

## A G E N D A



## Recommendation for Council Action

Austin City Council		Item ID	50754	Agenda Number	4.
Meeting Date:	10/1/2015		Department:	Austin Energy	
Subject					
Authorize execution of a 15-year power purchase agreement with East Pecos Solar, LLC, for approximately 118 megawatts of utility-scale, solar-generated electricity, in an estimated amount of \$13 million per year; and power purchase agreements with other qualified offerors for approximately 182 megawatts of utility-scale, solar-generated electricity, for terms of up to 25 years in an estimated amount of \$20 million per year; for an estimated combined total of \$695 million. Related to Item # 5.					
Amount and Source of Funding					
Funding will be provided through Power Supply Adjustment.					
Fiscal Note					
There is no unanticipated fiscal impact. A fiscal note is not required.					
Purchasing Language:					
Prior Council Action:	April 2, 2015 - Approved Council Resolution No. 20150402-020.				
For More Information:	Jeff Vice, Director, Local Government Issues (512) 322-6087; Pat Sweeney, Director, Energy and Market Operations (512) 322-6292; Khalil Shalabi, VP, Energy Market Operations & Resource Planning (512) 322-6520, Cheryl Mele, Chief Operating Officer (512) 322-6062.				
Council Committee, Boards and Commission Action:	September 15, 2015 – Approved by the Resource Management Commission on a vote of 9-0. Recommendation No. 20150915-003c. September 21, 2015 – Approved by the Electric Utility Commission on a vote of 10-1, with Commissioner Stout voting against.				
MBE / WBE:					
Related Items:					
Additional Backup Information					

On December 11, 2014, the Austin City Council adopted the [Austin Energy Resource, Generation and Climate Protection Plan to 2025](#) which established the strategic energy policy for Austin Energy. Part of that plan envisioned contracting for up to 600 megawatts (MW) of utility-scale solar generation by 2017.

On April 2, 2015, City Council approved Resolution No. 20150402-020 directing the City Manager to issue a Request for Proposals (RFP) for up to 600 MW of solar generation. The offers provided Austin Energy with competitively priced renewable solar energy and environmental attributes, and the opportunity to continue progress toward its goal of having 55% of its energy resources come from renewable sources by 2025. The recommended solar purchases and existing renewable commitments are projected to result in Austin Energy achieving 40% renewable energy after the projects begin commercial operation by December 31, 2017.

These utility-scale solar contracts will provide for the purchase of the full output of solar power projects to be constructed in the West Texas Region of the Electric Reliability Council of Texas (ERCOT). The solar projects are expected to come online by the end of 2017. Agreements will run for terms of 15 to 25 years and will not require Austin Energy to invest any funds in the construction, operation, or maintenance of the projects during that period. The agreements will each provide for a non-escalating fixed price per megawatt-hour (MWh) of energy produced, the quantity of which will vary in accordance with the actual availability of solar resources. The agreements are projected to increase the Power Supply Adjustment by up to 1% during the first four years of the agreement with neutral to slightly positive impacts in later years. The rate impact of this action is expected to be within affordability limits. The table below illustrates total estimated bill impacts by representative customer types.

<i>Customer Type</i>	<b>2017 Bill Difference</b>		
	<i>Monthly</i>	<i>Annual</i>	<i>%</i>
Average Residential	\$0.28	\$3.36	0.26%
Small Office	\$0.31	\$3.72	0.23%
Convenience Store	\$3.61	\$43.32	0.36%
Large Grocery Store	\$123.83	\$1,485.96	0.34%
Medium Tech Firm	\$243.22	\$2,918.64	0.35%
Large Tech Firm	\$912.08	\$10,944.96	0.41%
Extra Large Tech Firm	\$5,472.51	\$65,670.12	0.39%
Transmission	\$786.09	\$9,433.08	0.40%

#### **PRICE ANALYSIS**

- Adequate competition.
- Over 150 proposals from 33 respondents were received.

#### **APPROVAL JUSTIFICATION**

- Top evaluated proposal(s).
- The recommended proposer(s) meet(s) the requirements of the RFP.