

**Purchase Request #1  
Special Called Meeting August 4, 2020  
Consideration of Approval to Renew Contract for  
Natural Gas Supply**

**ADMINISTRATION RECOMMENDATION/REPORT**

The District President recommends the Board of Trustees approve the renewal of the contract for natural gas supply from the Texas General Land Office (GLO) for the Plano and Frisco campuses.

**BACKGROUND**

The Board of Trustees approved an Interagency Cooperation Agreement with the GLO on August 23, 2011, with renewals approved in 2014 and 2017, to provide natural gas to the Plano and Frisco campuses. The GLO cost of the commodity will be based on Index Price plus a Market Demand Factor of \$0.30 per MMBtu and a contract maintenance fee of \$0.03 per MMBtu. An Index Price equal to the Index Price posting as first published each month in the Platts Gas Daily price guide report in the section titled “Market Centers” under the heading “East Texas” and subheading of “NGPL, Texok Zone IF.”

The Texas Legislature authorized natural gas sales by the GLO to maximize revenues from the oil and gas royalties earned from state land in 1983. As an alternative to receiving these royalties in cash, the GLO could, by agreement, take some of the natural gas as “in-kind” and sell the gas directly to public retail customers.

Atmos Energy Company, the local distribution company, requires an annual average usage of 25 MMBtus or more each day for transportation. Therefore only two of the college meters, one located at the Plano Campus and another one at the Frisco Campus, are eligible to be included in the GLO contract.

**IMPACT OF THIS ACTION**

The GLO has approximated savings to be 20% over the contract term compared to what the District would pay Atmos. This information is based on historical differences between contracting with the GLO versus what we would have paid using Atmos. The District’s energy consultant, Energy Edge Consulting, evaluated the proposed extension from the GLO, agreed that it would result in significant savings to the District and advised that we accept the proposed extension.

**BUDGET INFORMATION (INCLUDING ANY STAFFING IMPLICATIONS)**

This purchasing request is for spend authorization of \$500,000 for the two (2) year term, which is budgeted in the Plano and Frisco facilities maintenance departments’ 2021 operating budget and subsequent year’s budgets.

**MONITORING AND REPORTING TIMELINE**

The term of the contract will be September 1, 2020 through August 31, 2022.

**RESOURCE PERSONNEL**

Chris Eyle

VP of Facilities and Construction

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