

RESOLUTION NO. _____

WHEREAS, in May of 2014, the City Council authorized Austin Energy to enter into a power purchase agreement for 150 megawatts (MW) of utility scale solar generation at around 5 cents per kilowatt-hour, demonstrating that large scale solar is now an economically attractive form of energy; and

WHEREAS, the solar market is growing rapidly, energy storage technologies are evolving, and current prices may be significantly different from those a year ago; and

WHEREAS, the 2014 Generation Resource Planning Task Force found that solar energy offers a cost competitive peak power hedge against the volatility of fuel dependent thermal resources and recommended that solar be the new default generation resource; and

WHEREAS, the Austin Energy Resource, Generation and Climate Protection Plan to 2025 (2025 Generation Plan) stated that Austin Energy would act immediately to issue a request for proposals for up to 600 MW of utility scale solar to commence the process towards a generation portfolio consisting of at least 55 percent renewable energy, and to commence a third party economic and environmental review to replace the Decker Creek Power Station and Fayette Power Project (500 MW Gap Study); and

WHEREAS, the 500 MW Gap Study is intended to determine the most affordable means of filling a future 500 MW generation capacity gap for Austin Energy and would be more accurate with current solar energy prices available in the Texas market; and

WHEREAS, the results of a request for proposals could be an asset to compare with any existing data that Austin Energy has available; and

WHEREAS, the federal solar investment tax credit will fall from 30% to 10% of the cost of developing a solar project at the end of 2016, and projects must be operational by the end of 2016 to receive the 30% tax credit; and

WHEREAS, Austin Energy has not issued a request for proposals for up to 600 MW of utility scale solar as the 2025 Generation Plan requires; and

WHEREAS, on March 29, 2015, the Electric Utility Commission passed a resolution recommending that “the City Council should wait to approve a consultant to conduct the 500 MW Gap Study until after a request for proposals for up to 600 MW of solar has been issued,” that “Council should direct Austin Energy to issue a request for proposals for 600 MW of solar no later than April 15th, 2015, and to use the most competitive price results for 600 MW of solar to determine affordability in the 500 MW Gap Study;” and

WHEREAS, at the March 26, 2015, meeting of the Austin Energy Utility Council Oversight Committee, Austin Energy informed the Committee that the utility would issue the solar request for proposals per the 2025 Generation Plan, and the Council supports that action; and

WHEREAS, issuing a request for proposals for up to 600 MW of utility scale solar does not commit Austin Energy to signing a contract if the proposals are not favorable; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to issue a request for proposals that includes options for both power purchase agreements and direct ownership for up to 600 MW of solar generation by April 15, 2015, prior to contracting with a consultant to conduct the 500 MW Gap Study.

BE IT FURTHER RESOLVED:

Responses to the request for proposals will be due no later than June 1, 2015.

BE IT FURTHER RESOLVED:

The City Manager is directed to use the responses to the request for proposals to ensure that the most competitive pricing available is used to determine affordability in the 500 MW Gap Study.

ADOPTED: _____, 2015

ATT EST: _____

Jannette S. Goodall
City Clerk

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