



Recommendation for Action

File #: 19-1419, **Agenda Item #:** 2.

3/28/2019

Posting Language

Authorize negotiation and execution of a power purchase agreement for up to 20 years with Gulf Wind 2 LLC, a Pattern Development subsidiary, for up to 170 megawatts of electricity from a utility-scale wind-generation facility, in an estimated amount of \$12,000,000 per year, for a total estimated amount of \$240,000,000.

Lead Department

Austin Energy

Fiscal Note

Funding will be provided through Power Supply Adjustment and Green Choice revenue.

For More Information:

Jeff Vice, Director, Local Government Issues (512) 322-6087; Erika Bierschbach, Director, Energy and Market Operations (512) 322-6476.

Council Committee, Boards and Commission Action:

February 26, 2019 - Recommended unanimously by the Resource Management Commission on a 7-0 vote, with Commissioner White absent and three vacancies.

March 11, 2019 - Recommended unanimously by the Electric Utility Commission on a 9-0 vote, with Commissioner Funkhouser absent and one vacancy.

Additional Backup Information:

On May 4, 2018, Austin Energy issued a Request for Proposals (RFP) for renewable capacity and energy. Offers resulting from the solicitation provided Austin Energy with competitively priced renewable energy and environmental attributes, and the opportunity to continue progress toward its renewable energy acquisition goal. The renewable purchase recommended in this action, with existing renewable energy commitments, is projected to result in Austin Energy reaching approximately 56% renewable energy after the project begins commercial operation in 2020 (for calendar year 2021), and will increase the utility's purchase portfolio to 1,595 megawatts (MW) of installed utility-scale wind capacity.

On August 17, 2017, the Austin City Council approved the Austin Energy Resource, Generation and Climate Protection Plan to 2027 which updated the strategic energy policy for Austin Energy. The updated plan includes a goal of achieving an overall renewable energy portfolio of approximately 65% of Austin Energy's generating fleet by 2027.

This utility-scale contract will provide for the purchase of up to 170 MW of wind power from a 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. 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 production tax credit (PTC) available to wind developers which is set to begin declining for projects that begin commercial operation after 2020. The quantity of production will vary in accordance with the actual wind availability at any given time. The agreement is projected to have a beneficial impact on the Power Supply Adjustment given current market prices and projected future price

expectations.