

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	25140	Agenda Number	3.
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Meeting Date:	6/20/2013	Department:	Austin Energy
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Subject

Authorize negotiation of two power purchase agreements with Duke Energy Renewables, Inc. for terms of up to 25 years for up to 200 megawatts of wind-generated electricity under each agreement, in an estimated amount of \$20,000,000 per year for each agreement, for an estimated total contract amount of \$500,000,000 for each agreement.

Amount and Source of Funding

Funding will be provided through Power Supply Adjustment, Fuel Adjustment Charge and GreenChoice® revenue.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Jeff Vice, Director, Local Government Relations, 512-322-6087; Pat Sweeney, Director, Energy and Market Operations, 512-322-6292; Cheryl Mele, Chief Operating Officer, 512-322-6062.
Boards and Commission Action:	To be reviewed by the Electric Utility Commission on June 17, 2013 and by the Resource Management Commission on June 18, 2013.
MBE / WBE:	
Related Items:	

Additional Backup Information

The Austin City Council established a strategic energy policy for Austin Energy through the adoption of Resolutions 030828-38 and 030925-02. These resolutions and the Resource, Generation and Climate Protection Plan call for the development and use of clean energy by Austin Energy and set a goal to supply 35% of its energy from renewable energy sources by December 31, 2020. The recommended projects offer Austin Energy competitively priced renewable energy and environmental attributes and the opportunity to continue progress toward its renewable goal.

These contracts will provide for the purchase of the full output of two approximately 200-megawatt (MW) wind power projects to be constructed by Duke Energy Renewables, Inc., Houston, TX, in Starr County, Texas. The first 200 MW wind project is expected online at the end of 2014 and the second wind project is expected online by June 2016.

The agreements will run for terms of up to 25 years and will not require Austin Energy to invest any funds in the

construction, operation, or maintenance of the project during that period. The agreements offer a fixed pricing between \$23 - \$33 per megawatt-hour of energy produced, the quantity of which will vary in accordance with the actual availability of wind resources. Authorization and funding to complete such purchases will be subject to further Council approval.

PRICE ANALYSIS

- a. Adequate competition.
- b. Forty-four new or existing wind projects offered, with a total of 70 different proposal variations.
- c. Proposal provides for a utility scale wind power plant.

APPROVAL JUSTIFICATION

- a. Top three evaluated proposals.
- b. The recommended proposer meets the requirements of the Request for Proposal