

RESOLUTION NO. 19-2006

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, AUTHORIZING THE CITIES AGGREGATION POWER PROJECT, INC. TO NEGOTIATE AN ELECTRIC SUPPLY AGREEMENT FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2007; AUTHORIZING CAPP TO ACT AS AN AGENT ON BEHALF OF THE CITY TO ENTER INTO A CONTRACT FOR ELECTRICITY; AUTHORIZING THE CHAIRMAN OF CAPP TO EXECUTE AN ELECTRIC SUPPLY AGREEMENT FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2007; AND COMMITTING TO BUDGET FOR ENERGY PURCHASES IN 2007 AND 2008 AND TO HONOR THE CITY OF ABILENE'S COMMITMENTS TO PURCHASE POWER FOR ITS ELECTRICAL NEEDS IN 2007 AND 2008 THROUGH CAPP.

WHEREAS, the City of Abilene, Texas (City) is a member of Cities Aggregation Power Project, Inc. (CAPP), a nonprofit political subdivision corporation dedicated to securing electric power for its more than 86 members in the competitive retail market; and

WHEREAS, CAPP negotiated favorable contract terms and a reasonable commodity price for delivered electricity since 2002 resulting in significant savings off of the Price to Beat (PTB) rate for its members; and

WHEREAS, the CAPP Board and CAPP consultants are continuing to investigate long term contracting options, CAPP members must secure short term (2007 and 2008) power supplies or revert to high price standard contracts and independently shop for a power contract; and

WHEREAS, experience gained by the CAPP Board indicates that entering into a wholesale power contract, as distinct from a retail contract, effective January 1, 2007 may provide for greatest potential savings for CAPP members and facilitate an ultimate transition to fixed price long term agreements; and

WHEREAS, potential wholesale power providers desire to execute a contract with one, and only one, entity rather than have unique contracts for each CAPP member; and

WHEREAS, CAPP believes that the pricing opportunity window for favorable 2007 deliveries under either a wholesale or retail agreement will be short-lived (in the late spring – early summer time period) and that CAPP must be able to commit contractually to prices within a 24-hour period in order to lock-in favorable prices; and

WHEREAS, experiences in contracting for CAPP load since 2002 demonstrated that Retail Electric Providers demand immediate response to an offer and may penalize delay with higher prices; and

WHEREAS, CAPP's current delivered energy prices provide savings when measured against the PTB rate, and aggregated rates contracted during favorable pricing periods are likely to be lower than prices obtained by the City contracting individually during the same time period; and

WHEREAS, wholesale suppliers demand assurance that CAPP will pay for all contracted load; and

WHEREAS, the City of Abilene needs to assure CAPP that it will budget for energy purchases in 2007 and 2008 and honor its commitments to purchase power for its electrical needs in 2007 and 2008 through CAPP.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE,
TEXAS:

Section 1:

That the CAPP Board and its consultants and advisors are agents authorized to negotiate for the City's electricity needs as a member of CAPP and to evaluate wholesale power supply contract options for 2007 as compared to a retail electric delivery contract for 2007 and, if feasible, 2008.

Section 2:

That the Chairman of CAPP is hereby authorized to sign an electric power agreement for the City pursuant to the contract approved and recommended by the CAPP Board of Directors within 24 hours of said approval and recommendation.

Section 3:

That the City will budget and approve funds necessary to pay electricity costs proportionate to the City's load under the supply agreement (whether wholesale or retail) arranged by CAPP and signed by the Chairman of CAPP for the City.

Section 4:


That a copy of the resolution shall be sent to Mary Bunkley with the City Attorney's office in Arlington and Geoffrey M. Gay, legal counsel to CAPP.

Adopted this 8th day of June 2006.

ATTEST:




Jo Moore, City Secretary



Norm Archibald, Mayor

APPROVED:



City Attorney