2018.

Section 4. That the City will budget and approve funds necessary to pay electricity costs proportionate to the City's load under the supply agreement arranged by CAPP and signed by the Chairman of CAPP on behalf of all CAPP members for the term beginning January 1, 2011 and extending up to December 31, 2018.

Section 5. That a copy of this Resolution shall be sent to Mary Bunkley with the City Attorney's office in Arlington and Geoffrey M. Gay, legal counsel to CAPP.

Section 6. That this Resolution shall take effect immediately upon its passage and approval.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 23rd day of November, 2010.


Joe Chow, Mayor

ATTEST:

By: 
Lea Dunn, City Secretary