



**Purchasing Modification  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.:** 48  
**AGENDA DATE:** Thu 05/27/2004  
**PAGE:** 1 of 2

**SUBJECT:** Authorize execution of Amendment No. 1 for the purchase of an additional 40 Megawatts (MW) of wind power over a 12-year term with RES NORTH AMERICA LLC, Palm Beach Gardens, FL, in an amount not to exceed \$18,000,000, for a revised total contract amount not to exceed \$110,000,000.

**AMOUNT & SOURCE OF FUNDING:** Funding will be provided through future GreenChoice Power charge revenue.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Purchasing **DIRECTOR'S**  
**DEPARTMENT:** for Austin Energy; **AUTHORIZATION:** Vickie Schubert

**FOR MORE INFORMATION CONTACT:** Ron Ayers, Contract Development Analyst, 512-322-6059

**PRIOR COUNCIL ACTION:** 2/99- Council approved Resolution 990211-36 establishing goal to obtain 5% of City of Austin's energy from renewable resources; 11/01/01 - Council approved original Cielo Agreement for 25 MW; 9/25/03 - Council approved authorization for negotiation with RES for 53 MW of power; 9/25/03- Council approved purchase of an additional 15 MW from Cielo.

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** N/A

**MBE / WBE:** This contract was awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

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In February 1999, the City Council passed Resolution 990211-36, which set the goal of obtaining 5% of the City of Austin's electric energy from renewable sources by December 31, 2004. In January 2000, Austin Energy (AE) launched its GreenChoice program, which allows customers to choose renewable energy instead of conventional energy with a fixed GreenChoice charge instead of conventional energy with an adjustable fuel charge. GreenChoice demand currently accounts for about 3% of AE's energy requirements.

Amendment No.1 to the RES agreement provides AE with 40 Megawatts (MW) of wind power to replace the renewable energy that AE originally planned to purchase under the Cielo agreement, a separate wind power agreement. The RES amendment must be entered into by June 1, 2004 to maintain the same terms and conditions of the original RES for 40 MW. In November 2001 Council authorized a 25 MW wind agreement with Cielo Wind Power that was subsequently amended to provide an additional 15 MW (new total of 40 MW). Completion of the Cielo project has been delayed by Congress' failure to reauthorize PTCs for wind projects. As a result, pursuant to PTC and financing rights in the agreement, Cielo has no further commitment to complete the project under current pricing and terms, and the Cielo agreement will expire by its own terms on May 31, 2004.



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The RES agreement is representative of the current market for wind power and will allow AE to support GreenChoice and meet Council's 5% renewables goal as quickly as possible. The RES project is expected to be available nine to twelve months after passage of new federal Production Tax Credits (PTC) reauthorization legislation.

AE recommends approval of the RES amendment for 40 MW to the long-term wind power purchase agreement for a new total of 93 MW.