

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: October 18, 2018

Item Number: 003

Austin Energy

Authorize negotiation and execution of a 15-year power purchase agreement with East Blackland Solar Project 1, LLC, for the full output of electricity from a utility-scale solar generation facility with capacity of 144 megawatts, in an estimated amount of \$11,000,000 per year, for a total estimated amount of \$165,000,000.

Lead Department	Austin Energy
Fiscal Note	Funding will be provided through Power Supply Adjustment and GreenChoice® revenue.
For More Information	Jeff Vice, Director, Local Government Relations (512) 322-6087; Erika Bierschbach, Director, Energy and Market Operations (512) 322-6476.
Council Committee, Boards and Commission Action	October 15, 2018 - To be reviewed by the Electric Utility Commission. October 16, 2018 - To be reviewed by the Resource Management Commission.

Additional Backup Information:

On May 4, 2018, Austin Energy issued a Request for Proposals (RFP) for renewable capacity and energy. The solicitation resulted in approximately 50 respondents offering more than 430 proposals from 80 separate projects. The offers provided Austin Energy with competitively-priced renewable solar energy and environmental attributes to continue progress

toward its renewable energy goal.

This recommendation for Council action will fulfill the utility's goal for non-customer sited local solar, being defined as a solar asset located within the Austin MSA or Metropolitan Statistical Area. This close proximity to Austin Energy's load reduces transmission losses and reduces the price of electricity locally, as well as benefits the local economy through local jobs and local investment.

This proposed solar energy purchase, with existing renewable energy commitments, is projected to result in Austin Energy reaching approximately 52% renewable energy after the project begins commercial operation in 2020 (for calendar year 2021), and will move the utility to 936 megawatts (MW) of installed utility scale solar capacity.

In October 2017, City Council approved the Austin Energy Resource, Generation, and Climate Protection Plan to 2027

<<https://austinenergy.com/wcm/connect/6dd1c1c7-77e4-43e4-8789-838eb9f0790d/2027+Austin+Energy+Resource+Plan+20171002.pdf?MOD=AJPERES&CVID=IXv4zHS>>which updated the strategic energy policy for the utility. The updated plan includes a goal of achieving an overall renewable energy portfolio of approximately 65% of Austin Energy's generating fleet by 2027. As a part of that renewable goal, installed solar capacity would increase to at least 950 MW by 2025.

This utility-scale contract will provide for the purchase of the full output of a 144 MW solar power project to be constructed in the Electric Reliability Council of Texas (ERCOT) South Zone. The agreement will not require Austin Energy to invest any funds in the construction, operation, or maintenance of the project but does provide the utility the option to purchase the solar facility at a future date. The agreement will provide for a non-escalating fixed price per megawatt-hour (MWh) of energy that allows Austin Energy to realize the pricing benefit due to the federal solar investment tax credit (ITC) available to solar developers which is set to begin declining in 2020. The quantity of production will vary in accordance with the actual availability of solar resources at any given time. The agreement is projected to have a beneficial impact on the Power Supply Adjustment (PSA) given current market prices and projected future price expectations.