

STAFF REPORT UTILITY MEETING

AGENDA DATE: August 27, 2024

DEPARTMENT: Electric Utility

TITLE:

Amendments to Florida Municipal Solar Project Phase II and III Power Sales Contracts

SUMMARY:

Amendments to the City's Power Sales Contracts with the Florida Municipal Power Agency ("FMPA") related to the FMPA Municipal Solar Project II and III ("Projects").

BACKGROUND AND JUSTIFICATION:

Unexpected external events have led to the Projects developer request for FMPA to renegotiate material terms and conditions of the underlying Power Purchase Agreements ("PPA"), absent which would result in the Projects(s) termination by the developer. The FMPA Solar Committee, Board, and Executive Committee all agreed that FMPA Staff should attempt to renegotiate the PPAs to achieve an acceptable outcome for FMPA member participating in the Projects.

The ensuing renegotiation of the PPAs has yielded revised Project size, in-service dates, and pricing for certain elements of the Projects.

The proposed Amendments also reflect a decrease in the size of the Projects to reflect the decision of certain FMPA members to exit the Projects, yet still have sufficient scale and participation to meet the needs of the remaining participants.

City's new in-service date for energy deliveries from the Solar Project II Whistling Duck site and Solar Project III Leyland site are anticipated to be December 2025, while the Solar Project II Rice Creek site is scheduled to begin producing energy for the City October of 2024.

Under the proposed Amendments City's share of the Projects will decrease from a total of 59.9 Megawatts to 54.9 Megawatts ("MW"). City's participation allocation will be: Project II 13.275 MW from the Rice Creek site and 20.9 MW from the Whistling Duck site; and 20.725 MW from the Project III Leyland site.

Pricing to City from the Project II Rice Creek site will remain as currently contracted ("under \$35 per megawatt-hour") with 2% annual escalation while pricing from Project II Whistling Duck will change from "under \$35 per megawatt-hour with 2% annual escalation to flat pricing (no annual escalation) at under \$45 per megawatt-hour. Project III will remain under \$45 per megawatt-hour with no annual escalation.

MOTION:

Move to approve/disapprove the proposed Amendments to the Florida Municipal Solar Project Phase II and III Power Sales Contracts

ATTACHMENT(S):

Fiscal Impact Analysis

Amendments

FISCAL IMPACT ANALYSIS

Five Year Summary of Fiscal Impact:

Fiscal Years	2024	2025	2026	2027	2028
Inflows/Revenues					
Appropriated (Budgeted)	0	0	0	0	0
Program Income	0	0	0	0	0
Grants	0	0	0	0	0
In Kind	0	0	0	0	0
Outflows/Expenditures					
Appropriated (Budgeted)	0	0	0	0	0
Operating	0	\$5,404,411	\$6,110,665	\$6,350,590	\$6,376,637
Capital	0	0	0	0	0
Net Fiscal Impact					
<i>(If not budgeted)</i>	0	0	0	0	0
No. of Addn'l Full-Time					
Employee Positions	0	0	0	0	0

New Appropriation (Not Budgeted) Fiscal Impact:		
	Revenue Source	Expenditure
Department	Electric Utility	Electric Utility
Division	Power Generation	Power Generation
GL Description	Pay Go	Contractual Services/Pur Power -FMPA Solar
GL Account Number	Pay Go	401-6031-531.3431
Project Number	N/A	N/A
Requested Funds	\$5,404,411	\$5,404,411
Remaining Balance	N/A	N/A