



Legislation Text

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Joint Development Agreement to Evaluate the Feasibility of a Solid Fuel Electric Power Plant (B)
Gainesville Regional Utilities staff continuously seek both demand side and supply side methods for meeting the long term energy needs of the community through integrated resource planning. Current projections indicate that GRU will need additional generation by about 2011. Over the last few years staff has discussed with the Commission the long-term advantages of maintaining a diversified fuel mix. Staff believes that the relative abundance of solid fuels compared to other fuel types, the risks associated with not having a diversified fuel mix, and the steadily increasing cost difference between natural gas and other forms of fuel need careful consideration. Staff has also presented several new technologies that radically improve the emissions from solid fuels and have potential to match the clean-burning advantage of natural gas.

The Florida Municipal Power Agency ("FMPA") is seeking collaborators on a feasibility study for siting and constructing a facility that is designed with the most recent technological innovations to efficiently generate electricity from solid fuels. The proposed study, which has not yet been fully designed, will include careful comparisons and evaluations of: emissions and environmental control systems; the future availability and price of biomass and fossil fuels; fuel transportation; Florida's bulk power transmission grid; and water resources. FMPA is committed to 50% of the project cost, but would like to have 2 or 3 additional participants. Should a project be feasible, it is expected to take at least nine (9) years to bring it to fruition.

Participation in the project will provide at least four (4) major benefits to the City of Gainesville. First, since committed participants will develop the scope and content of the study, GRU staff will make sure that technologies and design configurations suitable for retrofitting or re-powering units at Deerhaven will be included in the study. Second, potential participants have indicated a willingness to include their existing sites with port as well as rail facilities as potential sites. JEA, and Seminole Electric Cooperative, for instance, are potential participants. Third, working with other utilities will provide a unique opportunity to share knowledge and experience. Finally, the level of participation will determine the ownership share that participants will be entitled to subscribe to if the project proceeds. However, participation in the proposed study at this phase will not commit GRU to any further participation in the project.

Work has begun on drafting a joint participation agreement that addresses governance of the project, and work on finalizing the scope of the study is scheduled to begin in early October.

The City Commission authorize the General Manager or his designee to negotiate and enter into a Joint Development Agreement with the Florida Municipal Power Agency and other electric generating utilities to participate in and fund up to 25% of a feasibility study related to the siting and construction of a solid fuel generation facility.

A 25% share in the study is anticipated to cost \$125,000. Funds for the project are available in GRU's approved budget.

Prepared By: Ed Regan, P.E., Strategic Planning Director

Submitted By: Michael L. Kurtz, General Manager