

TCAP

LOCAL GOVERNMENT CODE

TITLE 9. PUBLIC BUILDINGS AND GROUNDS

SUBTITLE C. PUBLIC BUILDING PROVISIONS APPLYING TO MORE THAN ONE TYPE OF LOCAL GOVERNMENT

CHAPTER 304. ENERGY AGGREGATION MEASURES FOR LOCAL GOVERNMENTS

Sec. 304.001. AGGREGATION BY POLITICAL SUBDIVISIONS. (a) In this chapter, "political subdivision" means a county, municipality, school district, hospital district, or any other political subdivision receiving electric service from an entity that has implemented customer choice, as defined in Section 31.002, Utilities Code.

(b) A political subdivision may join with another political subdivision or subdivisions to form a political subdivision corporation or corporations to act as an agent to negotiate the purchase of electricity, or to likewise aid or act on behalf of the political subdivisions for which the corporation is created, with respect to their own electricity use for their respective public facilities.

(c) The articles of incorporation and the bylaws of a political subdivision corporation must be approved by ordinance, resolution, or order adopted by the governing body of each political subdivision for which the corporation is created.

(d) A political subdivision corporation may negotiate on behalf of its incorporating political subdivisions for the purchase of electricity, make contracts for the purchase of electricity, purchase electricity, and take any other action necessary to purchase electricity for use in the public facilities of the political subdivision or subdivisions represented by the political subdivision corporation. In this subsection, "electricity" means electric energy, capacity, energy services, ancillary services, or other electric services for retail or wholesale consumption by the political subdivisions.

(e) A political subdivision corporation may recover the expenses of the political subdivision corporation through the assessment of dues to the incorporating political subdivisions or through an aggregation fee charged per kilowatt hour, or a combination of both.

(f) A political subdivision corporation may appear on behalf of its incorporating political subdivisions before the Public Utility Commission of Texas, the Railroad Commission of Texas, the Texas Natural Resource

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Conservation Commission, any other governmental agency or regulatory authority, the Texas Legislature, and the courts.

(g) A political subdivision corporation has the powers of a corporation created and incorporated pursuant to the provisions of the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) and such other powers as specified in Section 39.3545, Utilities Code.

(h) The provisions of the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) relating to powers, standards of conduct, and interests in contracts apply to the directors and officers of a political subdivision corporation.

(i) A member of the board of directors of a political subdivision corporation:

- (1) is not a public official by virtue of that position; and
- (2) unless otherwise ineligible, may be elected to serve as an official of a political subdivision or be employed by a political subdivision.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 42, eff. Sept. 1, 1999.
Renumbered from Sec. 303.001 by Acts 2001, 77th Leg., ch. 1420, Sec. 21.001(87), eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 201, Sec. 58, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 680, Sec. 2, eff. June 20, 2003.

Sec. 304.002. AGGREGATION BY POLITICAL SUBDIVISION FOR CITIZENS. (a) A political subdivision aggregator may negotiate for the purchase of electricity and energy services on behalf of the citizens of the political subdivision. The citizens must affirmatively request to be included in the aggregation services by the political subdivision aggregator.

(b) A political subdivision may contract with a third party or another aggregator to administer the aggregation of electricity and energy services purchased under Subsection (a).

(c) The political subdivision aggregator may use any mailing from the subdivision to invite participation by its citizens.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 42, eff. Sept. 1, 1999.
Renumbered from Sec. 303.002 by Acts 2001, 77th Leg., ch. 1420, Sec. 21.001(87), eff. Sept. 1, 2001.

The Texas Coalition for Affordable Power

A Voice for Electric Consumers

By negotiating better electricity rates for municipal governments, TCAP saves money for Texas cities. By advocating for affordable energy policies, TCAP saves money for Texas citizens.

TCAP enjoys a unique position in the deregulated electricity market. Comprised of more than 150 cities and other political subdivisions, **TCAP purchases over 1.3 billion kilowatt-hours of power each year for its members own governmental use.** We understand the electricity market and have a direct interest in making it work.

TCAP promotes a free and fair energy market, we monitor federal and state energy policy, represent consumer interests at ERCOT and the Texas Public Utility Commission, and advise members of the Texas Legislature. TCAP's original policy research has been cited both nationally and internationally.

TCAP wants what all Texans want: an open market for electricity that puts consumers first.

We give control back to our members. Let us put you back in the driver's seat. Go to **tcaptx.com**

This document is legislative advertising: Texas Coalition for Affordable Power, which may be contacted c/o TCAP, 15455 Dallas Parkway, Ste 600, Addison, TX 75001.

Saving tax dollars through affordable electricity

- The cost of power is a major expense for cities. An increase of even a single penny in power rates can cost municipalities millions of dollars. Ultimately, this is an expense borne by taxpayers.
- High energy prices can burden businesses and home consumers and undermine economic development.
- **TCAP is a non-profit coalition of local governments that buys power in bulk for official use. By joining together to negotiate better prices, TCAP cities create more fiscally responsible budgets — and ultimately save taxpayer dollars.**
- By advocating for a free and fair energy market, TCAP helps save money for local residents and businesses.

2. As a **non-profit aggregation** of member cities with the buying clout of a Dallas or Houston, TCAP's members enjoy significantly better pricing than they ever could get on their own. This is because **TCAP is a political subdivision corporation under Texas law** and is, therefore, **entitled to buy at wholesale for its members**. Bottom line, what that means, is we've become the **"800-pound gorilla."**

1/10th of one penny per kilowatt hour per year is the aggregation fee. If there is an excess the money is returned to the county.

3. Our executive director and administrative director's extensive public sector experience, combined with the special expertise of our consultants, helps deliver the best combination of price, certainty, education, customer service, regulatory, and legislative activity for our members large and small.

Comparison: TCAP, Brokers & REPs

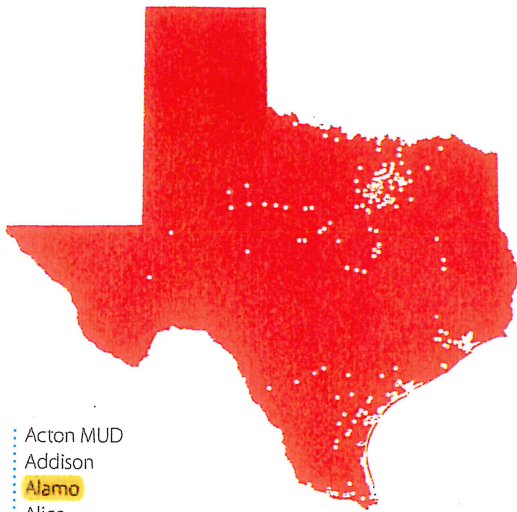
The Texas Coalition for Affordable Power is different than brokers and retail electric providers (REP) in many ways. We're a non-profit, for-cities, by-cities organization. We advocate on behalf of our members' interests, and only their interests. Here's a few ways we do that:

	TCAP	BROKER	REP
Organizational Structure	NON-PROFIT	FOR-PROFIT	FOR-PROFIT
Refunds	●	●	●
True Aggregation (Consolidating Load)	●	●	●
Negotiate With Wholesale Market	●	●	●
Investment Grade Counterparties	●	●	●
Ability to Change REP W/O Energy Price Impact	●	●	●
Multiple Supplier Bids	●	●	●
Unlimited Adds/Deletes	●	●	●
No Per-Meter Cost	●	●	●
No-Cost Access to Energy Experts	●	●	●
Can Be Elected to the Governing Board	●	●	●
Can Attend Board Meetings	●	●	●
No-Cost Individual Budget Reports	●	●	●
No-Cost Governmental Reporting	●	●	●
Web Portal For Access To Billing	●	●	●

Make a Powerful Choice by joining over 170 of your fellow Texas cities in TCAP.

Texas Coalition for Affordable Power

161 Members Across Texas



Acton MUD
Addison
Alamo
Alice
Allen
Anna
Aquila Water Supply
Aransas County MUD
Argyle
Aubrey
Austwell
Bangs
Bay City
Beeville
Bellmead
Belton
Benbrook
Benbrook Library District
Benbrook Water Authority
Bishop
Brownwood
Burkburnett
Burleson
Calhoun Port Authority
Carrizo Springs
Cedar Hill
Celina
Clute
Colleyville
Commerce
Corinth
Corpus Christi
Corpus Christi Housing Authority
Corpus Christi Regional Transit
Authority
Dalworthington Gardens
Decatur
Denison
DeSoto
Dickinson
Dilley

Dublin
Duncanville
Eagle Pass
Eastland
Edgecliff Village
Edna
Euless
Everman
Falfurrias
Farmersville
Fate
Flower Mound
Forest Hill
Forney
Frisco
Fulton
George West
Godley
Grand Prairie
Grapevine
Haltom City
Hamilton
Harker Heights
Harlingen
Harlingen Housing Authority
Henrietta
Highland Park
Howe
Hurst
Ingleside
Ingleside on the Bay
Iowa Colony
Jackson County Emergency Services District #3
Johnson County SUD
Kaufman
Keller

Kemah
Kenedy
Kennedale
Kingsville
Lacy Lakeview
La Feria
La Marque
Laguna Vista
Lake Jackson
Lancaster
Lewisville
Lorena
Lovelady
Lyford
Manvel
McAllen
McAllen Housing Authority
Mercedes
Merkel
Midlothian
Mission
Mission Housing Authority
Murphy
North Richland Hills
Oak Point
Odem
Odessa
Orange Grove
Ovilla
Palestine
Palmer
Palm Valley
Pantego
Paris
Pleasanton
Point Comfort
Port Aransas
Port Lavaca
Portland
Prémont
Prosper
Refugio
Richland Hills
Roanoke
Robinson
Rockport
Rockwall
Rotan
Rowlett
Royse City
Sachse

Saginaw
San Angelo
San Juan
San Patricio CAD
Seadrift
Sherman
Sinton
Snyder
South Padre Island
South Texas Water Authority
Spring Valley Village
Springtown
Sugar Land
Sunnyvale
Sweetwater
Tafel
Terrell
The Colony
Tomball
Trophy Club
Tuscola
University Park
Upper Leon River MWD
Venus
Vernon
Victoria
Watauga
Webster
White Settlement
Wichita Falls
Willow Park
Woodsboro
Woodway
Wylie



Texas Coalition for Affordable Power

info@tcaptx.com

Why peers tell peers they should join, too!

TCAP's Top Notch Services

TCAP's contract is structured as a three-party agreement between: 1) TCAP, 2) the retail electric provider, and 3) a wholesale energy provider. This guarantees members favorable pricing backed by best-in-class billing and customer service.

No-Cost Access to Expert Consultants

Members get access to energy, legal, and legislative consultants who can answer intelligently when council, city administration, citizens, and third-party vendors bring up complex issues. TCAP consultants also provide contract negotiation and regulatory reporting assistance.

Group-Managed Expenditures

TCAP is able to take actions on behalf of all its members, rather than each performing them on their own. As a political subdivision corporation, (and unlike an individual city or consumer) under Texas law, TCAP can contract for power in the deregulated wholesale market, just like a REP.

Legislative Advocacy

We are constantly monitoring the hill to fight potentially harmful legislation and advocate for beneficial changes in energy law. This applies to both our municipal clients as well as their residential and business constituencies.

Industry-Leading Contract Terms

In addition to favorable pricing, TCAP's consultants also monitor and negotiate more beneficial terms and conditions than those found in others' contracts. Because TCAP is governed by its members, contract provisions are specifically designed with municipalities in mind.

Instant Access to Data

TCAP has worked collaboratively with its REP to develop an extensive, custom web portal where members can view and download multiple data sets and reports, including billing data, invoices, TDSP charge details, account reconciliation, payment history, and more.

Network With Peers

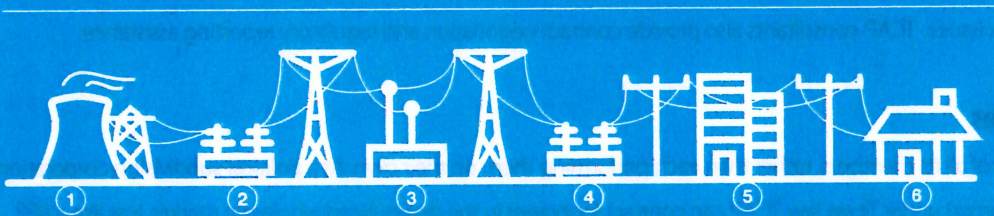
From regular board meetings to regional partner meetings with TML and TCMA, there are frequent opportunities to connect with other TCAP members and expand your knowledge and network of peers.

Learn and Share

Our consultants provide an array of high-value resources such as monthly newsletters, blog posts, industry reports, webinars, training videos, and are always available via telephone or in person to demystify the complexities of the electricity market.

ERCOT & The Deregulated Market

In 1999, some years after deregulating the state's wholesale power system, the Texas Legislature adopted a law that deregulated much of the retail electric system, taking effect in 2002. So, today in Texas we have competition in the electricity wholesale market — that is, between owners of big power plants — and among providers of electricity at the retail level. However, the transmission and distribution (wires) system remains regulated.



How Power Gets To You

- 1 Power Plant**
Electricity is usually generated by a steam or hydro-driven turbine at the powerplant.
- 2 Step-Up Transformer**
The power is then ramped up to high voltage for long distance transmission.
- 3 Transmission**
Next, a series of high voltage lines transmit the electricity throughout the power grid.
- 4 Step-Down Transformer**
Power is then reduced to low voltage for use in businesses and homes.
- 5 Subtransmission Customer**
The electricity then passes through a series of switches to distribution lines.
- 6 Customers**
Power is then delivered via local lines.

The Key Players

-  **Power Plants**
Power generation companies own and operated power plants, including nuclear plants or those fueled by natural gas, coal or from renewable resources such as the wind. Power generation companies sell their power in the wholesale market, where prices are deregulated.
-  **Transmission & Distribution Utilities**
Transmission & distribution utilities own and operate the poles and wires that transport electricity in Texas. TDUs are monopolies and remain regulated by the Public Utility Commission.
-  **Retail Electric Providers**
Retail Electric Providers purchase electricity from power generation companies & sell that power to residential & business consumers. Electricity at the retail level is deregulated, meaning that REPs are free to set their own prices.
-  **End Users**
Consumers in deregulated areas of the state can choose between different electricity deals.

Major Regulatory Players
PUC: Public Utility Commission
ERCOT: Electric Reliability Council of Texas



By The Numbers

- 90% of Texas total load
- 24 million customers in the ERCOT region
- 75% competitive-choice customers
- 78,000+ MW peak capacity
- Highest peak: 71,110 MW
- 570+ generating units
- 46,500+ miles of transmission lines
- 556 MW utility-scale solar
- 17,000 MW wind generated