



Recommendation for Action

File #: 19-3693, **Agenda Item #:** 3.

12/5/2019

Posting Language

Authorize execution of a letter of intent with Blue Wave USA, Inc. to provide performance-based incentives for the generation of solar energy at its light manufacturing facility located at 3725 South FM 973 in Austin, Texas, for an estimated \$85,471 per year, for a total amount not to exceed \$854,708 over a 10-year period.

Lead Department

Austin Energy

Fiscal Note

Funding is available in the Fiscal Year 2019-2020 Operating Budget of Austin Energy.

For More Information:

Jeff Vice, Director, Local Government Issues (512) 322-6087; Tim Harvey, Solar Program Manager (512) 482-5386.

Council Committee, Boards and Commission Action:

November 18, 2019 - Recommended by the Electric Utility Commission on a 7-0 vote, with Vice Chair Hopkins and Commissioners Funkhouser and Wray absent, and Hadden off the dais.

November 19, 2019 - Recommended by the Resource Management Commission on a 6-0 vote, with Commissioners Brenneman, Fralin and Smith off the dais, and Johnson and Kohan absent.

Additional Backup Information:

Austin Energy requests authorization to issue a letter of intent to Blue Wave USA, Inc., to provide a performance-based incentive (PBI) in an amount not to exceed \$854,708 over a 10-year period, for the generation of solar energy at its facility located at 3725 South FM 973, Austin, Texas 78617 and within Council District 2.

The total installation cost is \$1,726,464 and the incentive will cover up to 50% of the cost. The PBI level for this project is at \$0.04 per kilowatt hour (kWh) for 10 years. The solar equipment, which meets Austin Energy solar program requirements, includes a total of 3,375 solar modules rated at 400 watts. The solar installation will have a total capacity of 1,120.50 kW-AC.

These new energy improvements will together generate an estimated 1,858,061 kWh per year-enough to power 100 average Austin homes for a year. This project is estimated to prevent the production of the following emissions each year: 913 tons of Carbon Dioxide (CO₂); 1,615 pounds of Sulfur Dioxide (SO₂); and 742 pounds of Nitrogen Oxide (NO_x). These emissions reductions are equivalent to planting 13,698 tree seedlings grown for 10 years or sequestered by 975 acres of forest in Austin's parks or the removal of 2,025,420 vehicle miles or 176 cars from Austin roadways. In addition to the environmental benefits, it is worth noting that Blue Wave USA, Inc., a light manufacturing facility, will leverage the solar power to offset 68.7% of their expected annual usage (2,705 MWh/year).

Austin Energy's solar program helps meet the community's solar goal of 950 megawatts (MW) by 2025, including 200 MW of local solar capacity, established in the updated Resource, Generation and Climate

Protection Plan approved by City Council in August 2017. The solar program is designed to reduce the amount of electricity Austin Energy must purchase from the market and reduce associated greenhouse gas emissions.

In 2010, City Council approved Resolution No. 20100204-003, revising Austin Energy's solar program for commercial customers by replacing the upfront rebate with "performance-based" payments. The PBI solar program offers commercial customers payments based on the metered solar production of their approved PV system for the first 10 years of operation. Payments are made as a monthly billing adjustment to the customers' electric account.

The Blue Wave USA, Inc. project will advance the stated goals of expanding locally-sited solar, carbon reduction and resiliency, offset the impact of bringing a new manufacturing facility onto the Austin Energy grid, and continue to expand economic opportunity in the Austin area.