



Recommendation for Action

File #: 19-2506, **Agenda Item #:** 5.

8/8/2019

Posting Language

Authorize negotiation and execution of a 12-year power purchase agreement with E.ON Climate & Renewables, for up to 200 megawatts of electricity from a utility-scale wind-generation facility, in an estimated amount of up to \$17,000,000 per year, for a total estimated amount of up to \$204,000,000.

Lead Department

Austin Energy

Fiscal Note

Funding will be provided through the Power Supply Adjustment and GreenChoice® revenue.

For More Information:

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Council Committee, Boards and Commission Action:

July 15, 2019 - Recommended by the Electric Utility Commission on a 9-0-1 vote, with Commissioner Collier-Brown recused and Chair Ferchill absent.

July 16, 2019 - Recommended by the Resource Management Commission on a 6-0-2 vote, contingent upon the project not being located in the flyway or including shut-off provisions in case of a migratory event, with Commissioners Blackburn and Chavarria recused and Vice Chair White and Commissioners Babyak and Brenneman absent.

Additional Backup Information:

On May 4, 2018, Austin Energy issued a Request for Proposals (RFP) 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 61% renewable energy after the project begins commercial operation in December 2020, and will increase the utility's purchase portfolio to 1,795 megawatts (MW) of installed utility-scale wind 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 200 MW of wind 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 production tax credit (PTC) available to wind developers, which is

set to begin declining for projects that begin commercial operation after 2020. The quantity of production will vary in accordance with wind availability 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.

The proposed wind project is located in cultivated croplands near four wind farms currently in operation. The site is not within the coastline “flyway” discussed at the Resource Management Commission meeting on July 16, 2019.