

**ORDINANCE/RESOLUTION REQUEST**

All Fields must be completed

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: 05/23/2022

Please mark one:  Bill Request or  Resolution Request

**1. Type of Request:**

- Contract/Grant Agreement     Intergovernmental Agreement (IGA)     Rezoning/Text Amendment
- Dedication/Vacation     Appropriation/Supplemental     DRMC Change
- Other:

**2. Title:** Approves a Power Purchase Agreement with Oak Leaf Solar 56, LLC to purchase electricity from a solar array to be built at Denver International Airport (DEN) between 114th Street and the Denver/Adams County border and east of N Trussville St. or a mutually agreeable location. The proposed agreement approves the purchase of power at the greater of 86% of the avoided energy price from Xcel or \$0.030/ kilowatt-hour (kWh).

**3. Requesting Agency:** Department of Aviation

**4. Contact Person:**

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Scott Morrissey	Name: Carolina Flores
Email: <a href="mailto:Scott.Morrissey@flydenver.com">Scott.Morrissey@flydenver.com</a>	Email: <a href="mailto:Carolina.Flores@flydenver.com">Carolina.Flores@flydenver.com</a>

**5. General description or background of proposed request. Attach executive summary if more space needed:**

This requests initiation of a Power Purchase Agreement to purchase electricity from a solar array to be built at Denver International Airport (DEN) at the greater of 86% of the avoided energy price from Xcel or \$0.030/ kilowatt-hour (kWh). In no event will the rate exceed \$0.0575 per kWh. DEN will subscribe to Solar IX at a per kilowatt-hour cost that is less than the per kilowatt-hour cost currently paid to Xcel Energy, resulting in immediate savings. DEN is expected to save \$149K in year one (\$914K vs. \$1.063M from Xcel); based on a 2.5% annual inflation rate, DEN would realize a benefit of approximately \$4.9 million over the 25-year term. The concurrent 25-year lease and license agreements will also generate \$500K of total revenue for DEN, bringing the overall benefit of Solar IX to approximately \$5.5 million over the entire term. The solar array is expected to generate over 560 million kWh of renewable electricity and avoid over 500,000 tons of CO2 over its project life.

**6. City Attorney assigned to this request (if applicable):** Deb Overn

**7. City Council District:** District 11

**8. \*\*For all contracts, fill out and submit accompanying Key Contract Terms worksheet\*\***

*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: \_\_\_\_\_

Date Entered: \_\_\_\_\_

## Key Contract Terms

**Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):** Power purchase agreement

**Vendor/Contractor Name:** Oak Leaf Solar 56, LLC

**Contract control number:** 202262492

**Location:** Denver International Airport

**Is this a new contract?**  Yes  No **Is this an Amendment?**  Yes  No **If yes, how many?** \_\_\_\_\_

**Contract Term/Duration (for amended contracts, include existing term dates and amended dates):** 25 years 6 months

**Contract Amount (indicate existing amount, amended amount and new contract total):**

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
n/a	n/a	\$26,921,860

  

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
n/a	Na/	12/31/2049

**Scope of work:**

This requests initiation of a Power Purchase Agreement to purchase electricity from a solar array to be built at Denver International Airport (DEN) at the greater of 86% of the avoided energy price from Xcel or \$0.030/ kilowatt-hour (kWh). In no event will the rate exceed \$0.0575 per kWh. DEN will subscribe to Solar IX at a per kilowatt-hour cost that is less than the per-kilowatt-hour cost currently paid to Xcel Energy, resulting in immediate savings. DEN is expected to save \$149K in year one (\$914K vs. \$1.063M from Xcel); based on a 2.5% annual inflation rate, DEN would realize a benefit of approximately \$4.9 million over the 25-year term. The concurrent 25-year lease and license agreements will also generate \$500K of total revenue for DEN, bringing the overall benefit of Solar IX to approximately \$5.5 million over the entire term. The solar array is expected to generate over 560 million kWh of renewable electricity and avoid over 500,000 tons of CO2 over its project life.

This is one of two agreements necessary to create the business structure for a 13 megawatt (MW) solar project. This agreement will need to be approved in conjunction with a ground lease of approximately 64 acres, 202262383 DEN Solar IX Ground Lease.

**Was this contractor selected by competitive process?**

**If not, why not?**

This procurement qualifies for the Sole Source exception under Memorandum No. 8B and will not be competitively procured.

Large solar photovoltaic projects such as this are dependent on incentives provided by Xcel Energy. Xcel completed a competitive procurement process through their 2021 Solar\*Rewards Large Program RFP and awarded capacity for this project to the developer of Solar IX. Due to these incentives being awarded to Oak Leaf, no other solar developer can develop a solar project of this size within Xcel’s solar incentive program under these financial terms.

**Has this contractor provided these services to the City before?**  Yes  No

**Source of funds:** Revenue

**Is this contract subject to:**  W/MBE  DBE  SBE  XO101  ACDBE  N/A

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**WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A**

**Who are the subcontractors to this contract? N/A**

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