



City of Grand Island

Tuesday, August 10, 2010

Council Session

Item G5

#2010-210 - Approving the Discontinuation of the Joint Marketing Agreement between the City of Grand Island and Nebraska Public Power District (NPPD)

Staff Contact: Gary R. Mader

Council Agenda Memo

From: Gary Mader, Utilities Director
Dale Shotkoski, City Attorney

Meeting: August 10, 2010

Subject: Discontinuing the Joint Marketing Agreement between
Grand Island and Nebraska Public Power District

Item #'s: G-5

Presenter(s): Gary Mader, Utilities Director

Background

In 2000, Grand Island Utilities entered into an agreement with Nebraska Public Power District (NPPD) designating NPPD as the sole marketer and seller of excess power produced by Grand Island power plants. Due to the fact that Grand Island's electric system is entirely surrounded by and connected with NPPD, it was logical to utilize NPPD to market any excess power. In May, 2009, Omaha Public Power District's (OPPD) Nebraska City #2 (NC2) power plant began commercial operation. Grand Island is a participant in this plant with a maximum share of 34 MW. The Participation Power Agreement between Grand Island and OPPD allows for power to be marketed and sold directly from the plant without needing to bring it to Grand Island first. In order to take advantage of this flexibility, provisions need to be made regarding Grand Island's Joint Marketing Agreement with NPPD. In addition, an agreement with OPPD is needed to allow them to market excess power directly from NC2.

Discussion

On January 26, 2010, City Council approved a marketing agreement with OPPD to allow them to market and sell any excess of Grand Island's share of power produced by NC2 directly from NC2. Concurrently, a temporary operational procedure was created between Grand Island and NPPD allowing the use of OPPD to market that power. This created a trial period with OPPD to determine and evaluate any long-term benefits of marketing NC2 power directly through OPPD. That trial period has expired with a desire to continue the arrangement. NPPD has determined that the Joint Marketing Agreement between Grand Island and NPPD is no longer necessary and has submitted a letter

requesting termination (see attached). Grand Island will continue to utilize NPPD to market excess power generated locally.

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 a future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the discontinuation of the Joint Marketing Agreement between Grand Island and Nebraska Public Power District.

Sample Motion

Move to approve the discontinuation of the Joint Marketing Agreement between Grand Island and Nebraska Public Power District.



Nebraska Public Power District
"Always there when you need us"

July 28, 2010

Mrs. Margaret Hornaday, Mayor
City of Grand Island
100 East First Street
P.O. Box 1968
Grand Island, NE 68802-1968

Dear Mayor Hornaday,

Nebraska Public Power District (NPPD) and the City of Grand Island (GRIS) have mutually agreed to terminate their Joint Marketing Agreement that was originally effective June 1, 2000, and which has been in effect year to year since this time. Since NPPD and GRIS have mutually agreed to terminate this Joint Marketing Agreement, the termination will become effective August 10, 2010.

Additionally, the Six Month Market Operation Procedure for NC2 that is effective February 1, 2010 through July 31, 2010 will no longer remain in effect. GRIS or its designated agent will be responsible for scheduling NC2 using NERC approved requirements.

NPPD and GRIS will continue to be able to market energy to each other using NERC approved Tags and Transmission Reservations.

The parties indicate their agreement to the items above by affixing their signatures in the appropriate areas below.

Ron Thompson
Energy Supply Manager
Nebraska Public Power District

Margaret Hornaday
Mayor
City of Grand Island

7/28/10

Date

Date

RESOLUTION 2010-210

WHEREAS, in 2000, Grand Island Utilities entered into an agreement with Nebraska Public Power District (NPPD) designating NPPD as the sole marketer and seller of excess power produced by Grand Island Power Plants; and

WHEREAS, in May, 2009, Omaha Public Power District's (OPPD) Nebraska City #2 (NC2) power plant began commercial operation; and

WHEREAS, Grand Island is a participant in this plant with a maximum share of 34 MW;
and

WHEREAS, the Participation Power Agreement between Grand Island and OPPD allows for power to be marketed and sold directly from the plant without needing to bring it to Grand Island first;
and

WHEREAS, on January 26, 2010, Council approved a marketing agreement with OPPD to allow them to market and sell any excess of Grand Island's share of power produced by NC2 directly from NC2; and

WHEREAS, a trial period with OPPD has expired with a desire to continue the arrangement; and

WHEREAS; NPPD has determined that the Joint Marketing Agreement between Grand Island and NPPD is no longer necessary and has submitted a letter requesting termination.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the discontinuation of the Joint Marketing Agreement between Grand Island and NPPD is hereby approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 10, 2010.

Margaret Hornady, Mayor

Attest:

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|---------------------|-----------------|
| Approved as to Form | ☐ _____ |
| August 6, 2010 | ☐ City Attorney |

RaNae Edwards, City Clerk