



City of Grand Island

Tuesday, March 07, 2006

Special/Council Session

Item G12

**#2006-72 - Approving Confidentiality Agreement with NPPD -
Utilities Department**

Staff Contact: Gary R. Mader; Doug Walker

Council Agenda Memo

From: Gary R. Mader, Utilities Director
Meeting: March 7, 2006
Subject: Confidentiality Agreement with NPPD
Item #'s: G-12
Presenter(s): Gary R. Mader, Utilities Director

Background

Grand Island Utilities and the Nebraska Public Power District (NPPD) work together on a routine, continuous basis in the electric industry. Grand Island and NPPD have several agreements in place concerning the purchase and sale of electric energy, and the joint reporting of electric resources to meet National Electric Reliability Council (NERC) requirements. These agreements require the routine exchange of information concerning the status and condition of one another's power production facilities, substations, and transmission lines.

Discussion

With the federal deregulation of an electric industry without the resources in place to allow a truly open market place, the knowledge of electric system failures and weaknesses can be used to manipulate regional electric markets to produce excess profits for power marketers. The classic example of electric system manipulation to produce high profits is the Enron manipulation of California power markets in the 90's.

Because of the potential for market manipulation, the National Electric Reliability Council standards prohibit the disclosure of information that might be used to gain an unfair advantage in electric power markets. The regulation is similar to Securities and Exchange Commission regulation of insider trading in financial markets.

Since Grand Island and NPPD routinely exchange information regarding the operating status of the respective electrical utilities, a confidentiality agreement is proposed regarding the disclosure of that information, in accordance with NERC Standards.

Alternatives

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

1. Move to approve the agreement
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 agreement with NPPD.

Sample Motion

Motion to approve the Confidentiality Agreement with NPPD.

CONFIDENTIALITY AGREEMENT FOR ELECTRIC SYSTEM RELIABILITY DATA

This Power System Reliability Data Exchange Agreement ("Agreement") is effective as of January 1, 2006, by and between, Nebraska Public Power District, and the City of Grand Island, Nebraska, hereinafter individually called a "Party" and collectively called the "Parties".

1. This Agreement is among the Data Recipients who are the signatories to this document.

2. This Agreement is made to authorize Nebraska Public Power District, and Grand Island Utilities - City of Grand Island, Nebraska, to disclose to one another as well as their Reliability Coordinator, as required under applicable NERC (or successor organization) Reliability Standards, the following electric system reliability data, specifically including, but not limited to, real time power system models.

[select one below]

A Party's real-time Power System Reliability Data for all Points.

The Parties' Power System Reliability Data for the following Points:

_____	_____
_____	_____
_____	_____
_____	_____

[attach additional sheet(s) if necessary]

3. The receiving Party agrees to use the above-designated data solely for non-competitive transmission and reliability purposes such as SCADA, EMS advanced applications, etc.

4. The receiving Party agrees to keep the above-designated data in confidence and further agrees to not disclose such data to any other entity or third party. Notwithstanding the foregoing, the receiving Party may disclose such data to its Reliability Coordinator, employees, contractors, consultants and attorneys, provided such disclosure is made solely to those persons with a legitimate need to know such data solely for the purposes set forth in Paragraph 3 of this Agreement.

5. The receiving Party may disclose the above-designated data pursuant to any requirement of law or any duly empowered government agency or court. However, if the receiving Party learns of a request or attempt, by subpoena, or governmental investigation to require disclosure of the Confidential Information, the receiving Party shall promptly notify the disclosing Party so that an appropriate protective order may be sought, unless such notification is prohibited by law. The receiving Party will cooperate with the disclosing Party in obtaining a

protective order or other reliable assurance to protect the confidentiality of the Confidential Information, and if such disclosure is sought pursuant to a subpoena issued in connection with a civil lawsuit, the receiving Party shall not disclose any Confidential Information unless and until the disclosing Party has a reasonable opportunity to challenge any such subpoena and any such challenge is finally determined including any appeals from any order of any interim court or administrative body.

6. Either party may terminate this Agreement upon written notice delivered to the other party.

7. Neither this Agreement nor any rights hereunder are assignable or otherwise transferable by either party, in whole or in part; provided, that either party may assign or transfer this Agreement and rights hereunder to any current or future successor company upon advance written notice to the other party and provided such assignee agrees in writing to the terms and conditions herein.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to sign this Agreement as of the date written above.

City of Grand Island, Nebraska

By: _____
Authorized Representative

Printed name: _____

Nebraska Public Power District

By: T.J. Arlt
Authorized Representative

Printed name: Timothy J. Arlt
SYSTEM CONTROL MANAGER

RESOLUTION 2006-72

WHEREAS, the Grand Island Utilities Department and the Nebraska Public Power District (NPPD) work together on a routine, continuous basis in the electric industry, and have several agreements in place concerning the purchase and sale of electric energy and the joint reporting of electric resources to meet National Electric Reliability Council (NERC) requirements; and

WHEREAS, the various agreements require the routine exchange of information concerning the status and condition of one another's power production facilities, substations, and transmission lines; and

WHEREAS, in order to secure the information exchanged, and to comply with the NERC standards prohibiting the disclosure of information that may be used to gain an unfair advantage in electric power markets, it is recommended that a confidentiality agreement be entered into between the parties; and

WHEREAS, the confidentiality agreement would authorize NPPD and the City's Utility Department to disclose to one another as well as their Reliability Coordinator, as required under applicable National Electric Reliability Council reliability standards, real-time power system reliability data for all points; and

WHEREAS, the proposed agreement has been reviewed and approved by the City Attorney.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Confidentiality Agreement between the City and the Nebraska Public Power District for Electric System Reliability Data is hereby approved; and the Mayor is hereby authorized and directed to execute such agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, March 7, 2006.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
March 2, 2006 ☐ City Attorney