

## **Recommendation for Council Action**

**Council Meeting Date:** May 23, 2019

**Posting Language**

Authorize negotiation and execution of a 15-year power purchase agreement with Pandora Solar, LLC, a NextEra Energy subsidiary, for up to 250 megawatts of electricity from a utility-scale solar-generation facility, in an estimated amount of up to \$13,000,000 per year, for a total estimated amount of up to \$195,000,000.

**Fiscal Note**

Funding will be provided through Power Supply Adjustment and Green Choice revenue.

**For More Information:**

Jeff Vice, Director, Government Relations and Regulatory Affairs (512) 322-6087; Erika Bierschbach, Vice President, Energy Market Operations and Resource Planning (512) 322-6476.

**Council Committee, Boards and Commission Action:**

May 13, 2019 – Recommended by the Electric Utility Commission on an 8-0 vote, with Commissioner Weldon off the dais and Commissioners Hadden and Stone absent. May 21, 2019 – To be reviewed by the Resource Management Commission.

**Additional Backup Information:**

On May 4, 2018, Austin Energy issued a Request for Proposals for renewable capacity and energy. Offers resulting from the solicitation provided Austin Energy with competitively priced renewable energy and environmental attributes, and the opportunity to continue progress toward its renewable energy acquisition goal. The renewable purchase recommended in this action, with existing renewable energy commitments, is projected to result in Austin Energy reaching approximately 56% renewable energy after the project begins commercial operation in 2023 (for calendar year 2024), and will increase the utility's purchase portfolio to 1216 megawatts (MW) of installed utility-scale solar capacity.

On August 17, 2017, the Austin City Council approved the Austin Energy Resource, Generation and Climate Protection Plan to 2027 which updated the strategic energy policy for Austin Energy. The updated plan includes a goal of achieving an overall renewable energy portfolio of approximately 65% of Austin Energy's generating fleet by 2027.

This utility-scale contract will provide for the purchase of up to 250 MWs of solar power from a project to be constructed in the Electric Reliability Council of Texas (ERCOT) South Zone. The agreement will not require Austin Energy to invest any funds in the construction, operation, or maintenance of the project. The agreement will provide for a non-escalating fixed price per megawatt-hour (MWh) of energy that allows Austin Energy to realize the pricing benefit due to the federal investment tax credit (ITC) available to solar developers which is set to begin declining for projects that begin commercial operation after 2023. The quantity of production will vary in accordance with the actual availability of solar irradiance at any given time. The agreement is projected to have a beneficial impact on the Power Supply Adjustment given current market prices and projected future price expectations.