



# AUSTIN ENERGY REQUEST FOR PROPOSALS (RFP) FOR THE PURCHASE OF RENEWABLE CAPACITY & ENERGY FROM RENEWABLE ENERGY RESOURCES

## 1. RFP OVERVIEW

### A. RFP Purpose

The City of Austin, Texas, d/b/a Austin Energy (AUSTIN ENERGY), is asking for proposals from companies qualified and experienced in the development and operation of renewable wind and solar energy resources, which may be co-located with optional energy delivery systems utilizing stored renewable power. In this solicitation, AUSTIN ENERGY will consider the long-term purchase of energy, capacity and associated environmental attributes/renewable energy credits (RECs) from utility-scale renewable energy resources, as defined by the Substantive Rules of the Public Utility Commission of Texas (PUCT), that are located in the Electric Reliability Council of Texas (ERCOT) service region.

### B. About Austin Energy

AUSTIN ENERGY is a municipal electric utility owned and operated by the City of Austin, Texas, engaged in the generation, distribution, and transmission of electricity to over 480,000 residential, commercial and industrial customer accounts in the Greater Austin area. AUSTIN ENERGY's governing body is the Austin City Council.

AUSTIN ENERGY owns or controls over 5300 MW of resource generation capacity, either wholly owned or subject to long term Power Purchase Agreements. This diverse portfolio includes nuclear, coal, natural gas, biomass, wind, and solar. AUSTIN ENERGY participates in all aspects of the ERCOT wholesale power market for purposes of serving its load and maximizing the value of its resources.

AUSTIN ENERGY's energy supply portfolio includes over 3000 MW of renewable resource capacity with a future goal to meet the requirements outlined in AUSTIN ENERGY's Resource Generation and Climate Protection Plan to 2030 (the Plan). The Plan includes an overall carbon reduction goal in which 86% of AUSTIN ENERGY's generation is carbon free by the end of 2025, 93% is carbon free by the end of 2030, and by the end of 2035, AUSTIN ENERGY's generation will be completely carbon free. Generation from wind, solar and energy storage assets will comprise a significant portion of that carbon reduction goal described in the Plan.

### C. RFP Schedule

AUSTIN ENERGY expects to maintain the schedule below but may revise the schedule to accommodate unexpected changes.

RFP Issue Date: **July 29, 2021**

Deadline for email questions will be **5:00 pm CT on August 13, 2021**

**RFP responses are due by 3:00 pm CT on September 8, 2021**

AUSTIN ENERGY will review all proposals and determine a short list of proposals to consider for further evaluation. Short-listed Proposers may be contacted to provide additional information and documentation regarding their proposal.

#### **D. Contact Information, Questions and Answers**

Proposers must submit their Proposal(s) electronically by the aforementioned deadline to [EnergySupply@austinenergy.com](mailto:EnergySupply@austinenergy.com). Proposal format and requirements are described in subsequent sections.

During the RFP process, any and all questions regarding the RFP must be submitted to [EnergySupply@austinenergy.com](mailto:EnergySupply@austinenergy.com). Please note that consistent with policy, any questions submitted after 5:00 pm CT on August 13, 2021 may not be reviewed or answered.

#### **E. Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying**

1. Austin City Code Chapter 2-7, Article 6 relates to Anti-Lobbying and Procurement. The policy defined in this Code applies to Solicitations for goods and/or services requiring City Council approval under City Charter Article VII, Section 15 (Purchase Procedures). During the No-Lobbying Period, Offerors or potential Offerors are prohibited from making a representation to anyone other than the Authorized Contact Person in the Solicitation as the contact for questions and comments regarding the Solicitation. The Authorized Contact Person for this solicitation is Matt Liner, who can be contacted via e-mail at [EnergySupply@austinenergy.com](mailto:EnergySupply@austinenergy.com).
2. If during the No-Lobbying Period, an Offeror makes a representation to anyone other than the Authorized Contact Person for the Solicitation, the Offeror's Offer is disqualified from further consideration except as permitted in City Code.
3. By submitting a proposal, Proposers agree they **have read and will abide by the City of Austin's Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying requirements** found in Attachment 1. Proposers understand that failure to follow local and state law requirements may result in disqualification from consideration or criminal prosecution.

#### **F. Proposer Eligibility**

This procurement will comply with applicable City of Austin procurement policies. Eligible Proposers are those that submit conforming Proposals as outlined in this RFP, and after evaluation by AUSTIN ENERGY, demonstrate sufficient experience and financial strength to ensure reliable delivery of energy under the terms of a Power Purchase Agreement as further detailed in this RFP, and are not otherwise suspended from contracting with the City of Austin. Proposers may make offers from one or more projects and/or product structure. Proposers may submit more than one Proposal and may submit multiple offers from the same resource.

## **2. REQUESTED PRODUCTS**

AUSTIN ENERGY seeks to purchase renewable energy from among the following product offerings. Proposers may provide offers under any of the options listed below:

- A. Wind/Solar Renewable Energy Projects:** Energy and associated RECs generated on an as available basis from new renewable resources, to be located and commissioned in ERCOT. AUSTIN ENERGY will consider offers from either wind or solar projects. AUSTIN ENERGY will

consider offers for energy delivered and settled at the project busbar, and/or an ERCOT market hub, and/or LZ\_AEN. After review and analysis of all proposals received, AUSTIN ENERGY will determine the size of its purchase, historically from 100 MW to 300 MW per individual project.

- B. Firm Renewable Fixed or Shaped Energy :** Energy and associated RECs delivered and settled at the project busbar, and/or an ERCOT market hub, and/or LZ\_AEN on a firm basis, sourced from new ERCOT renewable resources, in parallel operation with an on-site energy storage system designed to be capable of delivering energy under a fixed or a shaped schedule offered at the Proposer's discretion. Intermittent energy may be offered in addition to the firm portion.

### **3. PROPOSAL DETAILS**

#### **A. Proprietary Data**

The Proposer shall identify the page number(s) in which proprietary information is presented. All materials submitted to AUSTIN ENERGY become public property and are subject to the Texas Public Information Act upon receipt. If a Proposer does not want proprietary information to be disclosed, each page must be identified and marked **Proprietary** at the time of submittal. AUSTIN ENERGY will notify the Proposer if a Texas Public Information Act request regarding the proposal is received so that the Proposer may request an opinion from the Texas Attorney General's Office. Failure to identify proprietary information will result in all unmarked pages being deemed non-proprietary.

#### **B. Proposal Format**

##### **1. Term Sheet**

Provide a summary of the principal features of the Proposal, including description of product offering and pricing structure, point(s) of sale and purchase settlement, offered energy quantity (include expected annual sales and purchase amount), term of sale and purchase and expected Commercial Operation Date (COD) or term commencement, critical project development milestones, and form and amount of performance security Proposer intends to provide.

##### **2. Proposer Financial Capability** – Provide a summary of the following:

- a. Full name and address of the proposing organization. Identity of parent guarantor if the proposing entity is a subsidiary.
- b. Proposing company ownership structure; plans for proposed operating company ownership structure, both pre and post COD.
- c. Names of principal officers of the organization.
- d. Description of the financial structure and capability of the company; please include two years of audited financial statements, including a balance sheet, statement of cash flows and income statement with Proposer's Dunn and Bradstreet number.
- e. Other evidence of creditworthiness of Proposer and/or Proposer's guarantor, including its ability to obtain and secure financing for new projects and provide ongoing collateral support, its sources of equity and long-term debt, and bank/financial institution references.
- f. Profile of qualifications to do business in the State of Texas.

- g. Primary contact information for individuals responsible for the Proposal and authorized to manage contract negotiations.
- 3. Corporate and Professional Experience** – Provide a summary of the following:
- a. Details of Proposer’s experience with the proposed technology and in the development, management, operation and maintenance of projects of a similar type, size and scope. Include descriptions of generating facilities that have been constructed, owned and/or operated by Proposer and/or its parent company that are in service, projected to be constructed and/or to be placed into commercial operation.
  - b. Provide a list of team members or subcontractors who will be assigned to the project and their experience in the various phases of renewable project development, including permitting, engineering, construction, operating and environmental. Please include any experience working with ERCOT in the commissioning and ongoing operations of renewable facilities.
- 4. Generating Resource Details** – Provide the following information:
- a. A detailed description of the technology to be constructed on the site to provide the renewable energy and capacity, including storage, if applicable. Note that all resources must meet applicable regulatory and industry safety, environmental and operational standards, including but not limited to the applicable ERCOT, Texas Reliability Entity (TRE) and North American Electric Reliability Corporation (NERC) standards and requirements.
  - b. Technical information for the resource(s) including wind turbine and/or solar panel and inverter and/or storage type, make, model, and configuration, general layout diagrams, plant design, nameplate capacity rating, net plant capacity, annual net output, projected capacity factor, in-service date or projected in-service date, estimated service/design life, etc.
  - c. Expected annual hourly output profile (8760 hours). Include annual expected net MWh output and expected capacity factors, with and without storage, if applicable, which should include outage assumptions.
  - d. The exact geographic location of the offered resource(s) and the point of interconnection with the Transmission Service Provider (TSP). Include a complete description of the interconnection point, including:
    - Corresponding voltage levels to the TSP/ERCOT transmission system
    - Description of metering arrangement at the interconnection point
    - Description and status of proposed site interconnection arrangements including proposed transmission line construction (if any)
    - Description and status of TSP/ERCOT interconnection process
    - Detailed studies of local congestion and other congestion-related issues
  - e. Identification of major equipment suppliers and description of manufacturers’ and vendors’ warranties, if any, in effect for the resource components and details regarding the design/service life of the project.
  - f. A description and confirmation of Proposer’s ability to procure an adequate supply of turbines and/or panels and inverters to support its proposal.

- g. A description of the environmental compliance requirements and all regulatory permits, licenses or approvals required for the resource to supply renewable power.
- h. Description of Proposer's plan for resource decommissioning at the end of its life including plans for equipment removal, site cleanup and remediation with an emphasis on minimizing environmental impact. Please provide a plan for recycling/reuse of any equipment that would be removed on decommissioning.
- i. Details regarding the site location, coordinates and control, including lease and easement arrangements, any local tax abatement agreements or applications, and accommodations with mineral owners for surface use.
- j. Timelines/Milestones for (a) project permitting, (b) securing interconnection and related agreements, (c) project financing commitments, (d) EPC execution, (e) equipment acquisition and delivery, (f) financial close, and (g) commercial operation.
- k. Any other significant information, maps, or drawings regarding the resource.

## 5. Cost

- a. **For renewable energy resources only:**  
Indicate as a fixed price in \$/MWh for delivered energy, settled in real time against the project busbar price, and/or the applicable ERCOT market hub price, and/or LZ\_AEN including all environmental attributes/renewable energy credits for the offered term. Any variable pricing should be stated as a schedule of annual prices.
- b. **For renewable energy resources with storage facilities:**  
Identify all pricing components that determine the cost of supplying the renewable energy combined with the stored energy. Proposers should specify a breakdown of all pricing components for both the firm renewable energy and the stored energy portion, and as an option, the intermittent portion. Austin Energy prefers that Proposers include one composite price (\$/MWh) for all segments.

**NOTE: Under any energy delivery scenario for the product offering, AUSTIN ENERGY does not intend to pay for and/or incur any ERCOT charges for any energy deliveries during negatively priced ERCOT settlement intervals.**

## 6. Submittal

Proposer must submit a pdf (*portable document format*) of the proposal together with supporting documentation and information to the email address specified in Section 1.D. on or before the RFP response deadline. Please do not submit any single email containing more than 20 MB of data. If the proposal and supporting documentation contains more than 20 MB of data, please divide and submit multiple emails in order to stay below the 20 MB data limit. As an alternative, Proposers may provide proposals and/or supporting documentation and information via a secure file sharing website. Proposers using this option must submit an email by the RFP response deadline that contains access instructions to the proposed file sharing site. AUSTIN ENERGY reserves the right to reject any proposed file sharing site that it determines to be unsafe or insecure.

*Please Note: Proposers should receive an automatic email reply that the Energy Supply mailbox received your proposal. If you do not receive one, please contact Matt Liner at [matt.liner@austinenergy.com](mailto:matt.liner@austinenergy.com) immediately to investigate and confirm receipt.*

**All proposals must include a statement that they are valid for a minimum period of one**

**hundred twenty (120) days following the RFP response deadline.**

#### **4. PROPOSAL EVALUATION**

##### **A. Evaluation Process**

After receipt of all proposals, AUSTIN ENERGY will review and summarize them to determine which ones comply with the RFP qualifications and City of Austin purchasing policies. After that initial summary review, AUSTIN ENERGY will determine a preliminary listing of which proposals appear to meet its internal purchase goals and objectives, including the purchase of the least overall cost of energy for AUSTIN ENERGY and its ratepayers.

##### **B. Evaluation Factors:**

The preliminary list of proposals will be further assessed by use of integrated network power market models in order to identify an initial short list of proposals that appear to best meet AUSTIN ENERGY'S selection criteria. The following provides a list of evaluation factors that will be applied by AUSTIN ENERGY to the initial shortlisted proposals. The list is not necessarily all-inclusive, nor does it list the factors in any order of importance:

1. Proposer experience with product offered
2. Financial Capability, including ability to provide PPA required collateral support
3. Project Viability
  - design concept and structure
  - project schedule and current status
  - site control
  - permitting status
  - interconnection status
  - project financing plan
  - expected capacity factors/energy output profile
  - transmission congestion
  - expected COD
  - ongoing operations plan
  - decommissioning plan
4. Total Evaluated Cost
  - operational flexibility
  - congestion/location risk
  - energy delivery schedule
  - net present energy value
5. Market References
6. Previous dealings and business relationships of the Proposer or any parent, subsidiary, affiliate, joint venture, or partner of the Proposer
7. Proposer Reputation, including commitment to the City of Austin's Imagine Austin

Comprehensive Plan (available at <http://www.austintexas.gov/page/imagine-austin-vision>).

AUSTIN ENERGY reserves the right to request additional information or supplemental materials from Proposers to thoroughly evaluate proposals submitted in response to this RFP.

### **C. Final Shortlist/Senior Management Approval**

1. After AUSTIN ENERGY'S evaluation is finished, a final shortlist will be selected. Those Proposers may be contacted for final interviews to review proposals, and make necessary clarifications and modifications, including an opportunity to provide best and final pricing offers.
2. Upon completion of final interviews and AUSTIN ENERGY'S concluding evaluation, one or more proposals may be selected for submission to AUSTIN ENERGY senior level management for approval. If they concur, AUSTIN ENERGY staff will prepare and forward a draft of a Power Purchase Agreement to the selected finalists.

## **5. PPA NEGOTIATION AND APPROVALS**

### **A. Power Purchase Agreement (PPA)**

1. **Structure.** AUSTIN ENERGY will purchase the energy, capacity and environmental attributes from either or both the renewable generation and/or the stored energy, if offered. The PPA will contain terms and provisions governing the purchase and sale of such energy and environmental attributes delivered from selected resources. The PPA will also include terms for performance, including those associated with the completion of project milestones in order to achieve timely commercial operation, as well as terms for minimum performance standards after commercial operation has commenced.
2. **Term.** AUSTIN ENERGY will consider a term of at least 7 years up to a maximum of 30 years.
3. **Capacity.** AUSTIN ENERGY expects to acquire up to 300 MW of renewable energy and/or capacity under this RFP with energy to be purchased from either one single resource or multiple resources, including energy purchased under a firm purchase offering.
4. **Commercial Operation Date.** AUSTIN ENERGY will consider any commercial operation date that returns the best value to AUSTIN ENERGY and its customers as determined by AUSTIN ENERGY from its overall project evaluation.
5. **Performance Security/Insurance.** Upon PPA execution, the Seller will provide and maintain performance security over the contract term; the amount, form and substance of the performance security must be pre-approved by AUSTIN ENERGY after an evaluation of the Seller's financial capability. (To the extent proposed pricing may be sensitive to security requirements, please clearly describe the effect of that in your pricing offer.) The Seller will also be required to maintain adequate insurance coverage for the PPA term, in accordance with City of Austin requirements.
6. **Point of Delivery (POD).** Under the terms of the PPA, AUSTIN ENERGY will purchase energy at a POD located at : the applicable resource interconnection point into an ERCOT-registered TSP pursuant to an executed Interconnection Agreement (the POI), or as alternatives, an ERCOT regional trading hub or LZ\_AEN.
7. **QSE Services/Settlement.** For energy delivered and sold at the POI, AUSTIN ENERGY will

provide Qualified Scheduling Entity (QSE) services for the resource and will perform all obligations of a QSE representing a resource under ERCOT Protocols including scheduling and settlement with ERCOT. ERCOT hub-based or LZ\_AEN energy will be settled as energy trades, with either the Seller or Austin Energy providing QSE services. Energy delivered from the resource will be offered into the market and settled under the terms of the PPA in a manner that guarantees that AUSTIN ENERGY does not pay for and/or settle, in its role as Buyer and/or QSE, any energy deliveries during negatively priced ERCOT settlement intervals, including test or commissioning energy delivered prior to COD.

- 8. Operations, Metering & Communications.** Energy delivered at the POI will be metered at an ERCOT Polled Settlement (EPS) Meter dedicated solely to the measurement of energy sold and purchased under the PPA. AUSTIN ENERGY will not consider proposals containing split or allocated meter arrangements. The EPS meter station will include communication equipment to allow AUSTIN ENERGY to read the meter in real time from AUSTIN ENERGY's primary and backup generation management systems in Austin, Texas.

All real-time communication, SCADA and telemetry equipment will be provided by the Seller at its expense and will be designed to meet both ERCOT's and AUSTIN ENERGY's equipment and data communication requirements which include, but are not limited to: a back-up revenue quality meter, an adequate data historian system, two private communication channels with related technology on both ends in order to deliver data from the resource to both AUSTIN ENERGY's main and back-up control centers in Austin, and redundant ICCP servers, routers and network equipment designed to communicate real-time information to AUSTIN ENERGY.

In order for AUSTIN ENERGY to fulfill its obligations as QSE in accordance with ERCOT Protocols, at a minimum, the generating resource must have a single point of contact available on a 24/7 basis in order to respond to requests, directives, and emergency orders. AUSTIN ENERGY prefers that the real-time data transfer originate from a central dispatch & control center operated by Seller or a mutually acceptable third-party O&M provider.

- 9. PPA Execution.** After successful negotiation of a mutually agreeable PPA, the Seller will execute the PPA and any related ancillary documents and return them to AUSTIN ENERGY.

## **B. Final Approvals**

With the final recommendation of staff and the final consent of executive management, AUSTIN ENERGY will present a summary overview of the partially executed PPA to City of Austin utility advisory boards for approval, to be followed by a submission to the Austin City Council of a request for execution approval and spending authorization.

Note that in compliance with Texas Government Code Section 2252.908, AUSTIN ENERGY will not enter into any PPA until the Seller has filed Form 1295 (*Disclosure of Interested Parties*) with the Texas Ethics Commission. For more information, please see:

**[https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm)**