

## A G E N D A



## Recommendation for Council Action

Austin City Council - Commissioners Court Meeting		Item ID	36708	Agenda Number	2.
Meeting Date:	10/2/2014		Department:	Austin Energy	
Subject					
Authorize negotiation and execution of a power purchase agreement and ground lease with PowerFin Texas Solar Projects, LLC, or one of the other qualified respondents to the request for proposals, for a community solar project of up to 3.2 megawatts of local solar-generated electricity, in an estimated amount of \$520,000 per year, for a term of up to 25 years, for a total estimated contract amount of \$13,000,000.					
Amount and Source of Funding					
Funding will be provided through power supply adjustment revenue or future community solar program 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:	September 15, 2014 - Approved by the Electric Utility Commission on a vote of 6-0 with Commissioner Butler recused. September 16, 2014 - Approved by the Resource Management Commission on a vote of 5-0.				
MBE / WBE:					
Related Items:					

## Additional Backup Information

This proposed community solar project offers Austin Energy competitively priced renewable energy and environmental attributes and the opportunity to continue progress towards its renewable and local solar goals. It will provide for the purchase of the full output of up to 3.2 megawatts (MWAC) from a solar power project to be constructed on city-owned property at Austin Energy's Kingsberry Substation site, northeast of the intersection of Springdale Road and Airport Boulevard.

The project is expected to come online in 2015. The pricing model and program structure for this community solar project is still under development. The agreement will run for a term of up to 25 years. No additional investment of funds will be required for the construction, operation, or maintenance of the project during that period. The agreement will provide for a non-escalating fixed price for all of the energy produced by the facility, the quantity of which will vary in accordance with the actual availability of solar resources.

The recommendation reflects the following key considerations:

- a. Long-term fixed pricing in the range of \$80/MWh to \$95/MWh, is competitive with expected market prices for locally-produced solar energy.
- b. Pricing takes maximum advantage of the current Federal Investment Tax Credit for solar energy which is scheduled to be reduced from the current 30% to 10% after 2016.

- c. Eleven respondents to the RFP offering over 25 separate projects provided adequate competition.
- d. The recommended proposer meets the requirements of the RFP. If contract negotiations cannot result in execution of a power purchase agreement with that proposer, Austin Energy will negotiate and execute an agreement with one of the other top three evaluated proposals.