



Recommendation for Action

File #: 23-3343, **Agenda Item #:** 4.

11/30/2023

Posting Language

Approve issuance of a five-year performance-based incentive to Starwood Capital Group LLC for the installation of solar electric systems on its facilities located at 8310 North Capital of Texas Highway Southbound 2, Austin, Texas 78759 and 5707 Southwest Parkway 1, Austin, Texas 78735, in an amount not to exceed \$770,089.

Lead Department

Austin Energy

Fiscal Note

Funding in the amount of \$154,018 is available in the Fiscal Year 2023-2024 Austin Energy Operating Budget. Funding for the remaining years of the agreement is contingent upon available funds in future budgets.

For More Information:

Amy Everhart, Director Local Government Issues (512) 322-6087; Tim Harvey, Customer Renewable Solutions Manager (512) 482-5386.

Council Committee, Boards and Commission Action:

November 13, 2023- Recommended by the Electric Utility Commission on a 7-0 vote with Commissioners Alvarez, Blackburn, and Seibert absent and one vacancy.

November 14, 2023 - Recommended by the Resource Management Commission on a 6-0 vote with Commissioners Bren, Davis, Johnson, and Stone absent and one vacancy.

Additional Backup Information:

Austin Energy requests approval to issue this Performance Based Incentive (PBI) to Starwood Capital Group LLC for the installation of solar electric systems, detailed in the tables below at their facility to produce renewable energy for on-site consumption. The table below provides a summary of the system size, cost, proposed incentive, and environmental benefits.

Aggregated Solar System Details*	
Total System Size (kW-DC)	1,254
Total System Size (kW-AC)	1,041
Annual Estimated Production (kWh)	1,824,444
Total System Cost (\$)	\$2,097,747
Total Incentive (\$)	\$770,089
Percent of Cost Covered	37%
Environmental Benefits** and Emission Reduction Equivalencies***	

Reduction of Carbon Dioxide (CO2) in tons	858
Reduction of Sulfur Dioxide (SO2) in pound	12,777
Reduction of Nitrogen Oxide (NOX) in pound	1,277
Equivalency of Vehicle Miles Driven	1,995,375
Equivalency of Cars on Austin Roadways	173
Equivalency of Trees Planted	12,870
Equivalency of Forest Acreage Added	928

*All solar equipment meets Austin Energy program requirements

** Environmental Benefits based on the US Energy Information Associations state-wide electricity profile

<<https://www.eia.gov/electricity/state/texas/>>

*** According to the [Environmental Protection Agency Greenhouse Gas Equivalency Calculator](https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator)

<<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>>

Starwood Capital Group LLC (the Customer) is a private investment firm with a core focus on global real estate, energy infrastructure and oil & gas. The Customer and its affiliates maintain 16 offices in seven countries around the world, and currently have approximately 4,500 employees. Since its inception in 1991, the Customer has raised over \$70 billion of capital, and currently has over \$120 billion of assets under management.

Shown in the table below, both proposed systems will offset the interconnected meters' historic annual energy consumption by 7% and 51%, respectively.

Address	PBI Rate (\$/kWh)	System Cost	Austin Energy Incentive	Generation kWh/yr	System Size kW DC	System Size kW AC	Energy Offset
8310 N CAPITAL OF TEXAS HWY SB 2	\$ 0.09	\$ 231,602	\$ 160,875	310,869	211	175	7%
5707 SOUTHWEST PKWY 1	\$ 0.07	\$1,866,146	\$ 609,214	1,513,575	1,044	866	51%

According to the updated Austin Energy Resource, Generation and Climate Protection Plan, approved by Austin City Council in March 2020, "Austin Energy will achieve a total of 375 MW of local solar capacity by the end of 2030, of which 200 MW will be customer-sited (when including both in-front-of-meter and behind-the meter installations)." In order to meet these goals, Austin Energy has funded the Solar Photovoltaic (PV) Programs, which are designed to reduce the amount of electricity Austin Energy must purchase from the market and reduce associated greenhouse gas emissions.

The purpose of the Austin Energy Solar PV PBI Program is to expand adoption of customer-sited solar by commercial customers. The PBI solar program offers commercial customers payments based on the metered solar production of their approved PV system for the first 5 years of operation. Payments are made as a monthly billing adjustment to the customers' electric account.

Due to the performance-based aspect of the incentive, if the customer fails to generate solar electricity, the

rebate will not be fully paid. Per program guidelines, the installation is expected to continue producing for a minimum of 20 years, 15 years beyond the incentive.

This project will advance the stated goals of expanding locally-sited solar, carbon reduction and resiliency, extend the adoption of solar to entities historically excluded from the investment benefits of solar, and continue to demonstrate the value and importance of renewables as part of the individual and collective generation portfolio in Austin Energy territory.