A U S T I N C I T Y C O U N C I L

AGENDA



Recommendation for Council Action

Austin City Council	**Item ID**	9007	**Agenda Number**	3.
Meeting Date:	8/18/2011	**Department:**	Austin Energy	

Subject

Authorize negotiation of a power purchase agreement with Duke Energy Generation Services, Houston, TX, for a term of up to twenty-five years for up to 200 megawatts of wind-generated electricity in an estimated amount of $32,800,000 per year, for an estimated total contract amount of $820,000,000.

Amount and Source of Funding

Funding will be provided through the electric fuel charge revenue or future Green Choice revenue.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Michael Osborne, Special Assistant, 322-6561; Jackie Sargent, Sr. VP, Power Supply and Market Operations, 322-6491.
Boards and Commission Action:	To be reviewed by Electric Utility Commission on August 15, 2011 and Resource Management Commission on August 16, 2011.
MBE / WBE:	
Related Items:	

Additional Backup Information

The Austin City Council established a strategic energy policy for Austin Energy through the adoption of Resolutions 030828-38 and 030925-02. These resolutions and Austin Energy's Generation Plan calls for the development and use of clean energy by Austin Energy and sets a goal of 35% of its energy from renewable energy sources by December 31, 2020. The recommended project offers Austin Energy competitively priced renewable energy and environmental attributes and the opportunity to continue progress towards its renewable goal.

This contract will provide for the purchase of the full output of an approximately 200-megawatt wind power project to be constructed by Duke Energy Generation Services in Cameron and Willacy Counties near the town of Harlingen, Texas. The new wind project is expected to come online by the end of 2012 and will comprise approximately 87 wind turbines.

This agreement will run for a term of up to 25 years and will not require Austin Energy to invest any funds in the construction, operation, or maintenance of the project during that period. The agreement will provide for a non-

escalating fixed price of between $35 and $45 per megawatt-hour of energy produced, the quantity of which will vary in accordance with the actual availability of wind resources. It may also provide for an option for Austin Energy to purchase the project at a future date. Authorization and funding to complete such a purchase will be subject to further Council approval.

PRICE ANALYSIS

a. Adequate competition.
b. One hundred eighty-two requests for pricing were issued. One hundred twenty-seven proposals were returned.
c. Proposal provides for a utility scale wind power plant.

APPROVAL JUSTIFICATION

a. Top two evaluated proposals.
b. The recommended awardee meets the requirements of the Request for Proposal.