



City of Grand Island

Tuesday, June 26, 2012

Council Session

Item G8

#2012-161 - Approving Termination of Notice of WEC2 Marketing Service

Staff Contact: Tim Luchsinger, Utilities Director

Council Agenda Memo

From: Timothy Luchsinger, Utilities Director
Jason Eley, City Attorney/Purchasing

Meeting: June 26, 2012

Subject: Termination of Notice of WEC2 Marketing Service

Item #'s: G-8

Presenter(s): Timothy Luchsinger, Utilities Director

Background

Grand Island is a participant in the Public Power Generating Agency (PPGA) which is a group of public power utilities organized under the Interlocal Agreement provisions of state law for the construction and operation the coal fired power plant located in Hastings, Whelan Energy Center (WEC) 2.

With the addition of this facility, there is opportunity for increased wholesale sales of electric energy to the regional grid when that generation resource is not needed to serve native load, and several of the participants decided to enter into a marketing agreement to facilitate wholesale power sales. The Nebraska participants, Municipal Energy Agency of Nebraska (MEAN), Nebraska City, Hastings, and Grand Island developed agreements with MEAN to jointly market the available excess power from WEC2, with MEAN as the marketer.

Aggregating the participant share into a larger block for sale offers some advantages in the power market. The marketing agreement established the parameters of the marketing effort and was approved by Council on March 8, 2011. In order to better market wholesale power from all of Grand Island's generating units, on May 22, 2012, Council approved an agreement with Tenaska Power Services to provide marketing services which includes the City's share of WEC2, therefore, the agreement with MEAN to provide WEC2 marketing services is no longer required.

Discussion

The provisions of the agreement with MEAN allow its termination subject to notification and payment of administrative fees due until the transfer of marketing services is completed, scheduled for this August. MEAN has provided the separately attached

confidential agreement to document this termination. Utilities and legal staff have reviewed this agreement and recommend its execution.

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 execution of the agreement with MEAN to terminate WEC2 Marketing Services.

Sample Motion

Move to approve execution of the agreement with MEAN to terminate WEC2 Marketing Services.

RESOLUTION 2012-161

WHEREAS, Grand Island is a participant in the Public Power Generating Agency (PPGA), a group of public power utilities organized under a Interlocal Agreement for the construction and operation of the coal fired power plant located in Hastings, Whelan Energy Center (WEC) 2; and

WHEREAS, originally the power participants entered into a marketing agreement to facilitate wholesale power sales for excess power from WEC2 with MEAN as the marketer; and

WHEREAS, in order to better market wholesale power from all of Grand Island's generating units, on May 22, 2012, Council approved an agreement with Tenaska Power Services to provide marketing services which includes the City's share of WEC2, therefore, the agreement with MEAN to provide WEC2 marketing services is no longer required; and

WHEREAS, the provisions of the agreement with MEAN allow for termination subject to notification and payment of administrative fees due until the transfer of marketing services is completed and MEAN has provided an agreement and recommend it's execution; and

WHEREAS, Utilities and legal staff have reviewed this agreement and recommend its execution.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, the agreement with MEAN to terminate the original marketing agreement is approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, June 26, 2012.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
June 26, 2012	☐ City Attorney