



Legislation Text

File #: 23-0194, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Adopt the resolution authorizing execution and approval of new Parallel Operation and Energy Purchase Agreement between the City of Naperville and Nalco Company LLC

DEPARTMENT: Electric Utility

SUBMITTED BY: Brian Groth, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The City of Naperville and Nalco Company LLC entered into an original Parallel Operation and Energy Purchase Agreement on August 27, 1985. The Nalco facility was a Qualifying Facility as defined in the federal Public Utility Regulatory Policies Act (PURPA) of 1978. This PURPA legislation was passed to promote increased efficiency in the utilization of energy resources and authorized non-utility entities to enter the business of generating electricity if the electricity they generate was a byproduct of other business processes such as steam used to heat buildings or used in industrial processes. The City is required to purchase energy that is generated but not used by the Nalco facility.

The Interconnection Agreement, signed by both parties, defines the requirements and parameters around the operation of Nalco's generator and the delivery of energy to the Naperville grid. INEOS is the only other Electric Utility customer that operates a cogeneration facility under PURPA.

The only revisions from the current contract are the location of interconnection, to ensure safety of utility crews, and how harmonic distortion shall be governed.

DISCUSSION:

The Nalco facility continues to be a Qualifying Facility under the PURPA of 1978 and the Energy Policy Act of 2005. The facility is interconnected with the Electric Utility system by a dedicated 12.47kV utility feeder. The agreement outlines the interconnection, maintenance, operating, billing, and insurance requirements to allow parallel operation of the cogeneration facility with the City's electric system.

The new agreement moves the point of interconnection, where Nalco's cable meets the Electric Utility's cable, from inside of a building on the Nalco campus to an outdoor switchgear. This new interconnection point utilizes standard utility equipment and is safer for Nalco and Utility crews. Additionally, modifications to the way that Harmonic Distortion, how the generator on the Nalco

campus potentially impacts other customers connected to the Electric Utility's grid, have been made to the interconnection agreement. The measurement and limits for harmonic distortion have been updated to be more relevant to Nalco's specific generator type and more enforceable from a Utility perspective, should an issue arise.

FISCAL IMPACT:

N/A