City of Austin

Recommendation for Action

File #: 24-4343, **Agenda Item #:** 2. 4/18/2024

Posting Language
Approve issuance of a 5-year performance-based incentive to Starwood Capital Group LLC, for the installation of solar electric systems on their facility located at 10814 Jollyville Road #4, Austin, Texas 78759, in an amount not to exceed $70,125.91.

Lead Department
Austin Energy.

Fiscal Note
Funding in the amount of $70,125.91 is available in the Fiscal Year 2023-2024 Austin Energy Operating Budget.

Prior Council Action:
November 30, 2023 - Council approved a 5-year performance-based incentive for the Starwood Capital Group, LLC.

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:
April 15, 2024 - To be reviewed by the Electric Utility Commission.
April 16, 2024 - To be reviewed by the Resource Management Commission.

Additional Backup Information:
Austin Energy requests approval to issue this 5-year performance-based incentive (PBI) to the Customer for the installation of a solar electric system to produce renewable energy for on-site consumption. The table below provides a summary of the system size, cost, proposed incentive, and environmental benefits:

Solar System Details*	
Total System Size (kW-DC)	92
Total System Size (kW-AC)	76
Annual Estimated Production (kWh)	135,509
Total System Cost (Does not include panel inverter cost)	$101,548.35
Total Incentive	$70,125.91
Percent of Cost Covered	69%
Environmental Benefits and Emission Reduction Equivalencies***	
Reduction of Carbon Dioxide (CO2) in tons	61

Reduction of Sulfur Dioxide (SO2) in pound	68
Reduction of Nitrogen Oxide (NOX) in poun	95
Equivalency of Vehicle Miles Driven	141,862
Equivalency of Cars on Austin Roadways	12.3
Equivalency of Trees Planted	915
Equivalency of Forest Acreage Added	66

*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 (EPA)s Greenhouse Gas Equivalency Calculator <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

Starwood Capital Group is a private investment firm with a core focus on global real estate, energy infrastructure and oil & gas. Starwood Capital Group and its affiliates maintain 16 offices in seven countries around the world, and currently have approximately 4,500 employees. Since its inception in 1991, Starwood Capital Group has raised over $70 billion of capital, and currently has over $120 billion of assets under management. For these projects, Starwood Capital Group has already procured panels and inverters, so those costs are not represented in the “Total System Cost” above. The proposed solar system is estimated to offset 10% of the building’s historic energy consumption.

According to the updated Austin Energy Resource, Generation and Climate Protection Plan, approved by 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 five 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.