



Item# 20

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

**AGENDA DATE: 4/6/2006
ITEM NO:**

Subject: Authorize negotiation and execution of a power purchase agreement for twenty years with RES AMERICAN DEVELOPMENTS INC, Austin, TX for the purchase of 225 megawatts of wind power in an amount not to exceed \$685,000,000. Should negotiations prove unsuccessful, authorize negotiation and execution of a power purchase agreement with AIRTRICITY INC, Austin, TX, for the same.

Amount and Source of Funding: Funding will be provided through the Electric Utility Fuel Charge and/or Green Choice Charge revenue.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

Requesting Department:

For More Information: Carole Martindale, Purchasing Manager/322-6155

Prior Council Action:

Boards and Commission Action:

Purchasing Language: Best evaluated proposals of 23 proposals received.

MBE/WBE: This contract will be 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.

On February 11, 1999, Council approved Resolution 990211-36, establishing a goal to obtain 5% of the City of Austin's energy from renewable resources. On September 25, 2003, Council approved Resolution 030925-02, establishing a goal to obtain 20% of the City's energy from renewable resources by 2020. The recommended wind power purchase will allow Austin Energy (AE) to make significant progress towards its goal. This purchase will nearly double the expected energy from renewable resources from approximately 6% per year to 11%. The recommended awardee is expected to begin production by December 31, 2007.

A Request for Proposal was issued in November 2005 for the purchase of renewable and conventional energy. Twenty-three proposals for renewable energy were received from 18 companies. The proposals included 20 wind projects varying in size from 38 megawatts (MW) up to 225 MW, primarily in West Texas; 2 biomass projects and 1 solar project. The proposals were evaluated with respect to their total evaluated cost, operations, financial viability and proposer experience. The recommended project sites are located in West Texas.

Power from the wind projects will be transmitted to AE through the electric transmission system operated by the Electric Reliability Council of Texas. The recommended resources will bring AE's total renewable capacity to 438 MW.

MBE/WBE bid: 0/0 MBE/WBE sent: 0/0

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PRICE ANALYSIS

- a. Adequate competition
- b. Forty-one solicitations were issued. Twenty-three proposals were received. There are no known MBEs or WBEs for this commodity code.

APPROVAL JUSTIFICATIONS

- a. Best evaluated proposals
- b. The Purchasing Office concurs with the Austin Energy Risk Oversight Committee's recommended award.
- c. Advertised on the Internet.