



CITY OF MCKINNEY, TEXAS

Legislation Details (With Text)

File #: 23-0617 **Name:** Electricity Procurement
Type: Resolution **Status:** Approved
In control: City Council Regular Meeting
On agenda: 8/1/2023 **Final action:** 8/1/2023
Title: Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a New Contract or Renewal Agreement with an Energy Provider that will be Selected via a Bid Process with the Help of the City's Energy Advisor, Energy by 5, for the Procurement of Electricity for the City beginning December 1, 2026

Indexes:

Attachments: 1. Resolution, 2. Presentation

| Date | Ver. | Action By | Action | Result |
|----------|------|------------------------------|--------|--------|
| 8/1/2023 | 1 | City Council Regular Meeting | | |

Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a New Contract or Renewal Agreement with an Energy Provider that will be Selected via a Bid Process with the Help of the City's Energy Advisor, Energy by 5, for the Procurement of Electricity for the City beginning December 1, 2026

MEETING DATE: August 1, 2023

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Chief Financial Officer
Trudy Mathis, Finance Director
Kelvin Bryant, Investment & Treasury Manager

RECOMMENDED CITY COUNCIL ACTION: Approval of Resolution

ITEM SUMMARY:

- This Resolution authorizes the City Manager to enter into a new contract or renewal agreement with the bid -winning energy provider for the procurement of energy at a fixed cost for a period up to 60 months beginning December 1, 2026. This is for the remaining 2/3 of unhedged meters.

BACKGROUND INFORMATION:

- The City has previously entered into an agreement with Energy by 5 to work as an advisor, consultant and energy broker on behalf of the City.
- In 2018 Energy by 5 helped facilitate a future contract with TXU for 1/3 of the total meters while decreasing our base price per kilowatt hour (kWh) from \$0.03697 to \$0.03632 for December 1, 2026 through November 30, 2030.
- The electricity market has increased since the beginning of the Ukraine conflict, but has

recently taken a 20% hit, since mid-March. With the Public Utility Commission adopting a Performance Credit Mechanism, now is the time to take advantage of the market dip.

FINANCIAL SUMMARY:

- Based on recent quotes of \$0.05366 for 24 months, blending the current 2026-2030 rate of \$0.03632 with the proposed 24 month offer from TXU would give a weighted average rate of **\$0.04499/kWh**
- The TXU offer includes \$10,000/year in Greenback dollar rebates.
- Price per kWh will be based on the refreshed market rate on day of bid

BOARD OR COMMISSION RECOMMENDATION: N/A