



Legislation Text

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Evaluation of Biomass-Fueled Generation Facility Proposals (B)

Staff submits its evaluation of the binding proposals received from the three top-ranked respondents pursuant to GRU's Request for Proposals for a Biomass-Fueled Generation Facility for City Commission review.

On October 15, 2008 the City Commission authorized staff to issue a Request for Proposals (RFP) to solicit biomass-fueled electrical generation. The RFP set forth a two step process, whereby the three top ranked respondents from the first step would be invited to submit binding proposals. On January 28, 2008, the Gainesville City Commission authorized staff to request binding proposals from the top three ranked respondents, allowing respondents to offer multiple proposal options. On March 24, 2008 the Commission approved the overall factors and factor weights to be applied to the evaluation of biomass proposals received pursuant to this invitation. On April 11, 2008, three firms submitted binding proposals, two of which offered two separate proposals. All proposals were for a 100% biomass fueled facility.

Proposals were evaluated and scored based on the Commission approved 14 factors and weights which reflect the environmental interests of the community, the economic benefits and risks of the project, and the reliability of the proposed power supply. The proposals were ranked in the following order:

1. Nacogdoches Power, LLC-100 MW Purchased Power Agreement (PPA)
2. Nacogdoches Power, LLC-50% of a 100 MW Unit with a PPA
3. Covanta Energy Corp.-50 MW Financed by GRU, designed, constructed, maintained and operated by Covanta
4. Covanta Energy Corp.-50 MW PPA
5. Sterling Planet-30 MW PPA

If staff is unable to negotiate an acceptable contract with the top ranked firm, staff requests authorization to initiate negotiations based on the next highest ranked proposal, in order of this ranking. Staff's review and analysis are summarized in the back up materials accompanying this agenda item as well as posted on the Web.

The City Commission: 1) continue the discussion on Evaluation of Biomass-Fueled Generation Facility Proposals; 2) approve the ranking of proposals received in response to the Request for Proposals for a Biomass-Fueled Generation Facility; 3) authorize the General Manager, or his designee, to negotiate and execute a contract with Nacogdoches Power, LLC for a long term purchase power agreement for a 100 MW net capacity, 100% biomass fueled facility to be constructed at the Deerhaven site, subject to approval of the City Attorney as to form and legality; and 4) if the General Manager or his designee is unable to negotiate an acceptable contract with the highest ranked proposer, the General Manager/Designee may then negotiate with the next highest ranked proposer in order; and 5) authorize staff to procure various services, equipment and materials in conjunction with the project within approved budget limitations, as required.

The selected alternative will provide a long term economic source of power even without mandatory renewable energy portfolio standards (RPS) or carbon constraints. The selected alternative provides a strong regulatory and financial hedge should RPS and carbon constraints become mandatory. Project funding will be requested in future fiscal years as required.

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