

Austin to buy \$1.1B of wind power

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The Austin City Council is poised to approve the city's largest purchase of wind energy — enough to supply power to about 92,000 homes.

The pending contracts, which the council is expected to vote on during its Aug. 25 meeting, total an estimated \$1.1 billion and will supply Austin Energy with about 291 megawatts of wind energy annually for 25 years.

More than 70 companies submitted 300 offers in response to the city's request for proposals, issued in February, for up to 200 MW of wind- and solar-powered energy.

The top two proposals chosen were for up to 200 MW from Duke Energy Corp. (NYSE: DUK) and up to 91 MW from Palo Alto, Calif.-based MAP Royalty Inc., both expected to be online by the end of 2012.

Duke Energy recently signed a 25-year contract with San Antonio-based CPS Energy, the nation's largest municipally owned energy utility, to provide all the output from phase one of the Los Vientos wind farm.

Duke Energy is building a second phase of Los Vientos, 20 miles from the Gulf of Mexico, which is the possible source for its proposed 200 MW to serve Austin.

The wind project to be built by MAP Royalty will be near Laredo in South Texas.

Although wind is big in Texas — the largest wind energy market in the nation — Austin will probably never see large wind farms of its own.

"Austin can't compete with West Texas and the coast, in terms of wind patterns," Austin Energy spokesman **Ed Clark** said.

The wind on the coast blows more in the afternoon and late afternoon, when energy consumption is usually at its highest, he said.

Under the proposed agreements, Austin Energy would not invest in building, operating or maintaining the projects.

One of the next steps is to look at the potential of owning assets, Clark said.

"There is language in the contracts to give us the opportunity to purchase the capacity," he said.

The acquisition will help Austin meet its goal to obtain 35 percent of its energy from renewable sources by Dec. 31, 2020.

Wind is the largest part of the renewable energy portfolio because the costs have dropped considerably in recent years. Austin Energy's generation resource plan calls for five times more wind energy, 1,001 MW, than solar, 201 MW.

While wind-powered energy is more expensive than natural gas-powered energy, it is less expensive than solar power.

"Wind energy right now is priced very competitively. The price of this wind is the lowest we've seen in years," Clark said.

The contracts would lock Austin Energy into a fixed price of \$35 to \$40 per megawatt-hour.

There could be a negligible or slight reduction in energy costs, said **Jackie Sargent**, Austin Energy's senior vice president of power supply and market operations.

Austin Energy has contracted with Gemini Solar Development Company LLC for 30 MW of solar energy from a solar power plant on Austin Energy's Webberville site, which should be operational in the fall.

The remainder of the renewable energy to reach the city's goal will be produced using biomass from a wood chip-burning plant in East Texas.

Courtesy of JB Goodwin