



MEMORANDUM

TO: Mayor and Council

CC: Elaine Hart, Interim City Manager
Robert Goode, Assistant City Manager

FROM: Jackie A. Sargent, General Manager, Austin Energy *JAS*

DATE: December 6, 2017

SUBJECT: Solar Purchase Power Agreement on December 14 City Council agenda

At the November 13, 2017, Austin Energy Utility Oversight Committee meeting, I mentioned that we would be bringing forward at the beginning of next year a solar purchase power agreement (PPA) in the amount of approximately 150 megawatts (MW). Since that date, Austin Energy and the proposed developer have reached agreement over the PPA terms. Currently, there are potential changes to impose import tariffs on solar panels being considered in late January by the federal administration. With City Council not scheduled to meet until February 2018, Austin Energy is seeking Council approval at the December 14, 2017, meeting to sign the PPA contract to secure the favorable terms that have been negotiated for this next addition of renewable solar resources.

This recommended solar purchase, with existing renewable energy commitments, is projected to result in Austin Energy reaching approximately 51% renewable energy as an offset of load after the project begins commercial operation in 2020, and will move the utility to 753 MW of installed utility-scale solar capacity.

This utility-scale contract will provide for the purchase of the full output of a 150 MW solar power project. In addition, the contract provides a mechanism for the parties to increase the facility capacity by an additional 30 MW if it is practical, has the same favorable economics, and is feasible from a transmission perspective.

The agreement will provide for a fixed price per megawatt-hour (MWh) of energy for the entire term that allows Austin Energy to benefit from the federal solar investment tax credit (ITC) available to solar developers. By negotiating a commercial operation date (COD) of 2020 versus 2019, Austin Energy customers will save approximately \$12.1 million on this contract. This agreement is projected to have a beneficial impact on the Power Supply Adjustment under current market prices and projected future price expectations.

Please let me know if you have any questions.