

COUNCIL ACTION FORM

SUBJECT: AUTHORIZATION TO REQUEST PROPOSALS FOR ALTERNATIVE ENERGY

BACKGROUND:

On June 10, 2008, Electric Utilities Operations Review and Advisory Board (EUORAB) met with the City Council to discuss demand-side management progress and power supply options. Our need for additional energy in the future remains, despite the reductions in energy use being made through our Demand Side Management (DSM) program.

As a result of that June meeting, the Council approved a number of recommendations which included pursuing participation in wind/renewable/biofuels generation with IAMU or other entities. It also included a goal that renewables make up 10% of our portfolio (above the amount coming from RDF) by 2015, 15% by 2018 and 20% by 2021

While the staff continues to represent the City Council in Phase II activities researching the feasibility of a wind power facility at the Ridgeport site, it is also time to issue an RFP for other possible sources of renewable energy. Staff is recommending that the responses to the RFP be returned by May 28, and that EUORAB and the City Council receive the analysis in mid-June. The RFP would request a minimum of 10 megawatts and a maximum of 30 megawatts (MW) of renewable power. Power should be available no **sooner** than July 1, 2009, and no **later** than July 1, 2013. Earlier availability is preferred. Preference may be granted to those with existing facilities, or with facilities currently under construction. This process requires responders to propose a power purchase agreement (PPA) structure. The successful proposal must transfer 100% of the renewable energy credits (REC's) to the City, for the power purchased by the City. Contract term lengths may be between 10 and 20 years, with a longer term being preferred.

As in our membership in IAMWind, we will be including renewable energy for ISU in this process. The cooperation and communication with the University staff as we research renewable options has been excellent.

It should be noted that whether the Ridgeport project is brought to completion or not, diversifying the City's energy portfolio with energy obtained through this RFP process is very advantageous.

ALTERNATIVES:

1. The City Council may direct staff to proceed with a process to solicit Requests for Proposals (RFP's) for renewable energy. Proposals will be due on May 28, and will provide for a minimum of 10 MW of energy and a maximum of 30 MW. These will be in a power purchase agreement (PPA) structure.
2. The City Council may direct the staff to delay the RFP process.

MANAGER'S RECOMMENDED ACTION:

While the staff continues to represent the City Council in Phase II Ridgeport activities, in order to aggressively pursue the Council's goal of increasing renewable energy in the City's portfolio (particularly the 10% goal by 2015) staff feels that it is prudent to issue an RFP for other possible sources of renewable energy. It will take time for the Ridgeport project to be completed (and it is not a certainty that it will be), so it is prudent to have other sources of renewable energy available.

Therefore, it is the recommendation of the City Manager to adopt Alternative #1, thereby approving that staff proceed with a process to solicit Requests for Proposals for renewable energy that will provide a minimum of 10 MW of energy with a maximum of 30 MW, with proposals will be due on May 28.