



## Legislation Text

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**File #:** 191195., **Version:** 2

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### **Approval of a Power Purchase Agreement for Solar Electric Power with FL Solar 6, LLC (B)**

**\*\*This item was presented to the UAB on May 13, 2020.\*\***

For more than a decade GRU has been actively engaged in reducing carbon emissions and increasing its use of renewable energy. As a result, GRU's current renewable resources include the Deerhaven Renewable facility (103 MW), landfill gas fueled power (3.6 MW), and Solar Feed-in-Tariff (18.5 MW). GRU also has approximately nine MW of customer owned and net metered solar connected to its distribution system.

On October 18, 2018, the City Commission approved a resolution establishing a goal for providing 100% of the City's energy from renewable resources by 2045. In working towards this goal and after consultation with the City Commission, GRU Energy Supply moved forward with the procurement of 40-50 MW of solar power through a Power Purchase Agreement (PPA).

On May 31, 2019, Utilities Procurement issued an Invitation to Negotiate (ITN) via the DemandStar electronic bid portal and it was broadcasted to known providers as well as 390 other providers/suppliers registered with the site. The ITN requested information for 40-50 MW of solar capacity. Proposals from six providers were received, two of which were not evaluated due to non-conformance with the specifications.

Proposals from four providers were evaluated based on price, experience and conformance with the specifications. The providers were ranked and the top three providers were invited to move forward into negotiations. After detailed clarifications and discussions, the shortlisted providers provided enhanced proposals to include edits to a draft PPA with GRU. Each provider was given an opportunity to meet with the negotiating team for a PPA page-turn.

The negotiating team determined Origis Energy could provide the best value to GRU and was selected to move forward to negotiate a Power Purchase Agreement. After successful negotiations, GRU recommends the award of the Power Purchase Agreement for 50 MW (AC) of solar photovoltaic power to Origis Energy's subsidiary FL Solar 6, LLC, in general agreement with the current draft dated April 27, 2020, subject to approval by the City Attorney as to form and legality. The final redacted draft of the proposed PPA dated April 27, 2020 is attached for reference.

The negotiated PPA draft with Origis dated April 27, 2020 is for a 20-year term at a fixed rate (no escalation over the initial term of the agreement) and is lower than GRU's current average cost to produce power. An opportunity for two five-year extensions at a rate to be negotiated at a future date is available. The total annual cost to GRU is forecasted to be less than \$4.2 million and GRU only pays for the energy it receives. There are no capacity obligations within the PPA. This PPA will increase GRU's renewable capacity by 50 MW and GRU's annual renewable energy served by 6%.

GRU is responsible for conducting studies for the interconnection between the facility's transformer and GRU's transmission system and for conveying land rights at the Parker Rd. substation for the Seller's transformer and associated equipment necessary for the interconnection to GRU.

The capital funds required for GRU's portion of the interconnection infrastructure improvements will be budgeted in future GRU capital budgets and is estimated at approximately \$3 million. The alternative would have been to have Origis transport power through Duke or FPL at an annual cost of over \$700,000, subject to annual escalation.

GRU's fuel budget will begin to include funding for the solar energy purchases in FY2022, and the costs for the energy will flow through the Fuel Adjustment. It is estimated that this PPA will not have upward pressure on the Fuel Adjustment.

FL Solar 6, LLC will be responsible for all other costs to develop, design, permit, finance, equipment, construct, commission, own, operate, and maintain the facility.

Staff recommends that the City Commission authorize the General Manager or his designee to execute a Power Purchase Agreement for 50 MW (AC) of solar power for a term of 20 years and other agreements as required with FL Solar 6, LLC, in general agreement with the draft PPA dated April 27, 2020, subject to approval by the City Attorney as to form and legality.

UAB: At their May 13, 2020 meeting, the UAB voted unanimously to advise the City Commission to approve the staff recommendation.