

## **MEMORANDUM**

**TO:** Mayor and City Council Members

**FROM:** George Campbell, City Manager

**DATE:** February 15, 2016

**SUBJECT:** Independent Review of the Renewable Denton Plan

Mayor and City Council Members,

In our recent discussions Council has indicated the desire to have an independent consultant review the proposed Renewable Denton Plan. Such an objective review should include but not be limited to an assessment as to how effective the RDP plan would be in reaching the Council's objectives regarding the further development of renewable energy, maintaining or reducing electric rates to our customers and maintaining the high degree of reliability that DME now enjoys as compared to other options. An item has been posted on the February 16 Council meeting agenda which will give you the opportunity to further discuss the Scope of Services the consultant will be expected to perform and the criteria by which the consultant will be chosen.

While there has been a variety of topics and elements expressed as to what such an analysis/study should include it is my understanding of the consensus of the Council that an objective and qualified third party consultant would:

- provide a review of DME's proposed Renewable Denton Plan and;
- consider the processes that led DME to recommend that plan including the thoroughness with which DME examined other options and technologies and;
- consider the proposed plan in light of Council's long standing direction to increase Denton's use of renewable energy while protecting rates and reliability and;
- have the resources and time to focus on this engagement and complete our desired scope of work in a roughly 60-90 day time frame.

The following is therefore my recommendation for a Scope of Work based upon my understanding and consideration of the Council's direction as well as comments I have since received from Council members.

## Scope of Work

The Consultant shall perform the following in a professional manner:

- **Review of the Renewable Denton Plan (the Plan).** Consultant will read and review applicable charts, graphs, narratives, cost estimates, spreadsheets, and other materials, and discuss with DME staff as necessary to understand the elements and logic of the Plan.
- **Review other options considered by DME to serve load with an increasingly renewable portfolio.** Consultant will review applicable charts, graphs, narratives, cost estimates, spreadsheets, and other materials, and discuss with DME staff as necessary to understand the alternatives to the Plan that have been researched.
- **Determine what alternatives should be considered that would meet the Council direction regarding renewables, rates, and reliability.** Consultant will identify risks, and determine whether DME should make modifications or explore other alternatives.
- **Report findings to Denton City Council.** Consultant will create an Executive Summary of their findings, and present their findings to the City Council.

## Credentials:

Once the council has determined a scope of work, the City Manager will recommend a consultant or consultants who are both qualified and available to perform the analysis. In light of the financial ramifications associated with delays, timeliness is assumed to be an important consideration. The RDP, as proposed, has been projected to result in a calculated savings in energy costs alone, to the ratepayers approaching \$500,000,000 over a twenty year period. The consultant will need to possess the knowledge and experience below and meet criteria as follows:

- ERCOT and nodal market – Record of previously completed projects that have resulted in an implementation of consultant’s recommendations
- Electric generation technologies including storage and natural gas. The consultant chosen should also be able to assess the current RDP based upon his/her knowledge and experience as measured in comparison to other technologies including residential and commercial rooftop solar, battery storage, compressed air storage, pumped hydro storage and liquefied air storage.
- Consideration of demand response and energy efficiency as strategies to help Denton increase renewable power while protecting rates and reliability.

- Experience and proven record for implementing plans and strategies and operating in the market space with responsibility/accountability for P&L. Knowledgeable about current best practices in integrating renewables into an ERCOT utility portfolio to serve load while minimizing both rate impacts and risks.
- Issues related to integrating large amounts of renewable energy (utility scale) into a portfolio.

While the Scope of Work outlined above will not result in a complete new study of every technology or of every issue brought forward by various individuals or groups it will allow a qualified, knowledgeable, and experienced consultant to assess the degree to which DME has studied available data and incorporated their findings into a proposal intended to also meet the city's stated goals and objectives. It will allow the consultant to draw conclusions and make recommendations that will assist Council to move forward with the most reasonable, cost effective, beneficial plan for Denton's future.

I appreciate Council's consideration of this recommendation and your further direction.