



City of Grand Island

Tuesday, February 12, 2013

Council Session

Item G8

**#2013-31 - Approving the Amended Capacity Agreement with the
Municipal Energy Association of Nebraska**

Staff Contact: Tim Luchsinger, Robert Sivick

Council Agenda Memo

From: Timothy Luchsinger, Utilities Director

Meeting: February 12, 2013

Subject: Amended Capacity Agreement with the Municipal Energy Association of Nebraska (MEAN)

Item #'s: G-8

Presenter(s): Timothy 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. With its units at Platte and Burdick, and share of units at Nebraska City and Hastings, the Utilities Department currently has accredited generation of 323 megawatts to serve a maximum load of 170 megawatts.

Discussion

The Municipal Energy Agency of Nebraska (MEAN), is an organization of municipal utilities in Nebraska and surrounding states formed to pool resources to serve its members under varying service agreements, and Grand Island has been a member since its formation in 1981. MEAN is entering into an agreement for supplying power to a new customer and will require additional accredited generation capacity in order to serve this load and proposed to purchase this capacity from Grand Island's surplus capacity. The agreement provides for the purchase of the capacity, and also for the determination of the price of the energy should the right to the capacity be exercised and the unit placed into operation. This agreement was previously approved by Council on December 4, 2012, but subsequently MEAN proposed some language changes to the agreement that, while they did not substantially revise the agreement, were determined to be enough to warrant further consideration by Council prior to the Mayor's execution. The major change was in regard to termination of the agreement in the event of uncontrollable forces, and the final agreement was reviewed by Tenaska Power Services, the City's power marketer,

and the terms were considered to be in line with the current market conditions. A redline copy is furnished under separate cover, as it is a confidential agreement. The Utilities Department recommends that this amended capacity agreement with MEAN 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 Amended Capacity Agreement with the Municipal Energy Association of Nebraska.

Sample Motion

Move to approve the Amended Capacity Agreement with the Municipal Energy Association of Nebraska.

RESOLUTION 2013-31

WHEREAS, with its units at Platte and Burdick Generating Stations and share of units at Nebraska City and Hastings, Grand Island Utilities has accredited generation of 323 megawatts to serve a maximum load of 170 megawatts; and

WHEREAS, the Municipal Energy Agency of Nebraska (MEAN), is an organization of municipal utilities in Nebraska and surrounding states formed to pool resources to serve its members under varying service agreements, and Grand Island has been a member since 1981; and

WHEREAS, MEAN is entering into an amended agreement to supply power to another customer, and will require additional accredited generation capacity in order to serve this load and proposed to purchase this capacity from Grand Island's surplus capacity; and,

WHEREAS, the amended agreement provides for the purchase of the capacity, and also for the determination of the price of the energy should the right to the capacity be exercised and the unit placed into operation; and

WHEREAS the amended agreement was reviewed by Tenaska Power Services, the City's power marketer, and the terms are considered to be in line with current market conditions.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Amended Capacity Agreement with the Municipal Energy Association of Nebraska (MEAN) is hereby accepted, and that the Mayor signs the agreement on behalf of the City of Grand Island.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, February 12, 2013.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
February 8, 2013	☐ City Attorney