

AGENDA ITEM SUMMARY

City Council



STAFF

Ralph Campano, Real Estate Manager
Travis Walker, Light & Power Director

SUBJECT

First Reading of Ordinance No. 134, 2025, Authorizing the City of Fort Collins to Lease Real Property Adjacent to the Overland Electric Substation to Platte River Power Authority for a Battery Storage Project.

EXECUTIVE SUMMARY

The purpose of this item is to approve a lease agreement between the City and Platte River Power Authority (PRPA) to lease 27,351 square feet of real property at 401 South Overland Trail within the existing site parcel. The agreement, which will require only a nominal annual rental payment by Platte River, allows the parties to evaluate the feasibility of the project and, pending successful analysis, proceed with the installation and operation of a 5MW/20MWh utility-side system connected to Light & Power's distribution system. Platte River and Light & Power are collaborating on this project as part of their commitment to a non-carbon future and a reliable electric grid, with energy storage playing a crucial role in achieving those goals.

STAFF RECOMMENDATION

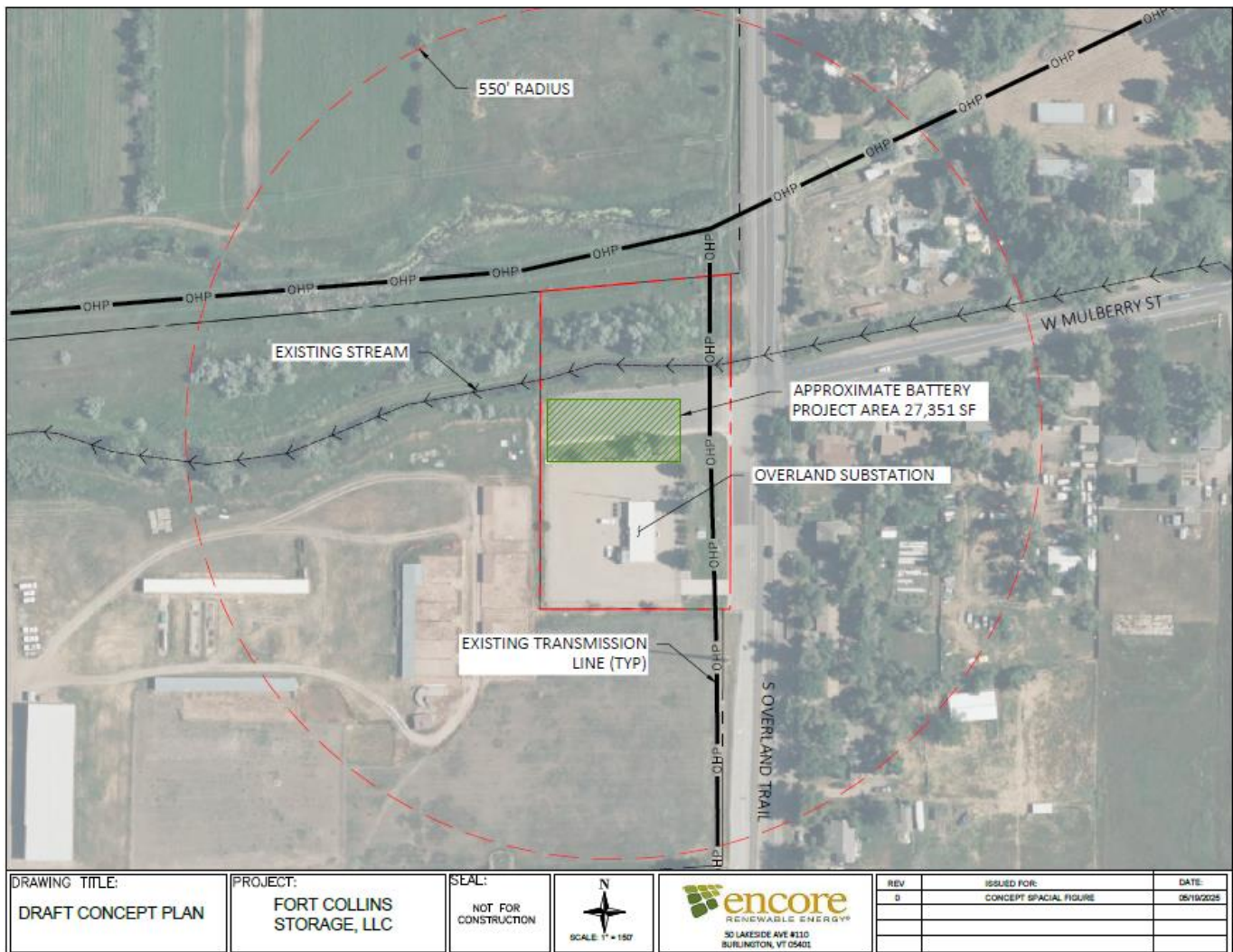
Staff recommend adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

PRPA, the City-owned wholesale power generation and transmission provider, is investing in utility-scale battery storage in each of its four owner communities as part of its commitment to improving reliability and maximizing renewable energy generation.

The City has identified a tract of land within the City-owned parcel where the Overland Substation site is located at 401 S. Overland Trail, 80521. This is an ideal site for placing the battery equipment and integrating it with the existing electric utility infrastructure.

Overland Substation Site – 401 S. Overland Trail



Because PRPA is a non-taxable public entity, it cannot directly benefit from federal tax incentives. To address this, PRPA will sublease the land to Encore Redevelopment who will leverage these incentives.

This proposal:

- Enhances local energy resilience and grid reliability.
- Supports the City's Strategic Plan Goal: Economic Health (ECON 2) Deliver City utility services in response to climate action objectives and opportunities and targeted reliability and resiliency levels and make significant investments in utility infrastructure while communicating and mitigating cost impacts to the community where possible.
- Supports the City's Strategic Plan Goal: Environmental Health (ENV 1) Implement the Climate Future Plan to advance the City's greenhouse gas, energy and waste goals; reduce air pollution; and improve community resilience.
- Leverages grants and private sector investment to fund storage project infrastructure.
- Utilizes City property for a beneficial public utility purpose.

Development of the site will require the elevation to be built up approximately 3 to 4 feet to match the existing substation elevation.

While the battery system will be owned and maintained by a private entity, the project has direct and long-term benefit to our system reliability and a future PRPA virtual power plant.

CITY FINANCIAL IMPACTS

The cost to construct and operate the battery system will be under PRPA's budget. Other than staff time and other administrative expenses, there is no cost to the City associated with conveyance of the Lease.

City staff recommend that the Lease should be conveyed to Platte River for no monetary consideration because such transactions serve a bona fide public purpose.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

The duties of the Energy Board include the duty to advise Council and staff regarding the recommendations for improvements to City Energy Systems. The Energy Board is not required to vote on this lease proposal. Platte River presented this plan to the Energy Board during the spring of 2025, and the Energy Board is supportive of the project.

Because the facility would be owned/operated by a public entity, it is eligible for a Site Plan Advisory Review (SPAR) under Article 6 of the Land Use Code. This process allows the Planning & Zoning Commission to conduct an advisory review rather than a full entitlement process, provided the proposal is consistent with the Comprehensive Plan and zoning. Even under SPAR, PRPA would need to submit a site development plan detailing the location, character, and extent of improvements. This includes site layout, access, utility connections, lighting, noise, and screening measures.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Ordinance No.134, 2025