

A G E N D A



Recommendation for Council Action

Austin City Council		Item ID	71746	Agenda Number	2.
Meeting Date:	6/22/2017			Department:	Austin Energy
Subject					
Authorize negotiation and execution of a 15-year power purchase agreement (with a qualified respondent) for the full output of electricity from a 200 megawatt utility-scale wind-generation facility, in an amount not to exceed \$17,500,000 per year, for a total amount not to exceed \$262,500,000.					
Amount and Source of Funding					
Funding will be provided through the Power Supply Adjustment and GreenChoice® revenue.					
Fiscal Note					
A fiscal note is not required.					
Purchasing Language:					
Prior Council Action:					
For More Information:	Jeff Vice, Director, Local Government Issues (512) 322-6087; Erika Bierschbach, Interim Director, Energy and Market Operations (512) 322-6476; Khalil Shalabi, VP, Energy Market Operations & Resource Planning (512) 322-6520.				
Council Committee, Boards and Commission Action:	To be reviewed by the Electric Utility Commission on June 19, 2017 and by the Resource Management Commission on June 20, 2017.				
MBE / WBE:					
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 including a goal of 55% of customer demand being supplied by renewable energy by 2025.

On October 6, 2016, Austin Energy issued a Request for Proposals (RFP) for wind-sourced energy generation. Offers resulting from the solicitation provided Austin Energy with competitively priced renewable wind energy and environmental attributes, and the opportunity to continue progress toward its 55% goal stated above. The wind purchase recommended in this action, with existing renewable commitments, are projected to result in Austin Energy reaching approximately 47% renewable energy after the project begins commercial operation in 2019.

This contract will provide for the purchase of the full output of a wind power project to be constructed in the South Region of ERCOT with a generation capacity of approximately 200 megawatts. The agreement will provide for a non-

escalating fixed price per megawatt-hour of energy produced, which will allow Austin Energy to take full advantage of the federal wind production tax credit; that is set to begin declining in 2021. The quantity of production will vary in accordance with the actual availability of wind resources at any given time. The agreement is projected to have a positive impact on the Power Supply Adjustment given current market prices and future price expectations.

PRICE ANALYSIS

- a. Adequate competition.
- b. Twenty-seven respondents to RFP with over 175 separate proposals.

APPROVAL JUSTIFICATION

- a. Top evaluated proposal.
- b. The recommended proposer meets the requirements of the RFP.