

**CITY OF AUSTIN – AUSTIN ENERGY
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA DATE: 03-28-2013

SUBJECT: Authorize negotiation and execution of an agreement with Pflugerville Independent School District to provide a performance-based incentive for the generation of solar energy at Dessau Middle School located at 12900 Dessau Road, Austin, Texas 78754, for an estimated \$26,217 per year, for a total amount not to exceed \$262,170 over a 10-year period.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$26,217 is available in the Fiscal Year 2012-2013 Operating Budget of Austin Energy.

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

FOR MORE INFORMATION CONTACT: Jeff Vice 322-6087, Debbie Kimberly 322-6327, Leslie Libby 482-5390.

BOARD AND COMMISSION ACTION: To be reviewed by the Electric Utility Commission on March 18, 2013 and the Resource Management Commission on March 19, 2013.

Austin Energy requests authorization to enter into an agreement with Pflugerville Independent School District, to provide a performance-based incentive (PBI) for an estimated \$26,217 per year, for a total amount not to exceed \$262,170 over the 10-year period for the generation of solar energy at Delco Dessau Middle School located at 12900 Dessau Road, Austin, Texas 78754.

The total installation cost is \$337,500 and the incentive will cover between 74% and 78% of the cost. The PBI level for this project is \$0.14 per kWh for 10 years. The solar equipment, which meets Austin Energy program requirements, includes a total of 450 solar modules rated at 300 watts and associated inverters rated at 97.5% efficiency. A total of 103.95 kW-AC in demand savings is expected.

This project involves a third party equipment lease. To further encourage participation in the solar PBI program by not-for-profits, including school districts, Austin Energy allows the photovoltaic (PV) system to be installed under a third party equipment lease. This program helps address the long standing issue whereby not-for-profits are ineligible for IRS benefits such as tax credits and accelerated depreciation. The first PBI involving leased equipment was approved by Council in December 2012.

This energy improvement will save an estimated 178,344 kWh per year—enough to provide electricity to 16 average Austin homes for a year—and produce an estimated 178 Renewable Energy Credits (RECs) per year. These savings are equivalent to the planting of 2,751 trees or 138 acres of forest in Austin's parks or the removal of 240,440 vehicle miles or 21 cars from Austin roadways. This project will save 118 tons of Carbon Dioxide (CO₂); 149 pounds of Sulfur Dioxide (SO₂); 165 pounds of Nitrogen Oxide (NO_x), and 114 pounds of Carbon Monoxide (CO) from being emitted into the atmosphere.