

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: 9/20/2021

Topic:

Approve payment to Gexa Energy for remainder of Ancillary Charges Rate due to the Winter Storm.

Background:

The City's monthly electric bill is comprised of three main components: the energy rate, the transmission and distribution rate, and the ancillary charges rate. Texas Coalition for Affordable Power (TCAP) sets our fixed energy rate that covers the cost of power received from Gexa Energy for the duration of our contract, the PUC approves the transmission and distribution rate, and ERCOT sets the ancillary charges rate which is meant to ensure grid reliability, and changes hourly.

Due to our contract with TCAP, the City did not experience an extreme energy rate fluctuation as other consumers have experienced. However, the winter storm caused unprecedented peaks in the ERCOT ancillary service charge which is being assessed to every consumer within the ERCOT grid.

The City of Tomball did receive notification from Gexa Energy that our total Ancillary Service Charges would be increasing, and the payment options provided were presented to Council in May. At which time, Council voted to split the total payment into monthly installments. We have paid two (2) installments of \$12,363.24 and to avoid further interest charges, staff recommends paying the remaining balance of \$205,962.92

Origination: City Administration

Recommendation:

Staff recommends approving the total payment of \$205,962.92 to Gexa Energy to pay the remaining balance of the total Ancillary Service Charges, to be split between the General and Enterprise Fund.

Party(ies) responsible for placing this item on agenda: Meagan Mageo, Project Coordinator

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: ☒ _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed	<u>Meagan Mageo</u>	Approved by	_____
	Staff Member		City Manager
	Date		Date