

EXECUTIVE BRIEF REGULAR MEETING

AGENDA DATE: February 25, 2020

DEPARTMENT: Electric Utility

TITLE:

FMPA Solar Project Power Sales Contract Amendment

SUMMARY:

Amendment to the City's contract with Florida Municipal Power Agency ("FMPA") to reflect a revised commercial operation date and discounted pricing for the project referred to as FMPA Solar I.

BACKGROUND AND JUSTIFICATION:

On May 16, 2018, the City entered into a power sales contract ("PSC") with FMPA pursuant to City Commission approval received March 6, 2018. In turn FMPA entered into a power purchase agreement ("PPA") with Poinsett Solar, LLL ("Seller"), a unit of NextEra Florida Renewables, LLC as the developer/owner of the supporting photovoltaic solar energy project with a nameplate capacity of 74.5MW, and to be constructed at the Poinsett site in Osceola County, Florida. City's entitlement share in the FMPA project is 10 Megawatts or 13.4% of the total project output, with the balance of the entitlement shares committed to other FMPA members.

Attachment A to the City's PSC with FMPA comprises the PPA between FMPA and Seller. The PSC is proposed to be amended to reflect a new PPA due to a change in date of commercial operation of the project from 2020 to 2023. The change in commercial operation date is necessitated due to delays in Seller's ability to obtain a needed interconnection agreement for the project with Duke, the local transmission service provider. Duke is experiencing greater than anticipated delays in evaluating and processing interconnection agreements. The original PPA between FMPA and Seller spelled out monetary damages due from Seller upon Seller's delays in achieving milestones, and have been triggered.

FMPA has negotiated a revised PPA with Seller which results in discounts from the original pricing representing \$12.1 million (net present value) in discounts to the project participants. City's share of the discount is \$1.6 million (net present value), commensurate with its entitlement share of 13.4% of the project. Actual pricing is confidential information to Seller, however the City has previously disclosed publicly that the PSC contains a non-escalating energy price of less than \$40/MWh for a period of twenty (20) years.

MOTION:

Move to approve/disapprove the amendment to the City's power sales contract with FMPA to reflect the new Attachment A (PPA between FMPA and Poinsett Solar, LLC).

ATTACHMENT(S):

Fiscal Impact Analysis – N/A
March 6, 2018 Commission minutes
Revised contract amendment