



Solar Purchase Power Agreement Recommendation

**Electric Utility
Commission**

December 11, 2017

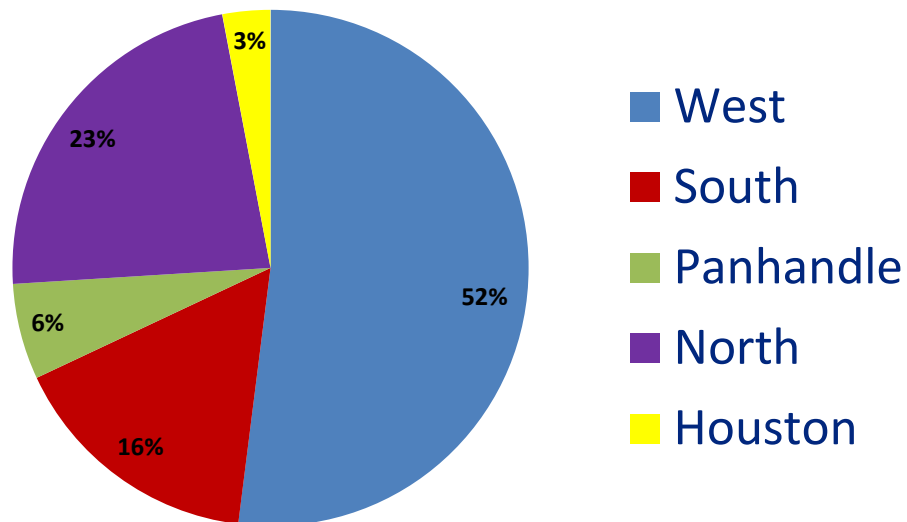




2017 Solar RFP

- RFP Closed May 31st
- 45 Respondents
- 82 Projects
- Approx. 400 Proposals

- ERCOT Regional Split





Evaluation Process

- **Screening & Sorting**

- Sort by region
- Sort by interconnection
- Sort by price
- Sort by type

- **Rank & Short List**

- Select top projects by price for each region and interconnection

- **UPLAN Evaluation**

- Model all short list projects in the database
- Run 5-year simulation with current market rules
- Run 5-year simulation with “marginal line loss” market
- Rank all projects on net revenue per MWH



Scoring

- **80 Points Awarded on Economics**
 - Up to 40 points on PPA price
 - Up to 20 points on model ranking with current market rules
 - Up to 20 points on model ranking with “marginal line loss” market rules

- **20 Points Awarded on Experience, Financial and Project Viability**
 - Up to 5 points for Experience
 - Up to 5 points for Financial Viability
 - Up to 10 points for Project Viability



Intersect Power

Highlights

- Top ranked project
- Model shows solar farm helps offset congestion for existing solar assets
- Benefits from projected load growth in the area
- Planned 345 kV transmission projects later in contract term provide increased export capacity
- Location produces later into the day

Terms

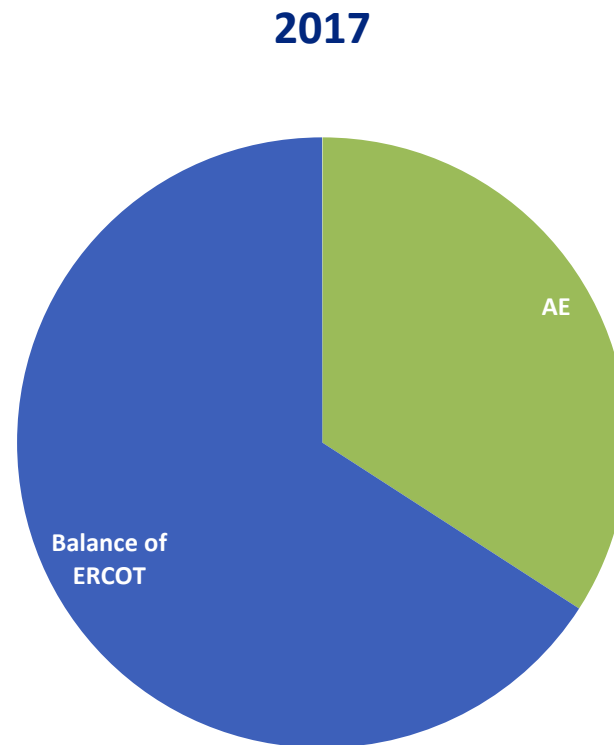
- Size: 150 MW
 - Option to increase facility size by 30MW
- Term: 15 years
- Commercial Operation Date (COD): 2020
 - \$12.2 Million reduction in contract costs versus 2019 COD
- 2021 PSA Year estimated reduction of 1.02%

Achieve 51% renewable at COD



AE Utility Solar Portfolio in ERCOT Market

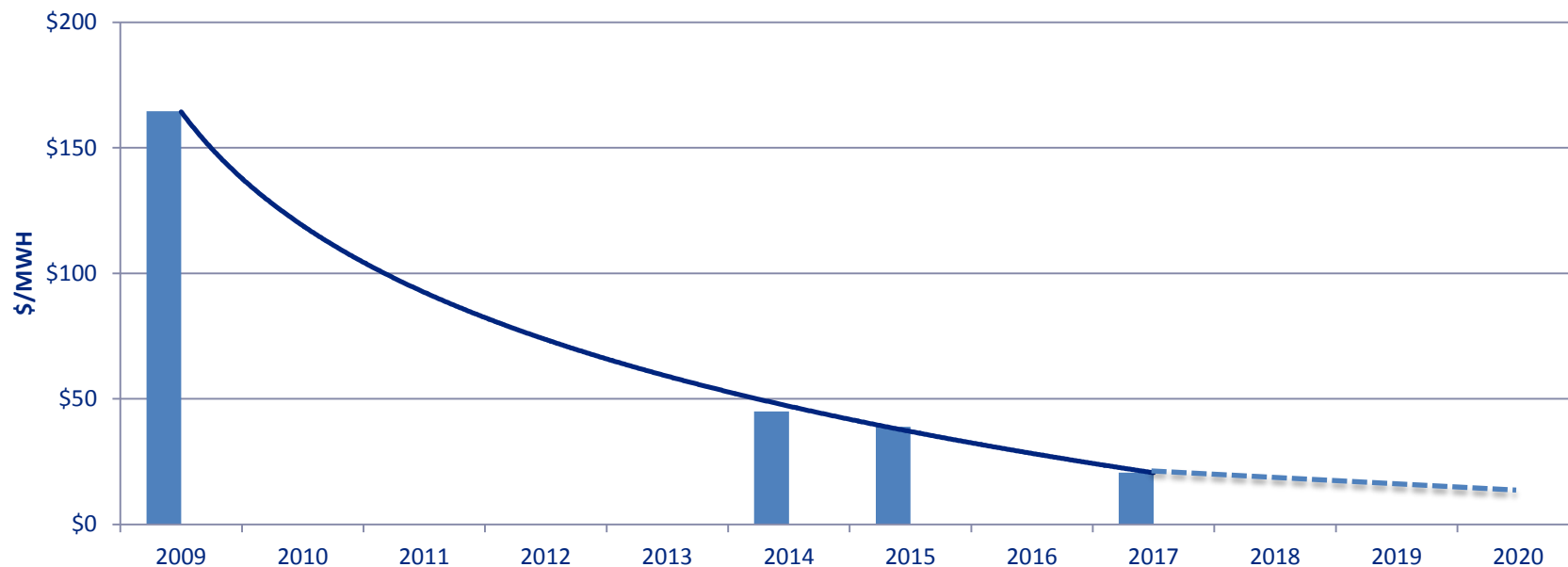
Contract Date	COD	Project	Capacity (MWs)
2009	2010	Webberville	30
2014	2016	Roserock	157.5
2015	2017	Bootleg	118.5
2015	2017	Upton	157.5
2015	2018	Midway	182.5
2017	2020	<i>Proposed</i>	<i>150</i>
Total			796





Why not more now?

- Prices have continued to decline



- Current Regulatory Uncertainty
 - Potential solar import tariffs
 - Potential renewable tax credit roll backs
 - Marginal Line Losses



Recommendation

Authorize negotiation and execution of

- 150 MW PPA
- Option to increase facility size by 30 MW
- Intersect Power's solar project
- 2020 COD