



Legislation Text

File #: 160799., **Version:** 1

Draft Memorandum of Understanding with GREC (B)

The impact of the Power Purchase Agreement (PPA) with GREC is both financial and operational in addition to legal. The core of the PPA's financial impact is GRU's obligation to pay GREC \$194,709 a day for what is termed "Available Energy". This cost represents GREC's cost of ownership and fixed cost of operations. Staff believes that for the right buyout price, GRU can reduce the \$194,709 a day to which it is already obligated. A buyout of GREC's PPA will generate savings in the hundreds of millions of dollars if GRU can negotiate a reasonable buyout price.

Based on the history of the GRU/GREC relationship, staff believes that the draft, non-binding MOU, written from GRU's perspective, is critical in moving the conversation forward. The MOU sets a framework under which both GRU and GREC can move toward a contract to buy out the PPA. The MOU has not been executed by either GREC or GRU. GRU anticipates that there will be further discussions between the parties over the conditions.

The draft MOU is not a binding agreement. As further negotiation takes place, the fiscal impact will be thoroughly discussed in public forums.

The City Commission and staff discuss:

1. The draft MOU, inherent risks of a purchase and how GRU weighed the risks
2. Future steps