



Legislation Details (With Text)

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4/21/2022	1	City Commission	Approved as Recommended	Pass

The Energy Authority (TEA) Guaranty Increase (B)

GRU is a member of TEA, an organization comprised of seven public power organizations throughout the United States, whose primary function is to leverage economies of scale to bring benefits to public power entities across the country. TEA provides a number of services to GRU including power trading, risk management and hedging, commodities market forecasting, and advanced analytics. GRU is currently a one-seventeenth share member.

As part of this function, TEA, through its members, must guaranty that it will pay for power purchased from others. This is accomplished through a Restated and Amended Advance Agreement, which was first approved by the City Commission on February 28, 2000 and a revised version that was approved by the City Commission on April 23, 2001. The revised Agreement provided that GRU's share of the maximum guaranty (in the form of cash, Bank Letter of Credit or Trade Guaranty) was \$9,642,857.12 for the electric system. However, the wholesale energy market has continued to become more complex and the power purchase volumes are much larger. Therefore, it is necessary to increase our guarantee to \$15,000,000 effective June 1, 2022 and to \$20,000,000 effective December 1, 2022.

This item was presented to the City Commission on April 21, 2022, at which time they approved staff's request to authorize the General Manager or his designee to execute the revised Restated and Amended Electric Advance Agreement. We were unable to bring it to the UAB first due to time constraints, but felt it important to make the UAB aware of the change.

GRU and/or the other members of TEA would be required to pay in the unlikely instance that TEA was unable to pay.

Hear an informational presentation from TEA and GRU staff.