

AGENDA



Thursday, February 28, 2008

**Austin Energy
RECOMMENDATION FOR COUNCIL ACTION****Item No. 8**

Subject: Authorize negotiation and execution of two agreements to obtain lease options on tracts of land in West Texas to serve as potential sites for wind power generation units, and agreements for related engineering and feasibility studies, in a total amount not to exceed \$120,000.

Amount and Source of Funding: Funding is available in the Fiscal Year 2007-2008 Operating Budget of Austin Energy.

Fiscal Note: There is no unanticipated financial impact. A fiscal note is not required.

For More Information: Roger Duncan, Acting General Manager, 322-6157.

Boards and Commission Action: Recommended by the Electric Utility Commission.

In February 2007 the Austin City Council adopted a climate protection plan that, among other things, established a goal that at least thirty percent of AE's electric generation capacity be based upon renewable resources by December 31, 2020. Much of this goal will have to be met through wind power, which is currently the most affordable source of large scale renewable power. Because of the recent boom in wind power construction in Texas, the number of locations available and feasible for siting productive and cost-effective wind farms is diminishing. Further, Austin Energy's current wind portfolio is based upon power purchase agreements with third parties that will expire at staggered intervals over the next two decades.

The immediate direct leasing of land by Austin Energy for the development of renewable wind energy resources in West Texas will provide Austin Energy the opportunity to obtain long-term control of wind resources, thereby reducing the utility's current need to rely on limited-term power purchase agreements with third-parties for meeting its wind-based energy needs. Direct control of the underlying wind resources will likely provide the best and most cost-effective means of meeting the Council's renewable power goals over the long term.