

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	51123	Agenda Number	1
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Meeting Date:	10/15/2015	Department:	Austin Energy
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Subject

Adopt a plan of achieving 600 megawatts of utility-scale, solar generation capacity by 2017 in addition to solar capacity currently existing or under contract, and to authorize negotiation and execution of power purchase agreements with qualified offerors for up to 350 megawatts of utility-scale, solar-generated electricity (for a total acquisition of approximately 600 megawatts of new solar capacity, if available and affordable) for terms of up to 25 years, for a combined estimated annual amount of \$44,000,000 and combined total of \$1,100,000,000.

Amount and Source of Funding

Funding will be provided through Power Supply Adjustment.

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	April 2, 2015 - Approved Resolution No. 20150402-020; September 17, 2015 - Approved Resolution No. 20150917-077; September 24, 2015 - Austin Energy Utility Oversight Committee discussion related to potential solar purchases.
For More Information:	Jeff Vice, Director, Local Government Issues (512) 322-6087; Pat Sweeney, Director, Energy and Market Operations (512) 322-6292; Khalil Shalabi, VP, Energy Market Operations & Resource Planning (512) 322-6520; Cheryl Mele, Chief Operating Officer (512) 322-6062.
Council Committee, Boards and Commission Action:	October 6, 2015 – To be reviewed by the Electric Utility Commission and the Resource Management Commission.
Related Items:	

Additional Backup Information

On December 11, 2014, the Austin City Council adopted the Austin Energy Resource, Generation and Climate Protection Plan to 2025 which established the strategic energy policy for Austin Energy. Part of that plan envisioned contracting for up to 600 megawatts (MW) of utility-scale solar generation by 2017, if available and affordable.

On September 17, 2015, the Austin City Council approved Resolution No. 20150917-077, directing staff to bring a plan for approval outlining how the City will meet the 600 MW utility-scale solar goal by no later than 2017. This RCA allows approval of the attached plan, and authorizes execution of power purchase agreements for up to 350 MW, which when combined with other contracts, would bring Austin Energy's total acquisition of utility-scale solar capacity in 2015 to approximately 600 MW.

On April 2, 2015, the Austin City Council approved Resolution No. 20150402-020 directing the City Manager to issue a Request for Proposals for up to 600 MW of solar generation. The offers provided Austin Energy with competitively

priced, renewable solar energy and environmental attributes and the opportunity to continue progress toward its goal of having 55% of its energy resources come from renewable sources by 2025. The solar purchases authorized in this action, combined with those recommended in an accompanying RCA for up to 300 MW and existing renewable commitments, are projected to result in Austin Energy reaching approximately 48% renewable energy after the projects begin commercial operation in 2017.

These utility-scale solar contracts will provide for the purchase of the full output of solar power projects to be constructed in the West Texas Region of ERCOT. The solar projects are expected to come online by the end of 2017. Agreements will run for terms of 15 to 25 years and will not require Austin Energy to invest any funds in the construction, operation or maintenance of the projects during that period. The agreements will each provide for a known price per megawatt-hour of energy and are not dependent on an extension of the investment tax credit at current levels. The quantity of production will vary in accordance with the actual availability of solar resources. The agreements are projected to increase the Power Supply Adjustment by up to 2.6% during the first five years of the agreement with neutral to slightly positive impacts in later years. These rate impacts vary by customer type as indicated in the table below, and assume adoption of an accompanying RCA for up to 300 MW of utility scale solar combined with the quantities recommended in this RCA.

Customer Type	2017 Bill Difference - 600 MW Solar Addition			
	Range - Annual Increase		Range - % Change	
Average Residential	\$15	\$19	1.15%	1.49%
Small Office	\$16	\$21	1.01%	1.30%
Convenience Store	\$188	\$244	1.58%	2.05%
Large Grocery Store	\$6,459	\$8,370	1.46%	1.90%
Medium Tech Firm	\$14,386	\$18,140	1.75%	2.21%
Large Tech Firm	\$53,949	\$68,025	2.04%	2.57%
Extra Large Tech Firm	\$323,692	\$408,148	1.95%	2.46%
Transmission	\$26,077	\$38,209	1.11%	1.63%

PRICE ANALYSIS

- Adequate competition.
- Over 150 proposals from 33 respondents were received.

APPROVAL JUSTIFICATION

- Top evaluated proposal(s).
- The recommended proposer(s) meet(s) the requirements of the RFP.