



City of Grand Island

Tuesday, May 10, 2022

Council Session

Item G-7

#2022-127 - Approving Amendment No. 4 to Energy Management Agreement with Tenaska

Staff Contact: Tim Luchsinger, Stacy Nonhof

Council Agenda Memo

From: Tim Luchsinger, Utilities Director
Stacy Nonhof, Interim City Attorney

Meeting: May 10, 2022

Subject: Approving the 4th Amendment to the Energy Management and Settlement Service Agreement with Tenaska Power Services

Presenter(s): Tim Luchsinger, Utilities Director

Background

In order to ensure a reliable electric supply grid, electric utilities are required by federal and regional agencies to maintain accredited electric generation facilities in an amount to meet their maximum load requirements, plus a reserve to support outside needs in an emergency grid situation. This accreditation includes the operation of each unit at full load for a specified duration annually, and the generation source can be either owned by the utility or through an arrangement with another utility. Meeting this capacity accreditation is also a requirement for a utility to be part of the energy market in the regional Southwest Power Pool (SPP) and allow it to buy and sell power to meet its load. With its units at Platte, Burdick, Prairie Breeze III, and share of units at Nebraska City, Hastings, and WAPA, the Utilities Department currently has accredited generation that is forty-nine (49) Megawatts in exceedance of what is required to serve the existing City load.

Discussion

Tenaska Power Services, the Department's power marketer, proposes to buy surplus capacity from the Department and sell to a third party which needs accredited capacity from June 2023 through May 2028 under the terms of the attached agreement as the 4th Amendment to the Energy Management and Settlement Service Agreement with Tenaska Power Services. Attachment D-1 to Exhibit D includes confidential pricing and is forwarded under separate cover. The Utilities Department recommends that this amendment to the Tenaska agreement be approved by Council.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the 4th Amendment to the Energy Management and Settlement Service Agreement with Tenaska Power Services.

Sample Motion

Move to approve the 4th Amendment to the Energy Management and Settlement Service Agreement with Tenaska Power Services.

RESOLUTION 2022-127

WHEREAS, to ensure a reliable electric supply grid, electric utilities are required by federal and regional agencies to maintain accredited electric generation facilities in an amount to meet their maximum load requirements, plus a reserve to support outside needs in an emergency grid situation; and

WHEREAS, with its units at Platte, Burdick, Prairie Breeze III, and a share of units at Nebraska City, Hastings, and WAPA, the Utilities Department currently has accredited generation that is forty-nine Megawatts in exceedance of what is required to serve the existing City load; and

WHEREAS, Tenaska Power Services proposes under the terms of Amendment #4 to the Energy Management and Settlement Service Agreement to buy surplus capacity from the Department and sell to a third party which needs accredited capacity from June 2023 through May 2028.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that Amendment #4 to the Energy Management and Settlement Service Agreement with Tenaska Power Services is approved, and the Mayor is hereby authorized to sign the amendment on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, May 10, 2022.

Roger G. Steele, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☒ _____
May 6, 2022	☒ City Attorney