



Solar Purchase Power Agreement Recommendation

Resource Management
Commission

December 12, 2017

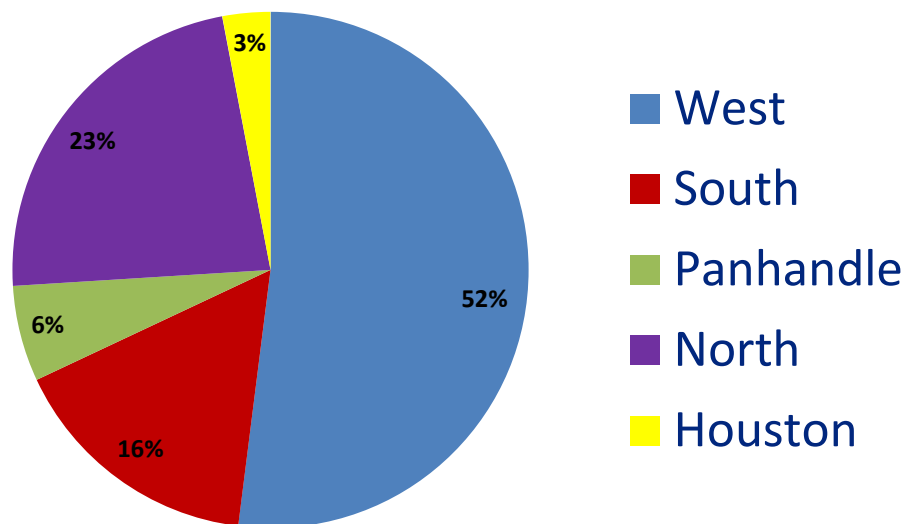




2017 Solar RFP

- 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

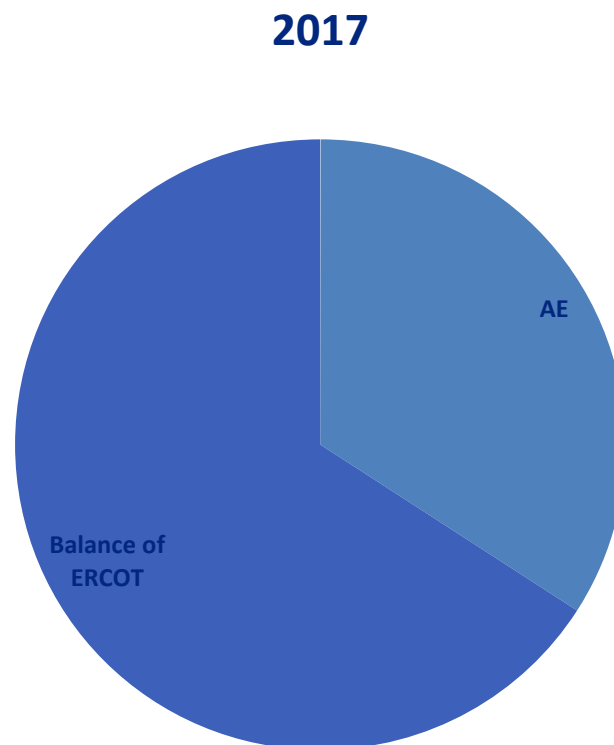
- Size: 150 MW
 - Option to increase facility size by 30MW
- Term: 15 years
- Commercial Operation Date (COD): 2020
 - \$12.2 Million reduction in contract costs versus 2019 COD
- 2021 PSA Year estimated reduction of 1.02%

Achieve 51% renewable at COD



AE Utility Solar Portfolio in ERCOT Market

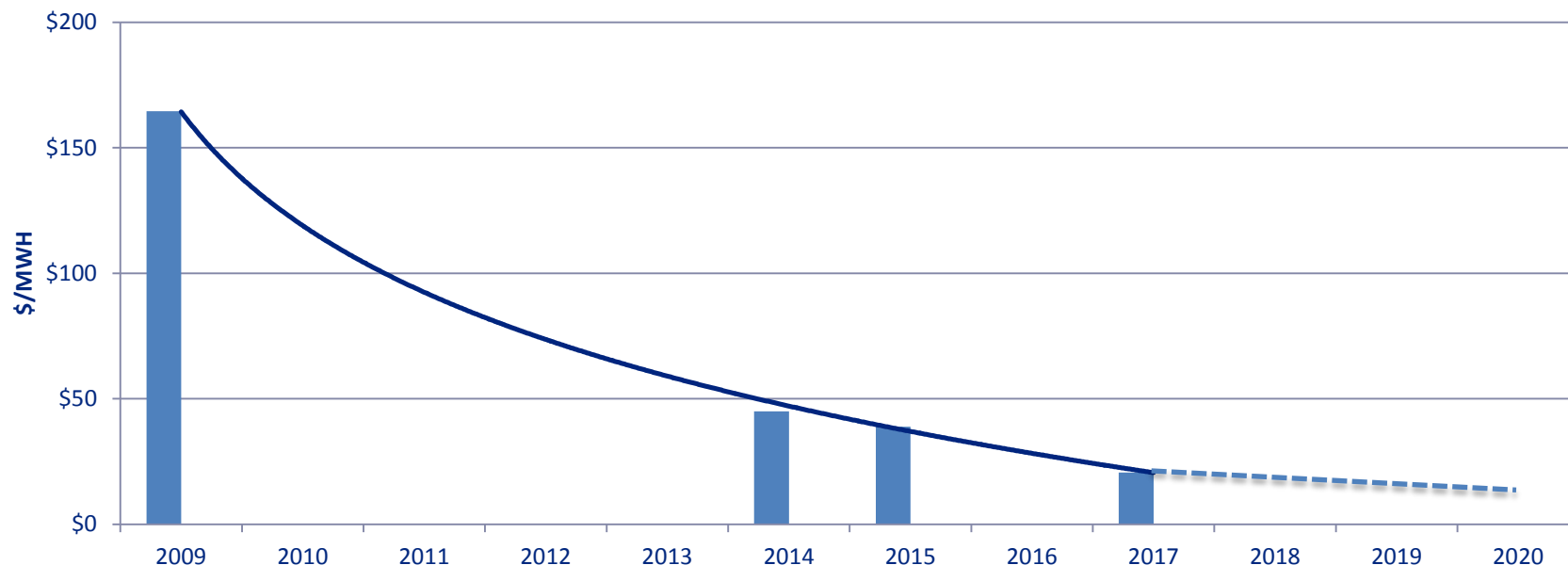
| Contract Date | COD | Project | Capacity (MWs) |
|---------------|------|-----------------|----------------|
| 2009 | 2010 | Webberville | 30 |
| 2014 | 2016 | Roserock | 157.5 |
| 2015 | 2017 | Bootleg | 118.5 |
| 2015 | 2017 | Upton | 157.5 |
| 2015 | 2018 | Midway | 182.5 |
| 2017 | 2020 | <i>Proposed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