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City of Denton Files Suit Against ERCOT

City Seeks to Prevent Unconstitutional Use of Funds

UPDATE: DENTON, TX, Feb. 27, 2021 – On February 27, the City of Denton was notified that a hearing on the application for temporary injunction is currently set for March 9, 2021.

DENTON, TX, Feb. 26, 2021 – On February 25, the City of Denton filed suit against the Electric Reliability Council of Texas (ERCOT) in the District Court of Denton County seeking to prevent the unconstitutional use of public funds. The City of Denton owns and operates Denton Municipal Electric (DME).

ERCOT is using a mechanism within its protocols known as “uplift”. Due to the recent record-high wholesale energy prices, some ERCOT market participants have failed to pay ERCOT for power purchases. Ultimately, uplift may spread the costs of those ERCOT market participants to other market participants, including DME.

The City views the payment of the costs of other utilities as an unconstitutional gifting of public funds and unconstitutional lending of its credit.

Late Thursday, the district court granted a Temporary Restraining Order in favor of the City of Denton in this matter.

The City of Denton will explore all legal options to protect the financial assets of the City of Denton and its ratepayers from improper use. As this is a pending legal matter, there is currently no additional information or comment.

The City of Denton will provide updates when available.

A copy of the filing is **attached**.

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